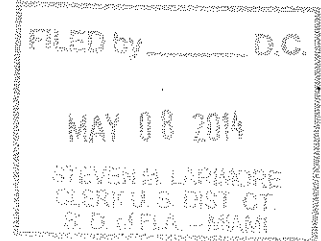


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. **14-20321** CR-UNGARO  
18 U.S.C. § 1347  
18 U.S.C. § 982  
18 U.S.C. § 2  
**ALICIA M. OTAZO-REYES**



UNITED STATES OF AMERICA

vs.

MANUEL J. CHAVEZ,

Defendant.

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times material to this Indictment:

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. It 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”). Each 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 to the PBM that represented the beneficiary’s Medicare drug plan. The 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 was "health care benefit program[s]," as defined by Title 18, United States Code, Section 24(b).

**Medicare Drug Plan Sponsors**

8. Accendo Insurance Company ("Accendo") Silverscript Insurance Company ("Silverscript"), Blue Cross Blue Shield of Florida, Inc. ("Blue Cross"), and Pennsylvania Life Insurance Company ("Penn") were Medicare drug plan sponsors.

**Pharma One, Inc.**

9. Pharma One, Inc. ("Pharma One") was a Florida corporation, incorporated on or about September 22, 2010, that did business in Miami-Dade County purportedly providing prescription drugs to Medicare beneficiaries.

**The Defendant**

10. **MANUEL J. CHAVEZ**, a resident of Miami-Dade County, was the president and registered agent of Pharma One from on or about March 31, 2011 through on or about March 28, 2012, at which point his status changed to vice president.

**COUNTS 1-8**  
**Health Care Fraud**  
**(18 U.S.C. § 1347)**

1. Paragraphs 1 through 10 of the General Allegations section of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. From in or around March 2011, and continuing through in or around March 2012, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendant,

**MANUEL J. CHAVEZ,**

in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully executed, and attempted to execute, a scheme and artifice to defraud health care benefit programs affecting commerce, as defined by Title 18, United States Code, Section 24(b), that is, Medicare, Accendo, Blue Cross, Silverscript, and Penn, 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.

**Purpose of the Scheme and Artifice**

3. It was the purpose of the scheme and artifice for the defendant and his accomplices to unlawfully enrich themselves by, among other things: (a) submitting or causing the submission of false and fraudulent claims to health care benefit programs; (b) concealing the submission of false and fraudulent claims to health care benefit programs, and the receipt and transfer of fraud proceeds; and (c) diverting fraud proceeds for the personal use and benefit of themselves and others.

**The Scheme and Artifice**

The manner and means by which the defendant sought to accomplish the purpose of the scheme and artifice included, among others, the following:

4. **MANUEL J. CHAVEZ** and his accomplices submitted and caused Pharma One to submit claims that falsely and fraudulently represented that various health care benefits, primarily prescription drugs, were medically necessary, prescribed by a doctor and had been provided by Pharma One to Medicare beneficiaries.

5. As a result of such false and fraudulent claims, Medicare prescription drug plan sponsors, including, but not limited to Blue Cross, Accendo, Silverscript, and Penn, through their PBMs, made payments funded by Medicare to Pharma One's corporate bank account, in the amount of approximately \$2,065,549.

**Acts in Execution or Attempted Execution of the Scheme and Artifice**

6. On or about the dates set forth as to each count below, in Miami-Dade County, in the Southern District of Florida and elsewhere, **MANUEL J. CHAVEZ**, in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud health care benefit programs affecting commerce, as defined by Title 18, United States Code, Section 24(b), that is, Medicare, and various drug plan sponsors, including Blue Cross, Accendo, Silverscript, Penn, 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 that the defendant submitted and caused the submission of false and fraudulent claims seeking the identified dollar amounts, and representing that Pharma One provided pharmaceutical items and services to Medicare beneficiaries pursuant to physicians' orders and prescriptions:

<b>Count</b>	<b>Medicare Beneficiary</b>	<b>Approx. Date of Submission of Claim</b>	<b>Medicare Claim Number</b>	<b>Medicare Drug Plan Sponsor</b>	<b>Item Claimed; Approx. Amount Claimed</b>
1	R.V.	07/01/2011	053023575469887 13031	Penn	Singular Tab 10MG; \$150
2	R.V.	07/25/2011	008723195469887 13056	Penn	Singular Tab 10MG; \$150
3	R.V.	10/03/2011	981323605569887 13012	Penn	Singular Tab 10MG; \$153
4	R.V.	12/05/2011	997783745569887 13015	Penn	Topiramate Tab 50MG; \$12
5	E.M.	12/14/2011	30000927472523	Accendo	Exelon Dis 9.5MG/24; \$239
6	A.C.	01/30/2012	120305009241110 99991	Silverscript	Tamsulosin Cap 0.4MG; \$10
7	A.C.	01/30/2012	120305010551078 99991	Silverscript	Lidoderm Dis 5%; \$436
8	A.C.	01/30/2012	120305011455110 99991	Silverscript	Solaraze Gel 3% W/W; \$520

In violation of Title 18, United States Code, Sections 1347 and 2.

**FORFEITURE**

**(18 U.S.C. § 982)**

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

2. Upon conviction of any violation of Title 18, United States Code, Sections 1347 as alleged in Counts 1 through 8 of the Indictment, 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 violation.

3. The property subject to forfeiture includes, but is not limited to:

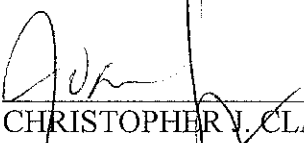
- (a) the sum of \$2,065,549 in United States currency, which is a sum of money equal in value to the gross proceeds traceable to the commission of the violations alleged in this Indictment, which the United States will seek as a forfeiture money judgment as part of the sentence.

All pursuant to Title 18, United States Code, Section 982(a)(7); and the procedures set forth at Title 21, United States Code, Section 853, as made applicable through Title 18, United States Code, Section 982(b)(1).

A TRUE BILL

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FOREPERSON

  
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WIFREDO A. FERRER  
UNITED STATES ATTORNEY

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CHRISTOPHER V. CLARK  
ASSISTANT U.S. ATTORNEY