

DAG/CJB

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

| | | |
|---------------------------------|---|--------------------------------|
| UNITED STATES OF AMERICA | * | |
| | * | Criminal No. 15- 223-CG |
| v. | * | USAO No.:15R000429 |
| | * | |
| CHRISTOPHER MANFUSO | * | VIOLATION |
| | * | 18 U.S.C. § 371 |

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

From in or about March 2011 through in or about January 2015, in the Southern District of Alabama, Southern Division, and elsewhere, the defendant

CHRISTOPHER MANFUSO

did willfully, knowingly, and unlawfully combine, conspire, confederate, and agree with Xiulu Ruan, M.D., John Patrick Couch, M.D., and others both known and unknown to the Grand Jury to commit certain offense against the United States, to-wit:

to knowingly and willfully offer, pay, solicit, and receive any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind in return for purchasing, leasing, ordering, and arranging for, or recommending purchasing, leasing, and ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal healthcare program, in violation of Title 42, United States Code, Section 1320a-7b(b).

OBJECT OF THE CONSPIRACY

The objective of this conspiracy was for the entities, Industrial Pharmacy Management (“IPM”) and Comprehensive Rx Management (“CRM”), and the physicians, Dr. Xiulu Ruan, and Dr. John Patrick Couch, to profit from the dispensing of drugs to workers compensation patients.

MANNER AND MEANS

Industrial Pharmaceuticals Management (“IPM”), owned by a male individual known to **MANFUSO**, was a California-based company that specialized in establishing and managing in-house dispensaries in medical clinics treating workers compensation (“WC”) patients. IPM supplied the dispensaries with drugs. IPM provided participating doctors with potential formularies and explained which drugs the doctors could dispense to WC patients and the resulting profit to be garnered from reimbursements. To induce and in exchange for the doctors’ in-house dispensing business, there were times IPM paid certain participating doctors large sums of money in the form of a monthly “guarantee.”

Dr. Xiulu Ruan and Dr. John Patrick Couch jointly owned and operated a pain management clinic under the name Physicians Pain Specialists of Alabama (“PPSA”). At PPSA, Dr. Ruan and Dr. Couch treated approximately 250 WC patients whose services and prescriptions were paid for by both state and federal WC insurance providers.

In March 2011, both Dr. Ruan and Dr. Couch entered into contracts with IPM, whereby IPM established and managed a WC’s dispensary within the PPSA clinic. Thereafter, most of Dr. Ruan’s and Dr. Couch’s WC patients received their drugs dispensed directly out of the in-house dispensary, rather than those patients receiving a prescription that could be filled at an outside pharmacy. After the drug was dispensed, IPM billed the patient’s WC provider.

IPM employees **MANFUSO** and a female individual known to **MANFUSO** managed the account relationship with Dr. Ruan and Dr. Couch on behalf of IPM. **MANFUSO** and a female individual known to **MANFUSO** also oversaw the operation of the in-house dispensary service IPM provided the two doctors per the doctors’ contracts with IPM.

One of **MANFUSO**’s primary roles in managing IPM’s account relationship with Dr. Ruan and Dr. Couch was to provide each doctor with options for their drug formularies. The doctors decided which drugs would be included in the formularies, but **MANFUSO** gave the

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doctors information on drugs to include the reimbursement amounts to be generated from billing the patient's WC provider. Moreover, Dr. Ruan regularly would complain to **MANFUSO** that IPM competitors (for the doctors' in-house dispensary business) could deliver higher profits on certain drugs and/or that IPM competitors gave Dr. Ruan information which **MANFUSO** had not provided about additional drugs to include higher reimbursement amounts. Dr. Ruan repeatedly threatened to take his in-house dispensary business to an IPM competitor if **MANFUSO** failed to give him such information or failed to pay him more money in the form of a higher monthly payment.

To induce and in exchange for their in-house dispensary business, IPM personally paid Dr. Ruan and Dr. Couch large sums of money on a monthly basis. The contract for Dr. Couch guaranteed him payments of at least \$18,000.00 per month. The contract for Dr. Ruan guaranteed him payments of at least \$45,000.00 per month, which later increased to at least \$52,000.00 per month. These "guaranteed" payments functioned as kickbacks to secure the accounts for IPM.

In or about December 2013, **MANFUSO** left the employment of IPM and formed a company called Comprehensive RX Management ("CRM"). CRM was in the same kind business as IPM. CRM purchased some of IPM's customer accounts including those accounts with Dr. Ruan and Dr. Couch. CRM entered into the same kind of arrangement with Dr. Ruan and Dr. Couch as had existed at IPM to include the guaranteed monthly payments for their in-house dispensary business.

OVERT ACTS

The following overt acts were committed, among others:

On or about August 23, 2013, Dr. Ruan received the following e-mail from **MANFUSO**:
"I also wanted to let you know that you received your last guaranteed check (45k) last month.

This month's check is for \$41,769 and it should grow quite a bit as the collections build up under
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the new contract and as we add Cyclo 7.5 and Ultram ER 150 etc where you can. We are going to make really good money Dr. Ruan!"

On or about April 14, 2014, Dr. Ruan sent the following e-mail to **MANFUSO**: *"You mentioned last week that you were concerned that Zofran got expensive. The price did go up a bit but it's still a very profitable medication to dispense!"*

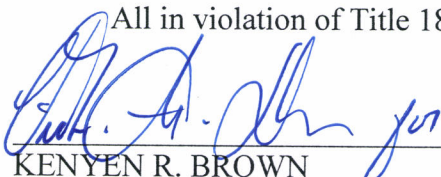
On or about May 5, 2014, **MANFUSO** informed Dr. Ruan, *"The cost for LidoPro is \$20.99, the AWP is \$465.85. This is a very profitable product. LenzaPatch. The cost is \$34 and the AWP is \$160."*

On or about May 22, 2014, **MANFUSO** told Dr. Ruan that *"The LenzaPatch cost \$34 and reimburse at \$160. Most of our doctors are having their patients use this product at night and the LidoPro cream (Cost \$21, Reimburse \$465) during the day."* The following day, CM noted, *"I misquoted the LenzaPatches . . . they are better than I initially indicated."*

On or about the dates listed below, Dr. Ruan and Dr. Couch received checks in the amounts listed from either IPM or CRM:

| Date | Company | Doctor | Amount |
|----------|--------------------------------------|-----------|-------------|
| 06/25/12 | Industrial Pharmaceutical Management | Dr. Ruan | \$53,000.00 |
| 06/25/12 | Industrial Pharmaceutical Management | Dr. Couch | \$18,000.00 |
| 09/20/13 | Industrial Pharmaceutical Management | Dr. Ruan | \$45,703.73 |
| 09/30/13 | Industrial Pharmaceutical Management | Dr. Couch | \$19,097.44 |
| 10/16/14 | Comprehensive Rx Management | Dr. Ruan | \$80,000.00 |
| 10/16/14 | Comprehensive Rx Management | Dr. Couch | \$25,000.00 |

All in violation of Title 18, United States Code, Section 371.


 KENYEN R. BROWN
 UNITED STATES ATTORNEY

OCTOBER 2015

PENALTY PAGE

CASE STYLE: UNITED STATES v. CHRISTOPHER MANFUSO

DEFENDANT: CHRISTOPHER MANFUSO

USAO NUMBER: 15R00429

**AUSAs: DEBORAH A. GRIFFIN
CHRISTOPHER J. BODNAR**

STATUTE:
Count 1: 18 U.S.C. § 371 (Conspiracy to violate Anti-Kickback Statute)

PENALTY:
Count 1: 5yrs/\$250,000/3yrsSRT/\$100SA