

Wade Walters presently an unindicted co-conspirator in scheme to defraud TRICARE of \$65 million



Wade Walters is an unindicted co-conspirator in connection with over \$65 million in alleged fraudulent TRICARE billing that originated with just two pharmacies he owned in Utah over a 4 month period.

A February 2017 filing by the U.S. Attorney's office in the Southern District of Mississippi, pertaining to asset forfeiture in connection with TRICARE prescription fraud,

alleges that Mitchell “Chad” Barrett of Clinton, **Wade Walters** and Hope Thomley of Hattiesburg, and **Thomas E. “Tommy” Spell, Jr.** of Ridgeland were the key players in a Mississippi scheme that bilked TRICARE and other insurers of over \$400 million. Then, less than six months later, in July of 2017, in the Federal Court of the Southern District of Mississippi, Jason May, the pharmacist for Walter’s (et al) Advantage Pharmacy in Hattiesburg, waived indictment and pleaded guilty to submitting over \$192 million in fraudulent billing to TRICARE. May’s plea reads,

“Beginning in or around Jan. 2012, and continuing through in or around Dec. 2015, in Lamar County, Jason May did knowingly and willfully, that is, with the intent to further the objects of the conspiracy, combine, conspire, confederate, and agree with co-conspirator 1, and other persons known and unknown to the U.S. Attorney, to commit offenses against the United States.”

Name History	
Name	Name Type
Walters Holdings, LLC	Legal

Business Information	
Business Type:	Limited Liability Company
Business ID:	1035559
Status:	Good Standing
Effective Date:	12/11/2013
State of Incorporation:	Mississippi
Principal Office Address:	104 BOGAGE COURT, 104 BOGAGE COURT HATTIESBURG, MS 39402

Registered Agent	
Name	
McFadden CPA Firm, PLLC	
2366 Old Hwy 11, Ste 70-303	
Hattiesburg, MS 39402	

Officers & Directors	
Name	Title
Wade Walters	Member
5 WILLOW BEND DR	
HATTIESBURG, MS 39402	

On [CLICK TO ENLARGE](#) – Mississippi Secretary of States records show that Walters Holdings is solely owned by Wade Walters. Funds from this company were used to purchase CFK, Inc. CFK in turn allegedly defrauded TRICARE for over \$65 million dollars in four months.

Now, things are heating up in other states as a July 2017 indictment from the U.S. Attorney of the Southern District of California, which had remained under seal, was unsealed on January 24th, 2018. Interestingly, the road for this indictment leads right to the FBI Field Office in Jackson, Mississippi.

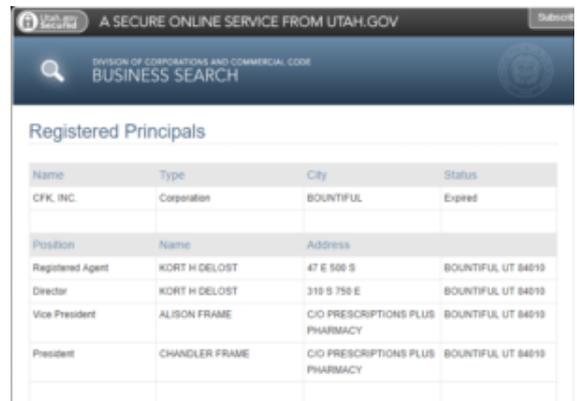
The recently unsealed indictment charges Jimmy Collins, Ashley Collins, and "**CFK, Inc.**," with one (1) Count of Conspiracy to Commit Health Care Fraud, and six (6) Counts of Payments of Illegal Remuneration. If convicted, the defendants face up to 10 years in prison and a \$250,000 fine for Count 1, and for Counts 2-7, up to 5 years in prison and a \$250,000 fine for each count.

CFK, Inc., is a Utah based corporation that did business as "The Medicine Shoppe Pharmacy" and "Prescriptions Plus Pharmacy" in Bountiful, Utah. CFK, Inc. was purchased with funds from **Walters Holdings, LLC.**, a Mississippi Limited Liability Company. According to the Mississippi Secretary of State's office, Walters Holdings, LLC is owned solely by **Wade Walters**. Walters is referenced in the indictment as "W.W." The indictment alleges,

8. "In or around, December 2014, W.W. and T.S. purchased CFK, Inc. ("CFK"), a Utah Corporation that operated and did business as the Medicine Shoppe Pharmacy and Prescriptions Plus in Bountiful, Utah. Ownership of CFK was in the name of C.F. and A.F. ,W.W.'s daughter and son-in-law, but the funds to purchase CFK came from Walters Holdings, LLC, a Mississippi company controlled by W.W. Following the purchase, W.W., T.S., and R.M. were elected as CFK's corporate officers.

9. Between January 2015 and May 9, 2015 – the period immediately following the purchase – CFK submitted reimbursement request of more than \$65 million for compounded drug prescriptions filled by the Medicine Shoppe. The average

price of these compounded drugs over this period was \$14,510.33.”



The screenshot shows the Utah Business Search website. The header includes the Utah state logo, the text "A SECURE ONLINE SERVICE FROM UTAH.GOV", and "DIVISION OF CORPORATIONS AND COMMERCIAL CODE BUSINESS SEARCH". Below the header, the page title is "Registered Principals". There are two tables displayed. The first table lists the company details, and the second table lists the registered principals.

Name	Type	City	Status
CFK, INC.	Corporation	BOUNTIFUL	Exped

Position	Name	Address	
Registered Agent	KORT H DELOST	47 E 500 S	BOUNTIFUL, UT 84010
Director	KORT H DELOST	310 S 750 E	BOUNTIFUL, UT 84010
Vice President	ALISON FRAME	C/O PRESCRIPTIONS PLUS PHARMACY	BOUNTIFUL, UT 84010
President	CHANDLER FRAME	C/O PRESCRIPTIONS PLUS PHARMACY	BOUNTIFUL, UT 84010

The Utah Secretary of State’s website shows Wade Walters’ daughter and son-in-law as officers of CFK; Inc.

According to the Utah’s Secretary of States Office, the President of CFK was Chandler Frame, who is Wade Walters’ son-in-law. Walters’ daughter, Alison Frame, was named Vice President of CFK. The Frames are referenced in the indictment as “CF” and “AF.”

The indictment charges that in its non-resident pharmacy application to the California Board of Pharmacy, CFK listed as its officers and managers the Frames, when in fact, they had *“no role in operating CFK of the Medicine Shoppe.”* According to the indictment, Wade Walters “W.W.,” Tommy Spell “T.S.,” “R.M.,” and **Walters Holdings, LLC.**, failed to disclose that they were the real owners and/or managers of CFK.

In fairly specific detail, the indictment alleges that CFK “falsely represented to the California Board of Pharmacy” that each patient was called before filing a prescription, and medication was shipped to a patient only after having such direct communication with the patient. But in reality, the medications were shipped without ever speaking to the

recipient.

The indictment further alleges that CFK paid almost \$46 million in illegal kickbacks to Jimmy and Ashley Collins between February and July 2015 for recruiting thousands of “straw TRICARE beneficiaries” to receive compounded medications from CFK’s pharmacies, the Medicine Shoppe and Prescriptions Plus in Bountiful, Utah.

The U.S. Attorney alleged in the indictment,

CFK, its officers, and related companies, paid kickbacks in the form of a percentage of gross revenue received by CFK for claims submitted to TRICARE for compounded drug prescriptions. These kickbacks were paid to companies and individuals who recruited and paid TRICARE beneficiaries (straw beneficiaries) to sign up to receive compounded drug prescriptions covered by TRICARE’s pharmacy benefits.

The conspiracy employed a vast network of recruiters that targeted TRICARE beneficiaries (veterans and their families) who were covered under the healthcare program. According to the indictment recruiters were instructed.

to falsely tell TRICARE beneficiaries that they would receive compounded prescription medications as part of a medical trial, and in exchange for doing so, that they would be paid a monthly sum, typically \$300 per month. In reality, no study was taking place and this monthly sum was an illegal kickback to the straw beneficiaries.

The indictment charges,

It was the object of the conspiracy for the defendants and their co-conspirators to unlawfully enrich themselves by submitting fraudulent claims to TRICARE, a federal benefit program, for compounded drugs prescribed to TRICARE beneficiaries, which prescriptions had been induced by

kickbacks paid and promised to be paid to TRICARE beneficiaries and marketers, while concealing those kickbacks from DHA, TRICARE, and Express Scripts.

The indictment also includes a detailed request for forfeiture that would require the defendants, upon conviction, to forfeit millions upon millions of dollars in cash, expensive jewelry, luxury vehicles, gold and silver bars, and real property, and other various investments and holdings.

The press release on Friday January 26th, 2018 from the U.S. Attorney's Office of the Southern District of California (see below) summarized the indictment, but at the very bottom, the U.S. Attorney of the Southern District of California credited the following agencies for putting the case together:

Defense Criminal Investigative Service

Naval Criminal Investigative Service

IRS Criminal Investigative Division, Gulfport, MS

Federal Bureau of Investigation – Jackson, MS Field Office

Hattieburg Patriot News Media asked the Attorney General's office for the Southern District of Mississippi for a comment regarding CFK's connection to Walters Holdings, LLC, a Mississippi Company. The reply was, "Sorry, no comment."

[wade-walters-indictment](#)

[press-release](#)