

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA * **CRIMINAL NO. 18-083**
v. * **SECTION: "H"**
WAYNE J. CELESTINE, M. D. *

* * *

FACTUAL BASIS

Should this matter proceed to trial, the United States would prove beyond a reasonable doubt, through credible testimony and reliable evidence, the following facts:

I. INTRODUCTION AND OVERVIEW

Beginning in year 2014, Drug Enforcement Administration (DEA hereinafter) agents began conducting undercover (UC hereinafter, referred to as "he" herein) operations using DEA confidential sources (CS's hereinafter) posing as "patients" at Integrity Pain Management Clinic (Integrity hereinafter), located at 525 Commerce Street, Gretna, Louisiana.

Supporting the conspiracies charged in counts 1 and 6 of the Second Superseding Indictment are the below listed overt acts of defendant **WAYNE J. CELESTINE**. (**CELESTINE** hereinafter) and unindicted co-conspirators, including staff members and individuals who structured cash deposits at financial institutions.

Integrity was at all times owned by **CELESTINE**. He hired staff who had little or no medical training to support his wholesale dispensing of Schedule II opiates on a long-term basis.

Specific investigative information developed in this case by the DEA indicated that beginning at a time unknown but prior to 2008 **CELESTINE** and others conspired to dispense quantities of Schedule II drug controlled substances over a long-term.

This DEA investigation also established that **CELESTINE** and others did conspire to and did conduct and attempt to conduct financial transactions affecting interstate commerce by depositing Integrity patient cash fees obtained through their conspiratorial dispensing of Schedule II opiates long-term, knowing that the transactions were designed to avoid a transaction reporting requirement under federal law. While **CELESTINE** was causing such financial transactions to be conducted, he knew that the cash deposits represented the proceeds of some unlawful activity.

II. OVERT ACTS DURING THE CHARGED COUNTS 1 AND 6, DISPENSING AND MONEY LAUNDERING CONSPIRACIES, IN VIOLATION OF 21 U.S.C. 846 AND 18 USC 1956

CELESTINE participated or caused others to participate in the following overt acts in support of the charged conspiracies in counts 1 and 6.

A. **CELESTINE** often failed to conduct medical and physical exams during initial patient visits or provided only cursory medical examination of patients that did not meet the standard of care required of a physician treating a patient receiving controlled substances. On follow-up visits, **CELESTINE** rarely did any medical or physical exams and most visits lasted five minutes or less resulting in a patient receiving a prescription from **CELESTINE** for Schedule II opiates and other controlled substances.

B. **CELESTINE**'s Integrity clinic was almost entirely a cash-only or cash equivalent only "pain clinic" that maintained an extremely high volume of patients. For example, in year 2017 alone, the final full year of the clinic's operation, this single physician clinic received patient fees of approximately \$1.47 million,¹ demonstrating the extraordinarily high volume of patients "treated" in just one year. A number of patients resided far from Integrity, including some patients

¹ This figure excludes non-patient fees including personal checks (\$62,740.00), other checks (\$29,405.67), and insurance checks (\$1,091.24). Only small amounts of medical insurance checks were deposited by Celestine during the charged conspiracies.

who traveled to the clinic from all over Louisiana and in his earlier practice, from out of state, including Alabama, Georgia, and Mississippi. These patients passed by many patient pain treatments facilities to meet with **CELESTINE**.

C. **CELESTINE** would routinely see more than 30 patients a day for five minutes or less for return visits. On those days after he abruptly failed to show at the clinic, **CELESTINE** would see 70 or more patients in a day, routinely providing the patients with prescriptions without any meaningful examination.

D. Written prescriptions for controlled substances for patients were sometimes created at the clinic before a patient's appointment and before any additional ongoing assessment was made of the patient and his or her response to pain medications since the last visit. Patients were at times allowed to suggest the controlled substance medications of their choice or the dosage number without regard to proper medical evaluation and treatment. At times, patients would receive a receipt for payment of their fees prior to seeing **CELESTINE** and the receipt would contain the date of their next scheduled appointment, usually 28 days later.

E. **CELESTINE** often did not review patient's Magnetic Resonance Imaging (MRI) or Prescription Monitoring Program (PMP) profiles before treating a patient or continuing to treat a patient, necessary tools to evaluate pain management patients. In the DEA undercover operation, counterfeit documents were provided to **CELESTINE** that, if properly examined, would have been exposed as fake-medical documents.

F. On occasion, Integrity staff would allow a third party to receive a prescription written for a patient who did not appear and then require payment for an office visit that never occurred.

G. **CELESTINE** provided patient “S.H.” three separate Schedule II controlled substance prescriptions when the patient had a single visit, accepted three separate checks with different dates as payment for each prescription, and then would create patient notes as though the patient had three office visits. Ultimately, **CELESTINE** attempted to bill the patient’s Blue Cross Insurance as though the payments related specifically to office visits.

H. Patient “J.W.” tested positive in a urinalysis on several office visits for amphetamines when neither **CELESTINE** nor any other provider was prescribing amphetamines to this patient. **CELESTINE**, in breach of the standard of medical care, made no inquiry about the positive urine test for amphetamines, even when a staff member highlighted this positive urine result. Patient “J.W.” has advised prosecutors that his positive urine test for amphetamines was a result of his illegal use of methamphetamines. The government’s expert medical doctor has advised such practice is outside the scope of medical practice and continued dispensing of controlled substances to this patient under these circumstances was not for a legitimate medical purpose.

I. **CELESTINE** failed to provide or even offer multi-modality approaches to the treatment of pain such as physical and occupational therapy, injections or referral to orthopedic surgeons or other medical specialists who also can treat pain in a team approach. However, for most visits of long-term patients, **CELESTINE** repeatedly recommended physical therapy and epidurals but rarely offered or prescribed such treatment.

J. Some Integrity employees informed **CELESTINE** there were several Integrity patients who appeared to be under the influence of drugs and/or alcohol. **CELESTINE** continued to prescribe controlled substances to those Integrity patients. On one occasion, a staff member observed an Integrity patient with a bottle of *Taaka* Vodka in her purse. The staff member

informed **CELESTINE**. Despite the information, **CELESTINE** still prescribed this Integrity patient controlled substances and made no inquiry about the patient's use of alcohol.

K. At times Integrity patients tested negative for opiates prescribed by **CELESTINE**. **CELESTINE** would place the patient on probation, require participation in a drug problem, but continue to prescribe the same controlled substances. **CELESTINE** showed the Integrity patients the CDC/DEA regulations on prescribing controlled substances when the Integrity patients began complaining about the reduction of the controlled substances.

L. There were instances when family members of Integrity patients would call Integrity in an attempt to tell **CELESTINE** that the patients were abusing their prescription drugs. If **CELESTINE** took the call, he rarely made changes in prescribing practices with those patients. Other times, the staff simply refused to allow the callers to talk to **CELESTINE**.

M. At times, **CELESTINE** diagnosed patients with lower back pain and sciatica and continued to emphasize that diagnosis even though the patients had complained of other medical problems.

N. Specifically, as charged in count 6, **CELESTINE** directed individuals to make multiple deposits of patient cash fees generated by his illegal dispensing of Schedule II opiates into either different financial institutions or different branches of the same financial institution on the same day to avoid making any single deposit over \$10,000 which required the financial institution to generate a Currency Transaction Report (CTR) for the benefit of law enforcement. Those efforts by **CELESTINE** and his co-conspirators were for the purpose of concealing the financial proceeds from his illegal controlled substance dispensing activity from law enforcement. Instances of this structuring activity are listed in the table below:

<u>Bank</u>	<u>Account Number</u>	<u>Transaction Time</u>	<u>Post Date</u>	<u>Cash Deposit</u>	<u>Branch</u>
JP Morgan Chase	x9625	11:10am	2/2/2012	\$8,522.00	4100 Lapalco Blvd
JP Morgan Chase	x9625	11:44am	2/2/2012	\$6,352.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	11:44am	3/1/2012	\$8,000.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	2:36pm	3/1/2012	\$5,203.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	10:07am	3/26/2012	\$9,560.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	10:58am	3/26/2012	\$9,850.00	4400 General De Gaulle
JP Morgan Chase	x9625	12:01pm	3/26/2012	\$8,201.00	4100 Lapalco Blvd
JP Morgan Chase	x9625	3:04pm	4/27/2012	\$8,800.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	3:54pm	4/27/2012	\$6,415.00	4400 General De Gaulle
JP Morgan Chase	x9625	12:03pm	5/14/2012	\$7,820.00	2320 Belle Chasse Blvd
JP Morgan Chase	x9625	4:11pm	5/14/2012	\$9,800.00	4100 Lapalco Blvd
JP Morgan Chase	x9625	12:12pm	6/11/2012	\$9,286.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	12:20pm	6/11/2012	\$9,000.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	12:33pm	6/11/2012	\$9,310.00	4100 Lapalco Blvd
JP Morgan Chase	x9625	1:43pm	6/11/2012	\$9,500.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	2:14pm	6/11/2012	\$9,430.00	4400 General De Gaulle
JP Morgan Chase	x9625	3:34pm	7/23/2012	\$10,000.00	2320 Belle Chasse Blvd
JP Morgan Chase	x9625	5:44pm	7/23/2012	\$3,285.00	2340 Manhattan Blvd
First NBC	x6678	2:28pm	10/23/2012	\$4,400.00	Manhattan
First NBC	x6678	2:40pm	10/23/2012	\$6,480.00	Lapalco
JP Morgan Chase	x9625	N/A	11/26/2012	\$9,486.00	2340 Manhattan Blvd
JP Morgan Chase	x9625	N/A	11/26/2012	\$1,220.00	4400 General De Gaulle
First NBC	x6678	2:32pm	1/22/2013	\$6,660.00	
JP Morgan Chase	x9625	N/A	1/22/2013	\$6,900.00	
First NBC	x6678	2:44pm	1/28/2013	\$6,500.00	
JP Morgan Chase	x9625	N/A	1/28/2013	\$5,290.00	
First NBC	x6678	2:48pm	3/4/2013	\$6,000.00	
Capital One	x9954	2:57pm	3/4/2013	\$6,900.00	

<u>Bank</u>	<u>Account Number</u>	<u>Transaction Time</u>	<u>Post Date</u>	<u>Cash Deposit</u>	<u>Branch</u>
First NBC	x6678	11:13am	3/14/2013	\$6,500.00	
Capital One	x9954	2:21pm	3/14/2013	\$7,100.00	
Capital One	x9954	3:35pm	5/7/2013	\$6,598.00	
First NBC	x6678	3:45pm	5/7/2013	\$7,420.00	
First NBC	x6678	12:28pm	6/17/2013	\$7,700.00	Manhattan
First NBC	x6678	4:32pm	6/17/2013	\$4,666.00	Manhattan
First NBC	x6678	11:02am	7/15/2013	\$6,480.00	Manhattan
First NBC	x6678	4:42pm	7/15/2013	\$7,179.00	Manhattan
Capital One	x9954	10:21am	8/19/2013	\$3,535.00	
First NBC	x6678	4:04pm	8/19/2013	\$7,440.00	
First NBC	x6678	3:14pm	9/16/2013	\$5,645.00	
Capital One	x9954	3:28pm	9/16/2013	\$8,960.00	
First NBC	x6678	12:59pm	10/10/2013	\$6,402.00	
Capital One	x9954	5:31pm	10/10/2013	\$8,020.00	
Capital One	x9954	12:19pm	1/13/2014	\$6,400.00	Hwy 190 Covington
Capital One	x9954	4:59pm	1/13/2014	\$7,100.00	Manhattan Branch Harvey
First NBC	x6678	3:40pm	1/21/2014	\$6,020.00	Manhattan
First NBC	x6678	4:41pm	1/21/2014	\$6,255.00	Manhattan
Capital One	x9954	12:07pm	1/21/2014	\$8,080.00	Hwy 190 Covington
Capital One	x9954	3:59pm	1/21/2014	\$7,150.00	Manhattan Branch Harvey
First NBC	x6678	10:37am	2/6/2014	\$6,980.00	
Capital One	x9954	10:50am	2/6/2014	\$5,980.00	
Capital One	x9954	12:57pm	3/3/2014	\$4,639.00	Hwy 190 Covington
Capital One	x9954	5:25pm	3/3/2014	\$7,263.00	Manhattan Branch Harvey
Capital One	x9954	12:29pm	4/7/2014	\$4,340.00	
First NBC	x6678	4:43pm	4/7/2014	\$4,705.00	

<u>Bank</u>	<u>Account Number</u>	<u>Transaction Time</u>	<u>Post Date</u>	<u>Cash Deposit</u>	<u>Branch</u>
First NBC	x6678	11:59am	5/5/2014	\$7,005.00	
Capital One	x9954	12:16pm	5/5/2014	\$9,760.00	
Capital One	x9954	1:05pm	7/21/2014	\$6,080.00	Belle Promenade Marrero
Capital One	x9954	4:46pm	7/21/2014	\$7,005.00	Manhattan Branch Harvey
First NBC	x6678	11:36am	12/8/2014	\$3,686.00	Manhattan
First NBC	x6678	3:49pm	12/8/2014	\$7,220.00	Terrytown
First NBC	x6678	12:06pm	1/14/2015	\$4,324.00	
Capital One	x9954	5:36pm	1/14/2015	\$7,700.00	
Capital One	x9954	11:02am	1/22/2015	\$6,600.00	
First NBC	x6678	11:13am	1/22/2015	\$5,000.00	
First NBC	x6678	10:08am	1/26/2015	\$6,848.00	Terrytown
First NBC	x6678	11:13am	1/26/2015	\$6,098.00	Gause East
First NBC	x6678	11:16am	1/29/2015	\$3,720.00	
Capital One	x9954	12:04pm	1/29/2015	\$7,547.00	
First NBC	x6678	2:30pm	2/5/2015	\$4,171.00	
Capital One	x9954	3:24pm	2/5/2015	\$6,820.00	
First NBC	x6678	4:28pm	2/12/2015	\$5,376.00	
Capital One	x9954	4:53pm	2/12/2015	\$6,000.00	
First NBC	x6678	3:56pm	2/24/2015	\$4,685.00	Terrytown
First NBC	x6678	4:16pm	2/24/2015	\$5,400.00	Terrytown
First NBC	x6678	8:59am	3/5/2015	\$5,116.00	
Capital One	x9954	9:21am	3/5/2015	\$6,800.00	
Capital One	x9954	8:43am	3/17/2015	\$9,900.00	
First NBC	x6678	4:54pm	3/17/2015	\$6,160.00	
First NBC	x6678	11:31am	5/4/2015	\$9,300.00	Gause East
First NBC	x6678	12:46pm	5/4/2015	\$5,800.00	Terrytown

O. From the years 2012 through 2015, there were approximately 114 instances where multiple cash deposits were made on the same day totaling in combination in excess of \$10,000.00. In several instances, the cash deposits were made at two different financial institutions where Integrity held bank accounts.

P. From January 1, 2012 through September 14, 2015, a total of \$1,460,267.09 was deposited into Integrity's Capital One bank account (#208xxxx). Of the total deposits 83.37% was cash.

Q. From January 1, 2012 through February 5, 2013, a total of \$603,023.70 was deposited into Integrity's JP Morgan Chase bank account (#648xxxx). Of the total deposits, 95.52% was cash.

R. Later in the conspiracies charged in counts 1 and 6, **CELESTINE** advised his patients that he wanted to be paid in money orders rather than cash. **CELESTINE** made this change because he learned that he could deposit more than \$10,000 in money orders (instead of cash) and the financial institutions had no mandatory requirement to generate a CTR. More than \$100,000 was structured in a twelve-month period through the financial institutions. Those financial institutions all had an effect on interstate commerce.

S. From April 19, 2011 through December 31, 2017, there was approximately \$6,559,959.26 of total deposits at First NBC (currently Whitney Bank) bank account (#110xxxx). Of the total deposits 28.58% was cash, 24.84% was money orders and 33.04% was credit cards. As stated, only cash deposits generated CTRs.

See table below to show **CELESTINE**'s increased deposits in money orders to avoid the financial institutions' mandatory issuance of CTRs.

Year	Cash Deposited	Money Orders
2011	67%	1%
2012	53%	1%
2013	57%	0%
2014	61%	0%
2015	21%	20%
2016	12%	42%
2017	18%	42%

T. **CELESTINE** used the illicit proceeds from his illegal prescribing at Integrity to purchase real property, vehicles including automobiles and a travel trailer, and to purchase other assets. Seizure warrants were issued for First NBC (Whitney Bank) bank accounts 110xxxx, 110xxxx, 300xxxx3, 300xxxx and 800xxxx.

III UNDERCOVER DEA CONTROLLED PATIENT VISITS WITH CELESTINE

DEA obtained evidence against **CELESTINE** and conspirator clinic staff utilizing DEA undercover (UC) patients. Each UC patient paid in cash or money orders. One patient was told that insurance would not be accepted. Each UC patient received multiple prescriptions that included opiates.

One UC patient complained of shoulder pain and revealed that he had a rotator cuff injury. **CELESTINE** repeatedly suggested that he was treating lower back and sciatica pain. A staff member suggested that the UC patient should provide a Magnetic Resonance Image (MRI) of his neck/back rather than of his shoulder.

During one of his visits, a UC patient overheard a conversation where **CELESTINE** was told that one of his patients was doctor shopping and was attempting to fill **CELESTINE**'s prescription. **CELESTINE** instructed the pharmacist to fill half of the prescription. On another

occasion, the UC patient sent a third party to pick up his prescription. The staff provided the prescription without seeking identification and then charged the party for an office visit.

Another UC patient tested positive for oxycodone but was negative for other controlled substances prescribed by **CELESTINE**. A staff member simply instructed the UC patient to take all his medications and **CELESTINE** continued to prescribe the same controlled substances.

IV. DRUG QUANTITY DETERMINATION

Although the quantity of controlled substances that were dispensed by **CELESTINE** outside the scope of professional practice and not for a legitimate medical purpose cannot be precisely determined the government and the defendant and the defendant's counsel all agree and stipulate that less than 400,000 dosage units (tablets) of Schedule II control substances were provided and dispensed by **CELESTINE** outside the scope of professional practice and not for a legitimate medical purpose during the course of the charged conspiracies. The parties agree that **CELESTINE's** conduct as a physician at Integrity was outside the scope of professional practice and not for a legitimate medical purpose for those patients who were prescribed Schedule II opiates long term, and never received nor were prescribed any alternative modality though alternative treatments were suggested in **CELESTINE's** treatment plan. There were patients that received prescriptions from **CELESTINE** that were for a legitimate medical purpose.

The table below was produced from data contained in the *Louisiana Prescription Monitoring Program* (PMP) database. The table below specifically shows for certain patients the individual number of dosages units or tablets and Schedule II controlled drugs dispensed and issued by **CELESTINE** between the time period of June 1, 2008 and February 22, 2018. This list is developed from 25 files that represent provable and egregious examples of **CELESTINE's** practice outside the scope of legitimate practice and dispensing not for a legitimate medical

purpose. The parties further suggest to the Court that the Court use these quantity assessments, agreed to by the parties, for calculation of the sentencing guidelines; all subject to review and determination by the Court on the appropriate guideline range, initially prepared by the US Probation Office.

PATIENT	DRUG SCHEDULE	DU TOTAL	RX TOTAL
P1	2	855	7
P2	2	890	7
P3	2	9,225	87
P4	2	720	4
P5	2	10,464	102
P6	2	1,860	23
P7	2	1,920	11
P8	2	8,425	97
P9	2	10,998	110
P10	2	3,915	31
P11	2	3,600	30
P12	2	13,091	120
P13	2	1,230	81
P14	2	952	14
P15	2	2,750	24
P16	2	10,875	134
P17	2	15,418	139
P18	2	3,644	33
P19	2	15,559	137
P20	2	1,687	5
P21	2	1,000	10
P22	2	3,235	34
P23	2	4,145	45
P24	2	4,291	42
	TOTAL	130,740	1327

V. AGGRAVATING FACTORS

The government and the defendant agree that three aggravating factors exist in this case:

A **CELESTINE** was an organizer of less than five (5) persons including himself from time-to-time during the conspiracies charged in counts 1 and 6.

B. During the course of the conspiracy contained in counts 1 and 6, **CELESTINE** abused a position of trust and used a specialized skill as a medical doctor in perpetrating these crimes.

C. **CELESTINE** obstructed justice during the course of the investigation and prosecution of his case. After stating that two of his staff members had “thrown him under the bus” when talking to law enforcement, **CELESTINE** approached one individual and suggested that she was responsible for the structuring activity when, in fact, he ordered the structuring. **CELESTINE** also called one of his patients and suggested that he had discovered her addiction and attempted to stop prescribing to her but the patient’s sister had insisted that he continue to prescribe. In truth, the patient’s sister revealed the patient’s addiction to **CELESTINE**. **CELESTINE** chose to continue to prescribe opiates to the patient.

VI. LIMITED NATURE OF THIS FACTUAL BASIS

This proffer of evidence is not intended to constitute a complete statement of all facts known by **CELESTINE**, and described by **CELESTINE** to the government, 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 **CELESTINE**’s plea of guilty to the two charged offenses contained in counts 1 and 6 of the Second Superseding Indictment.

VII. CONCLUSION


Should this case proceed to trial, the government would prove all of the forgoing by calling as witnesses DEA agents, offer pertinent UC CS video/audio recordings from three (3) CSs documenting overt acts of the conspiracy and offering testimony from agents during surveillance of overt acts during the conspiracy. The government would offer the testimony of certain former employees of Integrity and these former employees would provide testimony that **CELESTINE** conspired with them and others in specific instances to illegally dispense controlled substances. The former clinic employees who would be called to testify were eyewitnesses and participants to certain overt acts of the conspiracy.

The government would also call as witnesses the controlling DEA special agents, task force officers, and surveillance team members who monitored **CELESTINE**, co-conspirators, and their illegal transactions during the course of the investigation. The government would offer a representative sample of **CELESTINE**'s medical records showing the existence of the illegal pill mill operation, seized from Integrity, pursuant to federal search warrants, executed in February 2018. Summary charts would be offered to show a pattern of pill mill activity by **CELESTINE** over time.

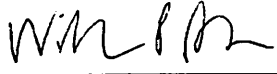
The government would offer the testimony of at least one expert witness physician who would offer the opinion that **CELESTINE** and other co-conspirators engaged in the illegal issuing and dispensing of drug controlled substances that are listed as federally controlled substances, as charged in the Second Superseding Indictment.

In support of the charged money laundering offense in count 6, the government would offer all relevant bank and financial records and the testimony of at least one person who illegally


“structured” cash deposits from the illegal activity into banks on behalf of **CELESTINE** and provide evidence of the illegality of this conduct.


DR. WAYNE J. CELESTINE
Defendant

11/29/18
Date


WILLIAM P. GIBBENS
Attorney for Defendant

11/29/18
Date


JOHN F. MURPHY
Assistant United States Attorney

11/29/2018
Date