

JET/CDM/NSG/DBL: July 2018
(by information)

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ALABAMA
JASPER DIVISION**

UNITED STATES OF AMERICA)
)
 v.)
)
RODDRICK BOYKIN)

CASE No. _____
18 U.S.C. §§ 371, 1347

INFORMATION

The United States Attorney charges that:

At all times relevant to this Information:

INTRODUCTION

I. PHARMACEUTICAL SERVICES

1. Pharmacies may dispense pre-manufactured and traditionally compounded (hereafter “compounded”) medications.
2. Pre-manufactured medications are mass-produced for use by a large population of patients. They are purchased by a pharmacy in the same form in which the pharmacy dispenses them to patients.
3. Compounded medications are a customized combination of medicines initiated and prescribed by a licensed prescriber for specific patients, based upon the prescriber-patient relationship and taking into consideration the particular patient’s

diagnoses, medical condition, individual health factors, and reaction to other medications. The U.S. Food and Drug Administration (“FDA”) offers the following examples of when drugs would be compounded: (a) if a patient has an allergy and needs a medication to be made without a certain dye preservative; and (b) if an elderly patient or child cannot swallow a pill and needs a medicine in a liquid form that is not otherwise available.

II. INSURANCE PLANS

4. Various entities, government and private, offer prescription drug benefits as part of health insurance plans. A beneficiary in such an insurance plan can fill a prescription at a pharmacy and use her or his plan to pay for some or all of the prescription.

5. Blue Cross Blue Shield of Minnesota (“BCBSMN”) was a private insurance company providing medical and drug insurance coverage.

6. The Medicare Program (“Medicare”) is a federally funded program that provides free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. Medicare programs covering different types of benefits are separated into different program “parts.” Part D subsidizes the costs of certain prescription drugs.

7. BCBSMN and Medicare are “health care benefit programs” as that term

is defined by Title 18, United States Code, Section 24(b), and used in Title 18, United States Code, Section 1347.

III. THIRD PARTY ADMINISTRATORS

8. A Pharmacy Benefit Manager (“PBM”) is a third party administrator of prescription drug programs, including privately or government insured drug plans, and acts on behalf of one or more prescription drug plans.

9. A Pharmacy Services Administrative Organization (“PSAO”) is also a third party entity, which provides various services such as contract negotiation and communication to pharmacies. Pharmacies may contract with PSAOs, which in turn contract with PBMs, such that PSAO member pharmacies may participate in a PBM network.

10. A pharmacy could participate in a privately or government insured plan directly by entering an agreement with the insured plan, or indirectly by joining a PBM’s pharmacy network through an agreement with a PBM or a PSAO.

11. Prime Therapeutics (“Prime”) is a PBM for BCBSMN and other insurance plans.

12. Prime is a “health care benefit program” as defined by Title 18, United States Code, Section 24(b), and as that term is used in Title 18, United States Code, Section 1347.

13. AmerisourceBergen Elevate Provider Network (formerly Good Neighbor Pharmacy Provider Network) (“Good Neighbor”) and others are PSAOs through which pharmacies could enter PBMs’ pharmacy networks.

14. To become a PBM network pharmacy, a pharmacy agrees to be bound by, and comply with, all applicable State and Federal laws, specifically including those addressing fraud, waste, and abuse. A pharmacy also agrees to be bound by the PBM’s rules and regulations. These rules include prohibitions against fraudulent conduct, including submitting claims for invalid prescriptions, submitting claims in a way that bypasses PBM billing safeguards, paying kickbacks, and waiving patient co-pays. PBMs require pharmacies to collect co-pays, typically a fixed amount, from patients, in part so that the patient has “skin in the game” and is motivated to decline medically unnecessary or otherwise fraudulent prescriptions.

15. When a pharmacy receives a prescription from a privately or government insured beneficiary, the pharmacy is to collect any applicable co-pay from the beneficiary, dispense the drug to the beneficiary, and submit a claim for reimbursement to the PBM that represents the beneficiary’s insured drug plan. The pharmacy periodically receives payment for submitted claims from the Plan, PBM, or a PSAO. If payment is made by a PBM or PSAO, those entities are ultimately reimbursed, directly or indirectly, by the insured plan.

IV. THE DEFENDANT, CO-CONSPIRATORS, & PHARMACIES

16. Northside Pharmacy d/b/a Global Compounding Pharmacy (“Global”) was an Alabama company that provided pharmaceutical services. It operated from two locations. It compounded and shipped its pre-manufactured and compounded products from its pharmacy location, 922 20th Street, Haleyville, Alabama. It processed prescriptions, including initial receipt, billing, and patient contact, from its billing center located at 4700 140th Avenue North, Suites 111 and 112, Clearwater, Florida. The billing center was referred to as the “Clearwater Call Center.”

17. Global employed pharmacists, pharmacy technicians, and other employees who worked from Global in Haleyville, Alabama. Additionally, Global hired outside sales representatives, who worked from various locations throughout the United States, were primarily responsible for generating prescriptions from licensed prescribers, and reported to regional district managers. Global also hired inside sales representatives, sometimes also referred to as “pharmacy technicians,” who worked at the Clearwater Call Center, and who were generally responsible for billing and patient contact.

18. The following were among the individuals who worked at Global:

19. **MANAGEMENT PERSON #1** was an owner, President, and Chief

Executive Officer of Global.

20. **MANAGEMENT PERSON #2** was an owner, Vice President, and Chief Operating Officer of Global. **MANAGEMENT PERSON #2** resigned from Global on or about July 21, 2015.

21. **MANAGEMENT PERSON #3** served as Global's Vice President of Sales for the majority of his tenure with Global. He was hired as a district manager in or about November 2014; became Regional Sales Director on or about January 16, 2015; and became Vice President of Sales at least as of February 16, 2015. District managers, who supervised outside sales representatives, reported to him.

22. **MANAGEMENT PERSON #4** was Global's Inside Sales Manager, and supervised the inside sales representatives at the Clearwater Call Center.

23. Defendant **RODDRICK BOYKIN** worked for Global from in or about August 2014 to in or about May 2015. From in or about August 2014 to in or about May 2015, defendant **BOYKIN** was an outside sales representative for Global in Tallahassee, Florida. Global paid defendant **BOYKIN** a base salary and varying commissions for each prescription he generated, including refills.

Count One
Conspiracy
18 U.S.C. § 371

24. Paragraphs 1 to 23 of the Introduction of this Information are fully incorporated as though set forth herein.

THE CONSPIRACY

25. From in or about August 2014, and continuing until in or about at least May 2015, the exact dates being unknown, within Winston County in the Northern District of Alabama, and elsewhere, defendant

RODDRICK BOYKIN,

knowingly and willfully conspired, combined, and agreed with others known and unknown to the United States:

- a. to execute a scheme and artifice to defraud health care benefit programs affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, BCBSMN, Prime, and others, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, said health care benefit programs, in connection with the delivery and payment for health care benefits, items and services, in violation Title 18, United States Code, Section 1347;
- b. to devise and intend to devise a scheme and artifice to defraud BCBSMN, Prime, and others, and to obtain money and property belonging to others by means of materially false and fraudulent pretenses, representations, and promises by use of interstate wire transmissions, in violation of Title 18, United States Code, Section 1343; and

- c. to devise and intend to devise a scheme and artifice to defraud BCBSMN, Prime, and others, and to obtain money and property belonging to others by means of materially false and fraudulent pretenses, representations, and promises, by use of United States mail and private and commercial interstate carrier, in violation of Title 18 United States Code, Section 1341.

MANNER AND MEANS OF THE CONSPIRACY

26. It was a part of the conspiracy that to generate sales, **MANAGEMENT PERSON #1**, and other co-conspirators sought out and hired as outside sales representatives, individuals who were: **(a)** married or otherwise closely related to individuals with prescribing authority, including physicians, physician assistants and nurse practitioners, (hereafter “Prescribers”); **(b)** Prescribers or worked in Prescribers’ offices; and **(c)** married to individuals employed by companies that **MANAGEMENT PERSON #1** and others had identified as having insurance plans with high reimbursement rates.

27. It was a further part of the conspiracy that to generate sales, **MANAGEMENT PERSON #1**, **MANAGEMENT PERSON #2**, and other co-conspirators sought out and hired as outside sales representatives, individuals, including defendant **BOYKIN**, who had medical insurance through their spouse’s employer that paid high reimbursement amounts for compounded medications.

28. It was a further part of the conspiracy that to generate sales, **MANAGEMENT PERSON #1** and others directed and encouraged Global outside

sales representatives to work, typically without pay, in Prescribers' offices, including by reviewing patient files and pushing and promoting Global's products to the Prescribers' patients.

29. It was a further part of the conspiracy that **MANAGEMENT PERSON #1** and other co-conspirators regularly instructed Global employees to obtain prescriptions for Global's highest reimbursing products for themselves and their family members regardless of medical necessity.

30. It was a further part of the conspiracy that some of these high reimbursing prescription drugs included compounded products advertised as for use in scar removal, wound care, and pain relief.

31. It was a further part of the conspiracy that to incentivize its employees to obtain prescriptions for these high-reimbursing drugs, **MANAGEMENT PERSON #1** and other co-conspirators paid outside sales representatives a commission of varying percentages for prescriptions they obtained for themselves and their family members.

32. It was a further part of the conspiracy that defendant **BOYKIN** caused to be sent to Global prescriptions for his family members for these high-reimbursing and other medications that were obtained, not to meet his and his family members' legitimate medical needs, but rather to obtain commission payments on each of those

prescriptions and to maximize Global and its affiliate pharmacies' profits.

33. It was a further part of the conspiracy that Global inside sale representatives and other co-conspirators would add and delete ingredients from prescribed compounded drugs, add drugs to prescriptions, and substitute a different drug from that listed on the prescription, in order to maximize profit, and not to meet patients' medical needs.

34. It was a further part of the conspiracy that inside sales representatives and other co-conspirators would and did automatically refill patient prescriptions, including those of Global employees and their family members, regardless of whether patients needed or requested refills.

35. It was a further part of the conspiracy that to incentivize patients, including employees and their family members to obtain or retain Global's prescription drugs, **MANAGEMENT PERSON #1**, and other co-conspirators would routinely waive patients' co-pays.

36. It was a further part of the conspiracy that Global employees shipped many of Global's pre-manufactured and compounded drugs from its Haleyville, Alabama location to customers within and outside Alabama via United States Postal Service ("USPS") and private and commercial interstate carriers such as United Parcel Service ("UPS").

37. It was a further part of the conspiracy that Global received payments from Prime and other PBMs for prescriptions. These payments were sometimes made through PSAOs.

38. It was a further part of the conspiracy that between in or about August 2014, and in or about May 2015, Global and its affiliate pharmacies would and did pay defendant **BOYKIN** over \$97,000. These monies included his base salary and commission payments for prescriptions he generated, including refills.

OVERT ACTS

In furtherance of the conspiracy and to achieve the objects thereof, defendant **BOYKIN** and others known and unknown to the United States committed and caused to be committed the following overt acts, among others, in the Northern District of Alabama and elsewhere:

39. On or about August 18, 2014, **MANAGEMENT PERSON #1** hired defendant **BOYKIN** as an outside sales representative covering Tallahassee Florida.

40. On or about August 26, 2014, defendant **BOYKIN** caused to be submitted a Global prescription pad for **PATIENT #18**, a family member, signed by **PRESCRIBER #18** with four prescriptions marked: one topical pain cream; two separate scar-removal creams; and a wound-care cream.

41. On or about August 27, 2014, a Global employee, other than defendant

BOYKIN, added two additional prescriptions to **PATIENT #18's** prescription pad without **PRESCRIBER #18's** knowledge. These prescriptions were for an additional scar-removal cream and an additional wound-care cream.

42. On or about October 16, 2014, **MANAGEMENT PERSON #1** emailed defendant **BOYKIN** a commission report for the month of September showing that he was to paid a commission of \$13,039.44. The commission report further showed that defendant **BOYKIN** earned a commission on the August 27, 2014 prescriptions for **PATIENT #18**.

43. On or about October 22, 2014, Global mailed and caused to be mailed by UPS a shipment of a refill of **PATIENT 18's** August 27, 2014 prescriptions to the patient. It was shipped from Haleyville, Alabama to Tallahassee, Florida.

All in violation of Title 18, United States Code, Section 371.

Counts 2 through 3
Health Care Fraud
18 U.S.C. § 1347

44. Paragraphs 1 to 23 of the Introduction of this Information are fully incorporated as though set forth herein.

45. Beginning in or about August 2014, and continuing until at least in or about May 2015, within Winston County in the Northern District of Alabama, and elsewhere, the defendant,

RODDRICK BOYKIN,

did knowingly and willfully execute and attempt to execute a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, BCBSMN, Prime, and others, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by and under the custody and control of BCBSMN, Prime, and others, in connection with the delivery of and payment for health care benefits, items, and services.

PURPOSE OF THE SCHEME AND ARTIFICE

46. It was the purpose of the scheme and artifice for defendant **BOYKIN** and others known and unknown to the United States to unlawfully enrich themselves through the submission of false and fraudulent claims to BCBSMN, Prime, and others.

THE SCHEME AND ARTIFICE

47. Paragraph 26 of this Information is hereby incorporated by reference as though fully set forth herein, with the words “It was a part of the scheme and artifice” replacing “It was a part of the conspiracy” at the beginning of the paragraph. Paragraphs 27 to 38 are hereby incorporated by reference as though fully set forth herein, with the words, “It was a further part of the scheme and artifice” replacing

“It was a further part of the conspiracy” at the start of each paragraph.

ACTS IN EXECUTION OF THE SCHEME AND ARTIFICE

48. On or about the dates specified below, each such date constituting a separate count of this Information, in Winston County within the Northern District of Alabama, and elsewhere, the defendant,

RODDRICK BOYKIN,

in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute and attempt to execute, the above-described scheme and artifice to defraud a health care benefit program affecting commerce, that is, BCBSMN, Prime, and others, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of said health care benefit program.

49. The allegations of paragraphs 45 to 48 above are realleged for each of Counts 2 through 3 below, as though fully set forth therein, when on or about the dates set forth below, defendant **BOYKIN** did cause the billing to and payment by Prime and the resulting shipment of, the following fraudulent prescription drugs:

Count	Drug	Beneficiary	Approx. Date Billed	Approx. Amt. Billed	Approx. Amt. Paid
2	Scar Removal Cream # 7	PATIENT #18	October 20, 2014	\$86,079	\$23,933

3	Woundcare Cream # 9	PATIENT #18	October 20, 2014	\$30,870	\$20,100
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All in violation of Title 18, United States Code, Section 1347.

NOTICE OF FORFEITURE

50. The allegations in COUNT 1 through COUNT 3 of this Information are hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(7) and Title 28, United States Code, Section 2461(c),

51. Upon conviction of the offenses set forth in COUNT 1 through COUNT 3 of this Information, in violation of Title 18, United States Code, Sections 371, 1341, 1343, and 1347, the defendant

RODDRICK BOYKIN,

shall forfeit to the United States of America:

- a. Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses of wire fraud in, violation of Title 18 United States Code, Section 1343, and mail fraud, in violation of Title 18, United States Code Section 1341; and
- b. Pursuant to Title 18, United States Code, Section 982(a)(7), any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the health care fraud offense, in violation of Title 18, United States Code, Section 1347.

52. The property to be forfeited includes, but is not limited to **\$97,631**, which represents the amount defendant personally obtained, controlled, and benefitted from as a result of his criminal offenses.

53. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982(a)(7) and 28 U.S.C. § 2461(c).

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