

1 SUPERIOR COURT OF CALIFORNIA  
2 COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

**ELECTRONICALLY FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE

04/03/2017  
09:36 AM

DAVID H. YAMASAKI, Clerk of the Court  
**17CF0815**

6 THE PEOPLE OF THE STATE OF CALIFORNIA, ) FELONY COMPLAINT  
7 ) WARRANT  
8 Plaintiff, )  
9 )  
10 vs. ) No.  
11 MERVYN MILLER 10/31/51 ) OCDA WC16070011  
A3669468 ) OCDA WC15040015  
12 CHARLES TERRENCE BONNER 09/23/60 ) OCDA HF12110001  
13 C6521671 )  
14 AKA CHARLES T BONNER )  
15 Defendant(s))

16 The Orange County District Attorney charges that in Orange  
17 County, California, the law was violated as follows:

18 COUNT 1: On or about and between October 01, 2011 and January  
19 15, 2015, in violation of Section 550(a)(6) of the Penal Code  
20 (CONSPIRACY TO COMMIT MEDICAL INSURANCE FRAUD), a FELONY, MERVYN  
21 MILLER and CHARLES TERRENCE BONNER did unlawfully conspire with  
22 TANYA MORELAND KING AND CHRISTOPHER KING AND OTHER UNKNOWN  
23 INDIVIDUALS, with the intent to defraud, to make a false and  
24 fraudulent claim to WORKERS' COMPENSATION INSURANCE CARRIERS for  
25 payment of a health care benefit in an amount exceeding nine  
hundred fifty dollars (\$950). It is further alleged that  
26 pursuant to and for the purpose of carrying out the objects and  
27 purposes of the conspiracy, one and more of the conspirators  
28 committed the following overt acts:

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OVERT ACT 1

Defendants Charles Bonner and his pharmacy, Harbor Drug Co DBA Steven's Pharmacy in Costa Mesa, entered into an agreement with Tanya Moreland King and Monarch Medical Group to manufacture thousands of compound transdermal creams to be distributed to workers' compensation patients on or about September 13, 2011.

OVERT ACT 2

Defendant Mervyn Miller was the manager of Steven's Pharmacy and was the primary point of contact with Tanya Moreland King.

OVERT ACT 3

Tanya Moreland King, whom the defendants knew was not a physician, provided the defendants with the formula for these creams based solely on the medical fee schedule adopted by the department of industrial relations for workers' compensation carriers.

OVERT ACT 4

At Tanya Moreland King's direction, Defendants Bonner and Miller manufactured thousands of the "72-hour supply" of the transdermal compound creams and distributed them to the medical providers who were working with Tanya Moreland King.

OVERT ACT 5

Tanya Moreland King paid Steven's Pharmacy between \$16 and \$18 for each 72-hour supply mailed to her physicians.

OVERT ACT 6

Tanya Moreland King processed all the prescriptions issued by the physicians to make sure that an additional order for the "remaining month supply" was also written on the prescription prior to sending them to Steven's Pharmacy.

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OVERT ACT 7

Tanya Moreland King then paid Steven's Pharmacy \$40 for each transdermal compound cream that was manufactured and mailed to workers' compensation patients.

OVERT ACT 8

Defendants Bonner and Miller were instructed not to disclose the cost of the creams to the workers' compensation patients or carriers, so that Tanya Moreland King could bill the workers' compensation carriers well in excess of the fees permitted by California Labor Code.

OVERT ACT 9

Between October 2011 and January 2015, Tanya Moreland King, through her company Monarch Medical Group, paid Steven's Pharmacy in excess of \$1.2 million dollars.

OVERT ACT 10

A payment issued to Steven's Pharmacy by Monarch Medical Group was on January 15, 2015, for \$34,950 through an American Express Account ending in 22003 and paid by Christopher King, Co-Owner and CEO of Monarch Medical Group.

OVERT ACT 11

Tanya Moreland King changed the Compound Cream Formulas based on the their profitability relying on the reimbursement rate of California Workers Compensation fee schedule and notified Defendants Bonner and Defendant Miller of this change.

OVERT ACT 12

On January 2, 2015, Tanya Moreland King drafted (or had someone draft at her request) a letter entitled: "Re: Permission to change Topical Compound Creams to existing patients and new patients" to be signed and sent by the physicians who were in her "program" to "Harbor Drug Co. Inc. DBA Steven's Pharmacy" in order to give the appearance of legitimacy to formulas that she had created.

1 COUNT 2: On or about and between April 04, 2014 and January 15,  
2 2015, in violation of Section 549 of the Penal Code (FALSE AND  
3 FRAUDULENT CLAIM), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER Harbor Drug Co. Inc., DBA Steven's Pharmacy did  
5 unlawfully solicit, accept, and refer business to and from  
6 MONARCH MEDICAL GROUP INC., with the knowledge that, and with  
7 reckless disregard for whether MONARCH MEDICAL GROUP INC.  
8 intended to violate Penal Code section 550 and Insurance Code  
9 section 1871.4.

10 COUNT 3: On or about and between April 04, 2014 and January 15,  
11 2015, in violation of Section 549 of the Penal Code (FALSE AND  
12 FRAUDULENT CLAIM), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
13 BONNER Harbor Drug Co. Inc., DBA Steven's Pharmacy did  
14 unlawfully solicit, accept, and refer business to and from KING  
15 MEDICAL MANAGEMENT INC., with the knowledge that, and with  
16 reckless disregard for whether KING MEDICAL MANAGEMENT INC.  
17 intended to violate Penal Code section 550 and Insurance Code  
18 section 1871.4.

19 COUNT 4: On or about and between April 04, 2013 and October 31,  
20 2014, in violation of Section 550(b)(3) of the Penal Code  
21 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
22 BONNER, with the intent to defraud, did unlawfully conceal and  
23 knowingly fail to disclose, and did knowingly assist with  
24 another person to conceal and fail to disclose the occurrence of  
25 an event and a fact that affected the initial and continued  
26 material right and entitlement of BERKSHIRE HATHAWAY HOMESTEAD  
27 COMPANIES to an insurance benefit and payment, and to the amount  
28 of a benefit and payment to which BERKSHIRE HATHAWAY HOMESTEAD  
COMPANIES was entitled, namely: Failed to disclose to the  
insurance company that Monarch Medical Group had paid Steven's  
Pharmacy a Flat Fee for manufacturing each compound cream and  
that the claims submitted to the insurance company by Monarch  
were not the actual claims submitted by Steven's Pharmacy.

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1 COUNT 5: On or about and between May 01, 2013 and November 03,  
2 2014, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of DISNEYLAND to an insurance  
9 benefit and payment, and to the amount of a benefit and payment  
10 to which DISNEYLAND was entitled, namely: Failed to disclose to  
11 the insurance company that Monarch Medical Group had paid  
12 Steven's Pharmacy a Flat Fee for manufacturing each compound  
13 cream and that the claims submitted to the insurance company by  
14 Monarch were not the actual claims submitted by Steven's  
15 Pharmacy.

11 COUNT 6: On or about and between April 04, 2013 and February  
12 06, 2015, in violation of Section 550(b)(3) of the Penal Code  
13 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
14 BONNER, with the intent to defraud, did unlawfully conceal and  
15 knowingly fail to disclose, and did knowingly assist with  
16 another person to conceal and fail to disclose the occurrence of  
17 an event and a fact that affected the initial and continued  
18 material right and entitlement of FARMERS INSURANCE to an  
19 insurance benefit and payment, and to the amount of a benefit  
20 and payment to which FARMERS INSURANCE was entitled, namely:  
21 Failed to disclose to the insurance company that Monarch Medical  
22 Group had paid Steven's Pharmacy a Flat Fee for manufacturing  
23 each compound cream and that the claims submitted to the  
24 insurance company by Monarch were not the actual claims  
25 submitted by Steven's Pharmacy.

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1 COUNT 7: On or about and between April 04, 2013 and September  
2 30, 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of IWC to an insurance benefit  
9 and payment, and to the amount of a benefit and payment to which  
10 IWC was entitled, namely: Failed to disclose to the insurance  
11 company that Monarch Medical Group had paid Steven's Pharmacy a  
12 Flat Fee for manufacturing each compound cream and that the  
13 claims submitted to the insurance company by Monarch were not  
14 the actual claims submitted by Steven's Pharmacy.

15 COUNT 8: On or about and between April 04, 2013 and November  
16 30, 2015, in violation of Section 550(b)(3) of the Penal Code  
17 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
18 BONNER, with the intent to defraud, did unlawfully conceal and  
19 knowingly fail to disclose, and did knowingly assist with  
20 another person to conceal and fail to disclose the occurrence of  
21 an event and a fact that affected the initial and continued  
22 material right and entitlement of FIREMAN'S FUND (VIA ALLIANZ)  
23 to an insurance benefit and payment, and to the amount of a  
24 benefit and payment to which FIREMAN'S FUND (VIA ALLIANZ) was  
25 entitled, namely: Failed to disclose to the insurance company  
26 that Monarch Medical Group had paid Steven's Pharmacy a Flat Fee  
27 for manufacturing each compound cream and that the claims  
28 submitted to the insurance company by Monarch were not the  
actual claims submitted by Steven's Pharmacy.

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1 COUNT 9: On or about and between April 04, 2013 and October 04,  
2 2013, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of LIBERTY MUTUAL INSURANCE to an  
9 insurance benefit and payment, and to the amount of a benefit  
10 and payment to which LIBERTY MUTUAL INSURANCE was entitled,  
11 namely: Failed to disclose to the insurance company that Monarch  
12 Medical Group had paid Steven's Pharmacy a Flat Fee for  
13 manufacturing each compound cream and that the claims submitted  
14 to the insurance company by Monarch were not the actual claims  
15 submitted by Steven's Pharmacy.

16 COUNT 10: On or about and between April 04, 2013 and September  
17 23, 2014, in violation of Section 550(b)(3) of the Penal Code  
18 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
19 BONNER, with the intent to defraud, did unlawfully conceal and  
20 knowingly fail to disclose, and did knowingly assist with  
21 another person to conceal and fail to disclose the occurrence of  
22 an event and a fact that affected the initial and continued  
23 material right and entitlement of LOS ANGELES DEPARTMENT OF  
24 WATER & POWER to an insurance benefit and payment, and to the  
25 amount of a benefit and payment to which LOS ANGELES DEPARTMENT  
26 OF WATER & POWER was entitled, namely: Failed to disclose to the  
27 insurance company that Monarch Medical Group had paid Steven's  
28 Pharmacy a Flat Fee for manufacturing each compound cream and  
that the claims submitted to the insurance company by Monarch  
were not the actual claims submitted by Steven's Pharmacy.

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1 COUNT 11: On or about and between April 04, 2013 and September  
2 30, 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of MARKEL (FIRSTCOMP) to an  
9 insurance benefit and payment, and to the amount of a benefit  
10 and payment to which MARKEL (FIRSTCOMP) was entitled, namely:  
Failed to disclose to the insurance company that Monarch Medical  
Group had paid Steven's Pharmacy a Flat Fee for manufacturing  
each compound cream and that the claims submitted to the  
insurance company by Monarch were not the actual claims  
submitted by Steven's Pharmacy.

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12 COUNT 12: On or about and between May 14, 2014 and October 15,  
13 2014, in violation of Section 550(b)(3) of the Penal Code  
14 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
15 BONNER, with the intent to defraud, did unlawfully conceal and  
16 knowingly fail to disclose, and did knowingly assist with  
17 another person to conceal and fail to disclose the occurrence of  
18 an event and a fact that affected the initial and continued  
19 material right and entitlement of PACIFIC COMPENSATION INSURANCE  
20 to an insurance benefit and payment, and to the amount of a  
benefit and payment to which PACIFIC COMPENSATION INSURANCE was  
entitled, namely: Failed to disclose to the insurance company  
that Monarch Medical Management had paid Steven's Pharmacy a  
Flat Fee for manufacturing each compound cream and that the  
claims submitted to the insurance company by Monarch were not  
the actual claims submitted by Stevens Pharmacy..

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1 COUNT 13: On or about and between April 04, 2013 and June 26,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of REPUBLIC INDEMNITY COMPANY OF  
9 AMERICA to an insurance benefit and payment, and to the amount  
10 of a benefit and payment to which REPUBLIC INDEMNITY COMPANY OF  
11 AMERICA was entitled, namely: Failed to disclose to the  
insurance company that Monarch Medical Management had paid  
Steven?s Pharmacy a Flat Fee for manufacturing each compound  
cream and that the claims submitted to the insurance company by  
Monarch were not the actual claims submitted by Stevens  
Pharmacy..

12 COUNT 14: On or about and between April 04, 2013 and April 21,  
13 2016, in violation of Section 550(b)(3) of the Penal Code  
14 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
15 BONNER, with the intent to defraud, did unlawfully conceal and  
16 knowingly fail to disclose, and did knowingly assist with  
17 another person to conceal and fail to disclose the occurrence of  
18 an event and a fact that affected the initial and continued  
19 material right and entitlement of STATE COMPENSATION INSURANCE  
20 FUND to an insurance benefit and payment, and to the amount of a  
21 benefit and payment to which STATE COMPENSATION INSURANCE FUND  
22 was entitled, namely: Failed to disclose to the insurance  
company that Monarch Medical Management had paid Steven?s  
Pharmacy a Flat Fee for manufacturing each compound cream and  
that the claims submitted to the insurance company by Monarch  
were not the actual claims submitted by Stevens Pharmacy..

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1 COUNT 15: On or about and between April 04, 2013 and July 08,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of HARTFORD INSURANCE to an  
9 insurance benefit and payment, and to the amount of a benefit  
10 and payment to which HARTFORD INSURANCE was entitled, namely:  
Failed to disclose to the insurance company that Monarch Medical  
Management had paid Steven?s Pharmacy a Flat Fee for  
manufacturing each compound cream and that the claims submitted  
to the insurance company by Monarch were not the actual claims  
submitted by Stevens Pharmacy..

11 COUNT 16: On or about and between April 04, 2013 and March 10,  
12 2016, in violation of Section 550(b)(3) of the Penal Code  
13 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
14 BONNER, with the intent to defraud, did unlawfully conceal and  
15 knowingly fail to disclose, and did knowingly assist with  
16 another person to conceal and fail to disclose the occurrence of  
17 an event and a fact that affected the initial and continued  
18 material right and entitlement of TOTAL HEALTH & PRODUCTIVITY  
19 MANAGEMENT to an insurance benefit and payment, and to the  
20 amount of a benefit and payment to which TOTAL HEALTH &  
21 PRODUCTIVITY MANAGEMENT was entitled, namely: Failed to disclose  
to the insurance company that Monarch Medical Management had  
paid Steven?s Pharmacy a Flat Fee for manufacturing each  
compound cream and that the claims submitted to the insurance  
company by Monarch were not the actual claims submitted by  
Stevens Pharmacy..

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1 COUNT 17: On or about and between April 04, 2013 and August 31,  
2 2014, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
4 BONNER, with the intent to defraud, did unlawfully conceal and  
5 knowingly fail to disclose, and did knowingly assist with  
6 another person to conceal and fail to disclose the occurrence of  
7 an event and a fact that affected the initial and continued  
8 material right and entitlement of TRAVELERS INSURANCE to an  
9 insurance benefit and payment, and to the amount of a benefit  
10 and payment to which TRAVELERS INSURANCE was entitled, namely:  
11 Failed to disclose to the insurance company that Monarch Medical  
12 Management had paid Steven?s Pharmacy a Flat Fee for  
13 manufacturing each compound cream and that the claims submitted  
14 to the insurance company by Monarch were not the actual claims  
15 submitted by Stevens Pharmacy..

16 COUNT 18: On or about and between April 04, 2013 and September  
17 05, 2014, in violation of Section 550(b)(3) of the Penal Code  
18 (INSURANCE FRAUD), a FELONY, MERVYN MILLER and CHARLES TERRENCE  
19 BONNER, with the intent to defraud, did unlawfully conceal and  
20 knowingly fail to disclose, and did knowingly assist with  
21 another person to conceal and fail to disclose the occurrence of  
22 an event and a fact that affected the initial and continued  
23 material right and entitlement of ZURICH INSURANCE to an  
24 insurance benefit and payment, and to the amount of a benefit  
25 and payment to which ZURICH INSURANCE was entitled, namely:  
26 Failed to disclose to the insurance company that Monarch Medical  
27 Management had paid Steven?s Pharmacy a Flat Fee for  
28 manufacturing each compound cream and that the claims submitted  
to the insurance company by Monarch were not the actual claims  
submitted by Stevens Pharmacy..

ENHANCEMENT(S)

As to Count(s) 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16,  
17 and 18, it is further alleged pursuant to Penal Code section  
12022.6(a)(3) (PROPERTY DAMAGE OVER \$1,300,000), that MERVYN  
MILLER and CHARLES TERRENCE BONNER intentionally took, damaged,  
and destroyed property valued in excess of one million three  
hundred thousand dollars (\$1,300,000) during the commission and  
attempted commission of the above offense.

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1 It is further alleged pursuant to Penal Code section 186.11(a)  
2 (1)/(2) (AGGRAVATED WHITE COLLAR CRIME - OVER \$500,000), that as  
3 to counts 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17  
4 and 18, defendants MERVYN MILLER and CHARLES TERRENCE BONNER  
5 engaged in a pattern of related fraudulent felony conduct  
6 involving the taking of more than five hundred thousand dollars  
7 (\$500,000).

6 As to Count(s) 2 and 3, it is further alleged pursuant to Penal  
7 Code section 12022.6(a)(2) (PROPERTY LOSS OVER \$200,000), that  
8 MERVYN MILLER and CHARLES TERRENCE BONNER intentionally took,  
9 damaged, and destroyed property valued in excess of two hundred  
10 thousand dollars (\$200,000) during the commission and attempted  
11 commission of the above offense.

11 I declare under penalty of perjury, on information and belief,  
12 that the foregoing is true and correct.

13 Dated 04-03-2017 at Orange County, California.  
14 KS/AC 17F00351

15 TONY RACKAUCKAS, DISTRICT ATTORNEY

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17 by: /s/ SHADDI KAMIABIPOUR  
18 SHADDI KAMIABIPOUR, Deputy District Attorney

19 RESTITUTION CLAIMED  
20 [ ] None  
21 [ ] \$ \_\_\_\_\_  
22 [ X ] To be determined

23 BAIL RECOMMENDATION:  
24 MERVYN MILLER - \$ 500,000.00  
25 CHARLES TERRENCE BONNER - \$ 500,000.00

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NOTICES:

The People request that defendant and counsel disclose, within 15 days, all of the materials and information described in Penal Code section 1054.3, and continue to provide any later-acquired materials and information subject to disclosure, and without further request or order.

Pursuant to Welfare & Institutions Code §827 and California Rule of Court 5.552, notice is hereby given that the People will seek a court order to disseminate the juvenile case file of the defendant/minor, if any exists, to all parties in this action, through their respective attorneys of record, in the prosecution of this case.