



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Wednesday, September 30, 2020

Three Men Plead Guilty to Healthcare Kickback Conspiracies

ALEXANDRIA, Va. – An attorney, pharmacist, and sales representative have each pleaded guilty to conspiracy to pay or receive health care kickbacks.

“Health care fraud harms us all and steals valuable resources from those who are in need,” said G. Zachary Terwilliger, U.S. Attorney for the Eastern District of Virginia. “Our office and our law enforcement partners will continue to devote its resources and time to uncovering and detecting health care fraud and those individuals who put their greed above the interests of the public good.”

According to court documents, Daniel Tyler Walker, 50, of Lewes, Delaware, Michael Beatty, 53, of Pasadena, Maryland, and Seth Myers, 52, of Crystal Lake, Illinois, pleaded guilty to engaging in a conspiracy where each defendant either paid or received money in an effort to induce or reward the referral of health care services payable by federal health care programs, including TRICARE, a health care program for uniformed service members, retirees, and their families, Medicare, and Medicaid. In total, the related conspiracies involved millions of dollars of health care kickback payments.

“These pleas demonstrate what happens when medical professionals and those around them betray the public’s trust in the medical system to satisfy their own greed,” said Robert E. Bornstein, Acting Special Agent in Charge of FBI Washington Field Office Criminal Division. “The abuse of the healthcare system can divert federal funds from where they are truly needed, which can put our most vulnerable citizens at risk. The FBI and its local, state and federal partners, are fully committed to identifying individuals who chose to prioritize their own interests in place of appropriate medical care for patients, and we will continue to work with our partners to bring them justice.”

According to court documents, Walker was a medical sales specialist for a pharmaceutical company headquartered in the Eastern District of Virginia. In connection with this role, Walker conspired with the owner of Royal Care Pharmacy to engage in a kickback scheme in which Walker received payments from Royal Care Pharmacy and its affiliate entities in exchange for referring and directing health care providers to have prescriptions for a drug manufactured by Walker's employer filled at Royal Care. Payments for those prescriptions were made in whole or in part under various federal health care programs, including TRICARE, Medicare, Virginia Medicaid, and Maryland Medicaid. Walker and his co-conspirators agreed that he would receive 25 percent of all net sales of the drug filled by Royal Care. During the conspiracy, Royal Care profited more than \$1.2 million from the scheme, and in turn, Walker received at least \$573,000 in kickbacks

for his role in the fraud. As part of his plea agreement, Walker has agreed to forfeit \$671,790 to the United States, which represents the proceeds that he received during the course of the conspiracy.

Walker pleaded guilty on Tuesday to conspiracy to solicit and receive health care kickbacks. He faces a maximum penalty of five years in prison when sentenced on Jan. 29, 2021.

“The Defense Criminal Investigative Service is committed to protecting the integrity of the U.S. military health care program to provide top quality medical care to America’s Warfighters and their families, while ensuring that health care providers and facilities comply with Federal laws,” said Robert E. Craig Jr., Special Agent in Charge of the DCIS Mid-Atlantic Field Office. “Through joint investigations with our law enforcement partners, DCIS aggressively pursues criminal prosecutions and all available remedies to bring violators to justice. These guilty pleas demonstrate the effectiveness of our investigative efforts.”

According to court documents, Beatty was a pharmacist who practiced in Fallston, Maryland. Beatty, Seth Myers, and a physician who practiced in both Virginia and Maryland entered into a kickback arrangement in which Beatty agreed to pay a company controlled by the physician kickbacks in exchange for the physician referring prescriptions for very expensive compound drugs to Beatty and his pharmacy. Payments for these compound prescriptions were made in part by TRICARE. During the course of the conspiracy, TRICARE paid the co-conspirators a total of approximately \$344,280. The pharmacy where Beatty worked made a net profit of approximately \$295,782 from payments made by TRICARE for the compound prescriptions that were part of the kickback scheme. In turn, Beatty paid the physician controlled company approximately \$147,891 in kickbacks.

Beatty also pleaded guilty on Tuesday to conspiracy to offer and pay health care kickbacks. He faces a maximum penalty of five years in prison when sentenced on Jan. 15, 2021.

According to court documents, Myers was a licensed attorney who worked with a physician that practiced in Virginia and Maryland. Myers conspired with the physician to solicit kickback payments from the owner of multiple northern Virginia-based pharmacies, including Royal Care Pharmacy, and Michael Beatty, a pharmacist, in exchange for the physician referring prescriptions for very expensive compound drugs to the pharmacies. Payments for these compound prescriptions were made in part by TRICARE. During the course of the conspiracy, TRICARE paid the pharmacies approximately \$4.8 million. In turn, the pharmacies paid Myers and his physician co-conspirator approximately \$2.6 million in kickback payments. As part of his plea agreement, Myers has agreed to forfeit \$428,124 to the United States, which represents the proceeds that he received during the conspiracy.

Myers pleaded guilty today to conspiracy to solicit and receive health care kickbacks. He faces a maximum penalty of five years in prison when sentenced on Jan. 29, 2021.

The Office of Inspector General for the U.S. Office of Personnel Management, and FDA Office of Criminal Investigations Metro Washington Field Office assisted in the investigation.

Assistant U.S. Attorneys Uzo Asonye, Monika Moore, Carina Cuellar, and Jamar K. Walker are prosecuting the cases.

A copy of this press release is located on the website of the [U.S. Attorney’s Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:20-cr-234, 1:20-cr-209, and 1:20-cr-235.

Topic(s):

Health Care Fraud

Component(s):

USAO - Virginia, Eastern

Contact:

Joshua Stueve

Director of Public Affairs

joshua.stueve@usdoj.gov

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