

**Department of Justice**  
U.S. Attorney's Office  
Southern District of California

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FOR IMMEDIATE RELEASE  
Friday, January 26, 2018

## **Tennessee Couple and Utah Pharmacy Indicted for \$65 Million Tricare Fraud**

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### **NEWS RELEASE SUMMARY – January 26, 2018**

SAN DIEGO – Jimmy Collins and Ashley Collins, a married couple living in Cleveland, Tennessee were arraigned in federal court today on charges that they operated a health care fraud scheme that bilked TRICARE – the health care program that covers United States service members, retirees, and their dependents – out of more than \$65 million in pharmacy reimbursement funds.

According to the indictment, Jimmy and Ashley Collins conspired with CFK, Inc., the owner of The Medicine Shoppe, a pharmacy based in Bountiful, Utah, to submit fraudulent claims for compounded medications mailed mainly to active duty Marines and Sailors based in the Southern District of California.

“San Diego is a military town. This indictment sends a message to those who seek to defraud the Department of Defense out of the dollars meant to care for our military members and their families: Fraudsters will be held accountable here,” said U.S. Attorney Adam L. Braverman.

“The theft of military health care dollars directly harms the U.S. Government and our warfighters and will not be tolerated,” said Michael Mentavlos, Special Agent in Charge, Southwest Field Office, Defense Criminal Investigative Service. “Today's indictment demonstrates that DCIS, in partnership with NCIS, IRS, and the FBI, will aggressively pursue those who seek to steal Department of Defense resources.”

“Fraud is criminal abuse of the system that siphons resources away from the American warfighter, said Todd Battaglia, Special Agent in Charge of the NCIS Field Office at Camp Pendleton. “NCIS will continue to work with our law enforcement partners to hold responsible those who would defraud our nation to line their own pockets.”

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Although compounded drugs are not approved by the Food and Drug Administration (FDA), they are properly prescribed when a physician determines that an FDA-approved medication does not meet the health needs of a particular patient, such as if a patient requires a particular dosage or application or is allergic to a dye or other ingredient.

According to the indictment, between October 2014 and July 2015, Jimmy and Ashley Collins operated a network of recruiters working to induce TRICARE beneficiaries to obtain compounded medications, which cost an average of more than \$14,500 per medication per month, from The Medicine Shoppe. To induce TRICARE beneficiaries to sign up to receive these compounded medications, recruiters working for the Collinses were told to inform potential beneficiaries that they would be paid to evaluate the medications as part of an ongoing medical study. In reality, no study was taking place, the indictment said.

Once a recruiter convinced a TRICARE beneficiary to sign up to receive the compounded medications, the straw beneficiary's information was sent to Choice MD, a Tennessee medical clinic co-owned and operated by the Collinses. Doctors employed by the Collinses at Choice MD then wrote prescriptions for the TRICARE beneficiaries, despite never examining the patients in person. Once signed by the doctors, these prescriptions were not given to the straw beneficiaries, but sent directly to The Medicine Shoppe or related pharmacies, which filled the prescriptions and billed TRICARE at exorbitant prices.

Between December 2014 and May 9, 2015 – the day that TRICARE stopped reimbursing for compounded medications – doctors working for the Collinses authorized 4,442 prescriptions that were filled at The Medicine Shoppe. The Medicine Shoppe billed TRICARE \$65,679,512 for these prescriptions.

The owners of The Medicine Shoppe then paid kickbacks to the Collinses based on the number of prescriptions referred by the Collinses recruiter network. Between February and July 2015, these kickback payments to the Collinses totaled at least \$45.7 million dollars. The Collinses, in turn, paid kickbacks to the recruiters working as part of their network. Six of these kickback payments, including one for more than \$1.4 million, form the basis for the six counts of Payment of Illegal Remuneration brought against Jimmy and Ashley Collins in the indictment.

The indictment also includes a lengthy list of forfeitable funds, property, and items purchased by the Collinses with the proceeds of the scheme. Included among these items is an 82-foot yacht, multiple luxury vehicles (including two Aston-Martins), dozens of pieces of farm equipment and tractor-trailer trucks, and three pieces of Tennessee real estate.

Jimmy and Ashley Collins were arraigned today in the Eastern District of Tennessee. Their next court appearance is on February 2, 2018 in San Diego, before Magistrate Judge William J. Gallo.

| <b><u>DEFENDANTS</u></b> | <b>Case</b> | <b>Number</b>          | <b>18-cr-0432-</b> |
|--------------------------|-------------|------------------------|--------------------|
| <b>JLS</b>               |             |                        |                    |
| Jimmy D. Collins         | Age: 53     | Cleveland, TN          |                    |
| Ashley Collins           | Age: 31     | Cleveland, TN          |                    |
| CFK, Inc.                |             | Utah based corporation |                    |

### **SUMMARY OF CHARGES**

#### **Count 1:**

Conspiracy to Commit Health Care Fraud – Title 18, U.S.C § 1349

Maximum penalty: 10 years' imprisonment and fine of higher of \$250,000 or double loss amount

#### **Counts 2-7:**

Illegal Payment of Remuneration – Title 42 U.S.C. § 1320(a)-7b(b)(2)

Maximum penalty (per count): 5 years' imprisonment; \$250,000 fine

### **AGENCY**

Defense Criminal Investigative Service  
Naval Criminal Investigative Service  
IRS Criminal Investigation Division, Gulfport, MS  
Federal Bureau of Investigation - Jackson, MS Field Office

\*The charges and allegations contained in an indictment or complaint are merely accusations, and the defendants are considered innocent unless and until proven guilty.

**Topic(s):**  
Health Care Fraud

**Component(s):**  
USAO - California, Southern

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