

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

* CRIMINAL NO.: 15-131

v.

* SECTION: "N"

KAREN SMITH

* VIOLATION: 21 USC § 846

* * *

FACTUAL BASIS

Had this matter proceeded to trial, the government would have proven beyond a reasonable doubt, through the introduction of relevant, competent, and admissible testimony and other evidence, the following facts to support the allegations against the defendant, **KAREN SMITH.**

In December 2011, Drug Enforcement Administration ("DEA") agents began investigating reports of illegal diversion of Roxicodone pills in and around the City of Bogalusa, within the Eastern District of Louisiana. Roxicodone was a brand of prescription drug containing up to thirty milligrams (30 mg) per tablet of pure oxycodone, a Schedule II drug controlled substance and a highly addictive and abused semi-synthetic opioid. It was a felony violation to obtain controlled substances by misrepresentation and subterfuge, in violation of Title 21, United States Code, Section 843(a)(3). Agents learned that many of these diverted drugs were coming from patients or close associates of patients of a clinic then operating in Kiln, Mississippi, which was later moved to New Orleans East. Every patient of the clinic was receiving a prescription for a high number of Roxicodone tablets every month. The clinic accepted cash only, no insurance, and charged \$280 to \$300 per visit during the investigation.

Contrary to state law, the clinic was never registered as a pain management clinic; the clinic was not owned by a doctor; and clinic doctors were not board certified in pain management. The clinic never posted a sign outside stating the clinic name or otherwise advertising any medical practice, but the clinic name was printed on prescriptions and internal paperwork. According to staff and patients interviewed, the clinic changed names and locations frequently in an effort to avoid regulators and law enforcement. On many occasions the clinic operated without any doctor present, still charging patients cash for a doctor's visit in exchange for a prescription. For the entire period from September 2013 through January 2014, the clinic operated without any doctor present. The clinic maintained medical files on every patient, however, and generated "Progress Notes" forms and copies of prescriptions in every file for every date that a prescription was issued, regardless of whether the patient was actually seen by a doctor. In sum, the investigation showed that there was an informal agreement between the clinic and the patients to allow the patients to obtain Roxicodone by maintaining false and misleading medical records and disguising the scope of its pain management practice.

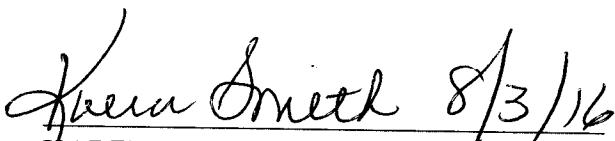
KAREN SMITH and **DANIELLE MEISNER** were the staff members operating the clinic during the investigation. In September 2012, agents introduced an undercover patient to the clinic and began conducting periodic surveillance outside the clinic. Agents found that, on dates when no doctor was present at the clinic, the patients still went to the clinic for their scheduled monthly appointments and paid **SMITH** or **MEISNER** the \$280-300 visit charge, but did not see a doctor. **SMITH** or **MEISNER** then handed the patients signed prescriptions for Roxicodone and appointment cards for their next clinic visit. **SMITH** and **MEISNER** maintained copies of the prescriptions and "Progress Notes" forms in the patients' files, dated for these clinic visits, making it appear from these records that a medical doctor had actually seen

the patients on those days. State and federal regulations and laws required that prescriptions for oxycodone be issued only by doctors acting within the scope of professional practice and for a legitimate medical purpose, and that the dispensing of the drug be supported by a written medical record demonstrating medical need. By generating and maintaining these misleading medical records, the clinic owner and staff were operating in conspiracy with the patients to obtain Roxicodone pills through misrepresentation and subterfuge in violation of Title 21, United States Code, Sections 846 and 843(a)(3).

Limited Nature of Factual Basis

This proffer of evidence is not intended to constitute a complete statement of all facts known by the defendant, **KAREN SMITH**, but rather is a minimum statement of facts intended to prove the necessary factual predicate for the guilty plea. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for the defendant's plea of guilty to Count 1 of the Bill of Information.

APPROVED AND ACCEPTED:

 8/3/16
KAREN SMITH (date)
Defendant

 8/3/2016
MICHAEL B. REDMANN (date)
Assistant United States Attorney

 8/3/16
MARION B. FARMER (date)
Counsel for Defendant