

**IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF FLORIDA  
PENSACOLA DIVISION**

**UNITED STATES OF AMERICA**

**v.**

**CASE NO. 3:18cr:60/RV**

**MICHAEL SCOTT BURTON**  
\_\_\_\_\_ /

**FACTUAL BASIS FOR GUILTY PLEA**

The parties agree with the truthfulness of the following factual basis for the Defendant's guilty plea. The undersigned parties further agree that not all of the facts known from this investigation are contained in this brief summary.

In or about late 2013 or early 2014, the Defendant contacted Brad T. Hodgson and Dr. J.A.T. at one of Dr. J.A.T.'s medical offices in reference to writing prescriptions for compounded pain cream, scar cream, and wellness capsules. The Defendant agreed Hodgson would write prescriptions for compounded drugs for individuals whose names Burton and others provided. Thereafter, the defendant contacted Marie Ann Smith and asked her if she would assist in the process.

In or about the same time-period, the Defendant contacted various individuals in reference to becoming representatives for Simply Surgical. As part of the agreement, the representatives would provide personal identifying

information, identification cards, and insurance cards of TRICARE beneficiaries and other health care beneficiaries in order for prescriptions to be issued in the names of those identified.

Subsequent thereto, the Defendant received the personal identifying information for third parties, and copies of insurance cards for said third parties. The Defendant then forwarded that information via email to Hodgson and Smith. Hodgson and Smith then caused prescriptions purportedly signed by Dr. J.A.T., and bearing Dr. J.A.T.'s DEA registration number, to be electronically submitted in interstate commerce via e-mail and fax to pharmacies including, but not limited to, Physician Specialty Pharmacy, which is located in the Northern District of Florida. Dr. J.A.T. did not authorize or sign the prescriptions Hodgson and Smith submitted. Further, the health care beneficiaries whose information was submitted as a part of this scheme were not patients of Dr. J.A.T. or any other health care provider at Dr. J.A.T.'s medical practices, in that they had not been seen by any doctor at said medical practices, which the Defendant knew. The prescription medications issued were not prescribed by an authorized health care provider and were not determined by a licensed physician to be medically necessary.

Following receipt of the prescriptions, employees of Physician Specialty Pharmacy manufactured compounded substances and caused other pharmacies to manufacture the substances, and then caused the substances to be shipped to the

respective health care beneficiaries. Individuals associated with Physician Specialty Pharmacy and other pharmacies then caused claims to be submitted to Express Scripts on behalf of TRICARE and other health care benefit programs for the prescriptions. The claims were submitted using Dr. J.A.T.'s DEA number, and the NPI numbers of Dr. J.A.T, Burklow Pharmacy, Jay Pharmacy, and other TRICARE network pharmacies.

Express Scripts, on behalf of TRICARE and other health care benefit programs, processed and adjudicated the claims for the prescriptions. Payments for the prescriptions were then either mailed in the form of a check, or electronically sent to the pharmacies' accounts and accounts of a designated third-party business. Following receipt of the payments, the TRICARE network pharmacy transferred a portion of the money it received to Physician Specialty Pharmacy or other pharmacies. Said pharmacies then transferred money to bank accounts held by the Defendant. Between on or about December 10, 2014, and November 20, 2015, Physician Specialty Pharmacy transferred a total of approximately \$2,090,011 from bank accounts held in the Northern District of Florida, and caused to be deposited into a bank account held by the Defendant outside the state of Florida. The money deposited into the Defendant's bank account was the proceeds of health care fraud and wire fraud.

Said transfers included, but were not limited to the following:

<b>Count</b>	<b>Date</b>	<b>Payor Account</b>	<b>Amount</b>
3	12/19/14	Gulf Coast Community Bank 6422	\$37,299.09
4	1/8/15	Gulf Coast Community Bank 6422	\$186,031.93
5	1/26/15	Gulf Coast Community Bank 6422	\$175,877.11
6	2/9/15	Gulf Coast Community Bank 6422	\$183,230.89
7	2/20/15	Gulf Coast Community Bank 6422	\$237,047.77
8	3/6/15	Gulf Coast Community Bank 6422	\$134,960.14
9	3/20/15	Gulf Coast Community Bank 6422	\$82,645.46
10	4/6/15	Gulf Coast Community Bank 6422	\$276,197.52
11	4/22/15	Gulf Coast Community Bank 6810	\$271,219.08
12	5/7/15	Gulf Coast Community Bank 6810	\$271,387.57

By this conduct, TRICARE and other health care benefit programs were defrauded. The Defendant paid Marie Ann Smith and Brad. T. Hodgson in cash for their involvement in the scheme. Further, the Defendant paid the various Simply Surgical representatives, *i.e.* Bradley and Heather Pounds, for the information they provided.

ELEMENTS OF THE OFFENSES

*Count One – Conspiracy to commit health care fraud and wire fraud*

Conspiracy, 18 U.S.C. § 1349 - ECCA Offense Instruction 54

- (1) two or more people in some way or manner, agreed to try to accomplish a common and unlawful plan to commit health care fraud and/or wire fraud, as charged in the information; and
- (2) the Defendant knew the unlawful purpose of the plan and willfully joined in it.

Health Care Fraud, 18 U.S.C. § 1347 - ECCA Offense Instruction 53

- (1) the Defendant knowingly executed, or attempted to execute, a scheme or artifice to defraud a health care benefit program, or to obtain money or property owned by, or under the custody or control of, a health care benefit program by means of false or fraudulent pretenses, representations, or promises;
- (2) the health care benefit program affected interstate commerce;
- (3) the false or fraudulent pretenses, representations, or promises related to a material fact;
- (4) the Defendant acted willfully and intended to defraud; and
- (5) the Defendant did so in connection with the delivery of or payment for health care benefits, items, or services.

Wire Fraud, 18 U.S.C. § 1343 – ECCA Offense Instruction 51

- (1) the Defendant knowingly devised or participated in a scheme to defraud, or to obtain money or property by using false pretenses, representations, or promises;
- (2) the false pretenses, representations, or promises were about a material fact;
- (3) the Defendant acted with the intent to defraud; and
- (4) the Defendant transmitted or caused to be transmitted by wire some communication in interstate commerce to help carry out the scheme to defraud.

*Count Two – Conspiracy to Commit Money Laundering*

Conspiracy to Commit Money Laundering, 18 U.S.C. §§ 1956(h) and 1957 –  
ECCA Offense Instruction 74.5


- (1) two or more people agreed to try to accomplish a common and unlawful plan to violate 18 U.S.C. Section 1957; and
- (2) the Defendant knew about the plan's unlawful purpose and voluntarily joined in it.

*Counts Three through Twelve – Money Laundering*

Money Laundering, 18 U.S.C. §§ 1957 and 2 – ECCA Offense Instruction 74.6

- (1) the Defendant knowingly engaged or attempted to engage in a monetary transaction;
- (2) the Defendant knew the transaction involved property or funds that were the proceeds of some criminal activity;
- (3) the property had a value of more than \$10,000;
- (4) the property was in fact proceeds of health care fraud or wire fraud; and
- (5) the transaction took place in the United States.

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MICHAEL SCOTT BURTON  
Defendant

12-31-18  
Date