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**Department of Justice**

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

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## **Former South Florida Pharmacy Executive Pleads Guilty to \$88 Million Health Care Fraud Conspiracy Targeting Military Health Care Programs**

Miami, Florida – A Palm Beach County, Florida man has pleaded guilty to his role in a multi-million-dollar conspiracy to defraud Tricare and CHAMPVA through a South Florida compounding pharmacy fraud scheme.

As part of his guilty plea, 58-year-old Matthew Smith admitted his role in fraudulently billing Tricare and CHAMPVA for expensive, medically unnecessary compound drugs from a Broward pharmacy. Tricare and CHAMPVA are the health care benefit programs for the United States Department of Defense and Department of Veterans Affairs. In furtherance of the scheme, Smith—then executive vice-president of the pharmacy—and his co-conspirators paid approximately \$40 million in kickbacks to patients, patient recruiters and doctors in exchange for their ordering expensive pain creams, scar creams and vitamins without regard to the beneficiaries' actual medical needs. The drugs were formulated to maximize profit without legitimate therapeutic value. The reimbursement rates sometimes reached \$15,000 for a one-month supply. In addition, the pharmacy did not charge beneficiaries the mandatory copayments, something that the co-conspirators concealed. The fraudulent billings caused a loss to the programs of approximately \$88 million.

Smith pled guilty to one count of conspiring to commit health care fraud. Sentencing is scheduled for April 5, at 3:00 p.m., in Miami, before U.S. District Judge Roy K. Altman. Smith faces up to 10 years in federal prison.

U.S. Attorney Juan Antonio Gonzalez of the Southern District of Florida; Special Agent in Charge Cynthia A. Bruce, Department of Defense Inspector General's Defense Criminal Investigative Service (DCIS), Southeast Field Office; Special Agent in Charge David Spilker, Veterans Affairs, Office of Inspector General (VA-OIG), Southeast Field Office; Special Agent in Charge George L. Piro of the FBI Miami; and Special Agent in Charge Justin C. Fielder, FDA Office of Criminal Investigations' Miami Field Office, made the announcement.

"Fraudsters steal exorbitant amounts of money from our government health programs through prescription medication fraud schemes," said U.S. Attorney Gonzalez. "Those who use kickback payments and fraudulent billing activities to defraud vital public programs will be held accountable."

“Compounding pharmacy fraud bilked the Defense Health Agency of over a billion dollars and exploited not only the military, but all citizens,” said DCIS Special Agent in Charge Bruce. “I thank the U.S. Attorney’s Office and our investigative team for their tireless effort to untangle this web of crime, trace the assets, and hold these individuals accountable.”

“The defendant pleaded guilty for his abhorrent conduct in defrauding multiple federal healthcare programs meant to benefit deserving veterans and their families,” said Special Agent in Charge David Spilker of the Department of Veterans Affairs Office of Inspector General’s Southeast Field Office. “The VA OIG is committed to continuing its work with our law enforcement partners to ensure the integrity of VA’s healthcare and benefit programs.”

“Illegal kickbacks undermined the integrity of the Tricare health benefit program by putting profits in front of patient welfare,” said George L. Piro, Special Agent in Charge, FBI Miami. “The investigators who unraveled this scam are to be commended for their diligence and commitment. The FBI and our partners will continue to pursue those individuals who pay kickbacks and fraudulently bill for medical services that are not necessary.”

“Criminals whose schemes cause medically unnecessary prescription drugs to be sent to consumers could put the public health at risk,” said Special Agent in Charge Justin C. Fielder, FDA Office of Criminal Investigations’ Miami Field Office. “We will continue to pursue and bring to justice those who place profits above public health.”

The DCIS, VA-OIG, FBI, and the FDA, investigated the case.

Assistant U.S. Attorney Jon Juenger prosecuted the case. Assistant U.S. Attorney Daren Grove is handling the asset forfeiture component of the case.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at [www.flsd.uscourts.gov](http://www.flsd.uscourts.gov) or at <http://pacer.flsd.uscourts.gov>.

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**Topic(s):**

Health Care Fraud

**Component(s):**

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