



Department of Justice

Acting United States Attorney Sally Quillian Yates
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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

MIAMI MAN CONVICTED IN MILLION DOLLAR MEDICAID FRAUD

Federal & State Multi-Year Investigation Focused On Specific Medical I-D Theft

ATLANTA, GA - A federal jury today returned a guilty verdict against VARIAN V. SCOTT, 36, of Miami, Florida, in a health care fraud scheme that used forged doctors' prescriptions for high-dollar cancer and HIV medications and caused the cost of those medications to be billed to the Georgia Medicaid program, resulting in an approximately \$1.1 million loss to state and federal taxpayers.

Acting United States Attorney Sally Quillian Yates said of the verdict, "The Georgia Medicaid Fraud Control Unit confirms that the conviction of this defendant and his co-conspirator are the first convictions in the State of Georgia for a fraud scheme in which Medicaid was defrauded through stolen and forged prescriptions and stolen patient information. Identity theft, wherever it occurs, must be stopped. State and federal agencies in Georgia are geared up to pursue and stop identity thieves from defrauding our health care programs, and from victimizing others, including innocent patients and doctors, who are hurt by such schemes."

Georgia Attorney General Thurbert Baker said of the case, "The defendant and his cronies harmed not only the taxpayers by defrauding the state Medicaid program, but they caused potential harm to the individuals who were on the receiving end of these re-sold prescriptions. These cancer-fighting medications must be handled and stored with extreme care to preserve their effectiveness, and street sellers aren't known for running hygienic operations or for making sure they properly handle these sensitive medications. At the end of the day, this verdict sends a clear message that this type of fraud will result in significant punishment in order to protect taxpayer resources and to preserve the integrity and efficacy of these cancer treatment programs."

FBI Atlanta Special Agent in Charge Gregory Jones said, "Now, more than ever, it is imperative that federal funds within the health care arena be directed towards those that need it. Those that choose to exploit and defraud these government programs also are depriving many people in need of the medical care that these programs provide. The FBI will continue to work with its law enforcement partners and industry experts in pursuing

these types of criminal activities and exposing those individuals responsible who, by their actions, demonstrate little or no compassion for their fellow man but instead are driven by greed.”

According to Acting United States Attorney Yates, the charges, and other information presented in court: Today the jury found SCOTT guilty of running a health care fraud conspiracy between September 2005 and April 2006. SCOTT and his cousin, HEZRON COLLIE, 29, of Atlanta, Georgia, bought blank doctors’ prescription pads from insiders at Emory University’s Winship Cancer Institute and two other doctor’s offices, one in Atlanta and one in Florida. SCOTT and COLLIE then bought names, birthdates, and Medicaid numbers of dozens of Georgia Medicaid patients, and forged approximately 164 doctors’ prescriptions for “Neupogen,” a chemotherapy drug, and multiple medications used to treat HIV, using the patient Medicaid information. A one-month supply of Neupogen costs approximately \$10,000. SCOTT and COLLIE then presented the forged prescriptions along with the patient information to CVS, Publix, Walgreens, Kroger, and Eckerd pharmacies throughout the Atlanta area. SCOTT and COLLIE also recruited a pharmacist at one of the Publix pharmacies, and a pharmacy technician at one of the Kroger pharmacies, to help facilitate the scheme.

According to the evidence, SCOTT and COLLIE picked up the drugs from the pharmacies, removed the pharmacy adhesive labels using lighter fluid, and then transported the drugs to south Florida, where SCOTT had a connection who bought them at 30% of their wholesale cost. Expert testimony at trial established that there is significant demand for the medications that SCOTT and COLLIE fraudulently acquired. Testimony established that there is currently a multi-billion dollar gray market for stolen, illegally obtained, or counterfeit pharmaceuticals, and that such medications often end up traveling through the stream of commerce back to shelves of legitimate pharmacies.

SCOTT and COLLIE were indicted on December 16, 2008. On June 4, 2009, COLLIE pleaded guilty to one count of conspiracy and one count of health care fraud charged in the indictment, and to a criminal information charging him with one count of health care fraud for a related scheme in which he participated between May and June of 2008. The Publix pharmacist cooperated with authorities, pleaded guilty to related charges in Gwinnett County Superior Court on January 13, 2009, and awaits sentencing. The pharmacy technician was not charged in the scheme but cooperated with law enforcement. The pharmacies and the doctors also cooperated in the investigation.

The pharmacies billed approximately \$1.1 million to Georgia Medicaid for the cost of the medications that SCOTT and COLLIE fraudulently acquired.

SCOTT could receive a maximum sentence of 10 years in prison and a fine of up to \$250,000 on each of the 21 counts. Sentencing is scheduled for Monday, December 14, 2009 at 10:00 a.m., before United States District Judge Charles A. Pannell, Jr. In

determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders. A sentencing date for COLLIE has not yet been set.

The case is the culmination of a joint investigation conducted by the Federal Bureau of Investigation, Georgia Bureau of Investigation, Georgia Drugs & Narcotics Agency, Georgia Department of Community Health, and the Georgia Medicaid Fraud Control Unit. Valuable assistance in this case has also been provided by the Georgia State Patrol, the Twiggs County Sheriff's Office, the Clayton County Sheriff's Office, and the Gwinnett County Police Department.

The case is being prosecuted by Assistant United States Attorneys Bernita Malloy and David M. Chaiken, and Senior Assistant Attorney General Nancy B. Allstrom of the Georgia Attorney General's Office, who has been designated a Special Assistant United States Attorney for the case.

For further information please contact Sally Q. Yates, Acting United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the Home Page for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.