

MA D.C.  
**Jun 25, 2018**  
STEVEN M. LARIMORE  
CLERK U.S. DIST. CT.  
S.D. OF FLA. - MIAMI

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**18-20545-CR-SCOLA/TORRES**

Case No.

18 U.S.C. § 1349

18 U.S.C. § 982(a)(7)

**UNITED STATES OF AMERICA**

**vs.**

**ARTURO PAEZ MARTINEZ,**

**Defendant.**

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**INFORMATION**

The United States Attorney charges that:

**GENERAL ALLEGATIONS**

At all times material to this Information:

**The Medicare Program**

1. The Medicare Program (“Medicare”) was a federally funded program that provided free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. The benefits available under Medicare were governed by federal statutes and regulations. The United States Department of Health and Human Services, through its agency, the Centers for Medicare and Medicaid Services (“CMS”), oversaw and administered Medicare. Individuals who received benefits under Medicare were commonly referred to as Medicare “beneficiaries.”

2. Medicare programs covering different types of benefits were separated into different program “parts.” Part D of Medicare subsidized the costs of prescription drugs for Medicare beneficiaries in the United States. The Medicare Part D Program was enacted as part of the

Medicare Prescription Drug, Improvement, and Modernization Act of 2003, and went into effect on January 1, 2006.

3. In order to receive Part D benefits, a beneficiary enrolled in a Medicare drug plan. Medicare drug plans were operated by private companies approved by Medicare. Those companies were often referred to as drug plan “sponsors.” A beneficiary in a Medicare drug plan could fill a prescription at a pharmacy and use his or her plan to pay for some or all of the prescription.

4. A pharmacy could participate in Part D by entering a retail network agreement with one or more Pharmacy Benefit Managers (“PBMs”). A PBM acted on behalf of one or more Medicare drug plans. Through a plan’s PBM, a pharmacy could join the plan’s network. When a Part D beneficiary presented a prescription to a pharmacy, the pharmacy submitted a claim either directly to the plan or to a PBM that represented the beneficiary’s Medicare drug plan. The plan or PBM determined whether the pharmacy was entitled to payment for each claim and periodically paid the pharmacy for outstanding claims. The drug plan’s sponsor reimbursed the PBM for its payments to the pharmacy.

5. A pharmacy could also submit claims to a Medicare drug plan to whose network the pharmacy did not belong. Submission of such out-of-network claims was not common and often resulted in smaller payments to the pharmacy by the drug plan sponsor.

6. Medicare, through CMS, compensated the Medicare drug plan sponsors. Medicare paid the sponsors a monthly fee for each Medicare beneficiary of the sponsors’ plans. Such payments were called capitation fees. The capitation fee was adjusted periodically based on various factors, including the beneficiary’s medical conditions. In addition, in some cases where

a sponsor's expenses for a beneficiary's prescription drugs exceeded that beneficiary's capitation fee, Medicare reimbursed the sponsor for a portion of those additional expenses.

7. Medicare and Medicare drug plan sponsors were "health care benefit program[s]," as defined by Title 18, United States Code, Section 24(b).

**Medicare Drug Plan Sponsors**

8. Blue Cross and Blue Shield of Florida, Inc. ("Blue Cross/Blue Shield") and Humana Inc. ("Humana") were, among others, Medicare drug plan sponsors.

**The Defendant and Related Entities**

9. Versalles Pharmacy Inc. ("Versalles Pharmacy"), located at 3526 W. Flagler Street, Miami, Florida, was a Florida corporation, incorporated on or about July 27, 2012, that did business in Miami-Dade County purportedly providing prescription drugs to Medicare beneficiaries.

10. Company A was a Florida corporation, incorporated on or about February 25, 2011, that did business in Miami-Dade County purportedly providing check-cashing services.

11. **ARTURO PAEZ MARTINEZ** was a resident of Miami-Dade County and the sole shareholder, director and registered agent of Versalles Pharmacy.

**CONSPIRACY TO COMMIT HEALTH CARE FRAUD  
(18 U.S.C. § 1349)**

From in or around March 2014, through in or around June 2015, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendant,

**ARTURO PAEZ MARTINEZ,**

did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly combine, conspire, confederate, and agree with others, known and unknown to the United States Attorney, to commit offenses against the United States, that is, to knowingly and willfully 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, Medicare and Medicare drug plan sponsors, 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 of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347.

**Purpose of the Conspiracy**

It was a purpose of the conspiracy for the defendant and his co-conspirators to unlawfully enrich themselves by, among other things: (a) submitting and causing the submission of false and fraudulent claims to Medicare and Medicare drug plan sponsors through Versalles Pharmacy for prescription medications that were not medically necessary, not eligible for reimbursement and not provided; (b) concealing and causing the concealment of false and fraudulent claims to Medicare and Medicare drug plan sponsors; and (c) diverting fraud proceeds for their personal use and benefit, the use and benefit of others, and to further the fraud.

**Manner and Means of the Conspiracy**

The manner and means by which the defendant and his co-conspirators sought to accomplish the object and purpose of the conspiracy included, among other things, the following:

12. **ARTURO PAEZ MARTINEZ** and his co-conspirators signed retail network agreements with various Medicare drug plan sponsors on behalf of Versalles Pharmacy. By entering into these agreements, **ARTURO PAEZ MARTINEZ** and his co-conspirators agreed that Versalles Pharmacy would, among other things, comply with federal laws regarding the dispensing of prescription drugs.

13. **ARTURO PAEZ MARTINEZ** and his co-conspirators paid kickbacks and bribes to Medicare beneficiaries to induce said beneficiaries to obtain prescriptions for pharmaceutical drugs to be used in conjunction with false and fraudulent billing of Medicare and Medicare drug plan sponsors through Versalles Pharmacy.

14. **ARTURO PAEZ MARTINEZ** and his co-conspirators submitted and caused to be submitted false and fraudulent claims, via interstate wire, to Medicare and Medicare drug plan sponsors through Versalles Pharmacy for prescription medications that were not medically necessary, not eligible for reimbursement, and not provided, including by submitting claims for reimbursement for prescription medications that Versalles Pharmacy never purchased and never dispensed.

15. As a result of such false and fraudulent claims, Medicare and Medicare drug plan sponsors, through their PBMs, made approximately \$1,267,796 in overpayments funded by the Medicare Part D Program to Versalles Pharmacy.

16. **ARTURO PAEZ MARTINEZ** and his co-conspirators used the proceeds from the false and fraudulent Medicare Part D claims for their own use, the use of others, and to further the fraud.

All in violation of Title 18, United States Code, Section 1349.

**FORFEITURE**  
**(18 U.S.C. § 982(a)(7))**

1. The allegations contained in this Information are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture to the United States of certain property in which the defendant, **ARTURO PAEZ MARTINEZ**, has an interest.

2. Upon conviction of Title 18, United States Code, Section 1349, as alleged in this Information, the defendant shall forfeit all of his right, title and interest to the United States of any

property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of such violations, pursuant to Title 18, United States Code, Section 982(a)(7).

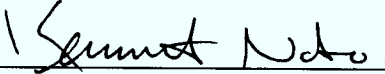
3. The property subject to forfeiture includes, but is not limited to, the sum of at least \$1,267,796 in United States currency, which is a sum of money equal in value to the gross proceeds traceable to the commission of the violation alleged in this Information, which the United States will seek as a forfeiture money judgment as part of the defendant's sentence.

4. 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;

it is the intent of the United States to seek forfeiture of substitute property, pursuant to Title 21, United States Code, Section 853(p).

All pursuant to Title 18, United States Code, Sections 982(a)(7) and 981(a)(1)(C), as incorporated by Title 28, United States Code, Section 2461(c), and the procedures set forth in Title 21, United States Code, Section 853.

  
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