

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

ELECTRONICALLY FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE

04/03/2017
08:01 AM

DAVID H. YAMASAKI, Clerk of the Court
17CF0794

6 THE PEOPLE OF THE STATE OF CALIFORNIA,) FELONY COMPLAINT
7) WARRANT
8 Plaintiff,)
9)
10 vs.) No.
11 PAUL KAPLAN 10/26/40) OCDA WC16070011
12 D3966011)
13 AKA PAUL ELIAS KAPLAN)
14 PAUL E KAPLAN)
Defendant(s))

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

17 COUNT 1: On or about and between June 04, 2014 and August 12,
18 2015, in violation of Section 550(a)(6) of the Penal Code
19 (CONSPIRACY TO COMMIT MEDICAL INSURANCE FRAUD), a FELONY, PAUL
20 KAPLAN did unlawfully conspire with TANYA MORELAND KING AND
21 OTHER UNKNOWN INDIVIDUALS, with the intent to defraud, to make a
22 false and fraudulent claim to WORKERS' COMPENSATION INSURANCE
23 CARRIERS IN CALIFORNIA for payment of a health care benefit in
24 an amount exceeding nine hundred fifty dollars (\$950). It is
further alleged that pursuant to and for the purpose of carrying
out the objects and purposes of the conspiracy, one and more of
the conspirators committed the following overt acts:

25 OVERT ACT 1

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27 On or about 6/4/14, Defendant PAUL KAPLAN, M.D., entered into an
28 agreement with TANYA MORELAND KING, CHRISTOPHER KING and their
companies, King Medical Management Inc., and Monarch Medical
Group Inc.

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OVERT ACT 2

King Medical Management formulated and paid for a 3-day supply of the compound transdermal creams manufactured by Steven's Pharmacy, located in Costa Mesa, in the County of Orange, and arranged for Steven's Pharmacy to ship these creams to Defendant PAUL KAPLAN, M.D.

OVERT ACT 3

Defendant PAUL KAPLAN, M.D., prescribed the transdermal compound creams manufactured by Steven's Pharmacy to his workers' compensation patients.

OVERT ACT 4

Defendant PAUL KAPLAN, M.D., did not customize these compound transdermal creams to each workers' compensation patient and used the formula given to him by Monarch Medical Group.

OVERT ACT 5

Defendant PAUL KAPLAN, M.D., then provided the billing information for each workers' compensation patient to King Medical Management Inc. to bill for the dispensing of these creams from his office.

OVERT ACT 6

King Medical Management Inc. billed workers' compensation carriers in excess of \$200 per cream even though the cream only cost \$16.

OVERT ACT 7

King Medical Management Inc., paid Defendant PAUL KAPLAN, M.D., \$50 for each of the 3-day of the compound creams he dispensed to his workers' compensation patients.

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OVERT ACT 8

In return for the money he received from the billing on the 3-day supply of the transdermal creams, Defendant PAUL KAPLAN, M.D., was also required to write a prescription for the 30-day supply of transdermal compound creams which were shipped directly to his workers' compensation patients by Steven's Pharmacy in Costa Mesa, located in the County of Orange.

OVERT ACT 9

In order to give the appearance of legitimacy to the compounded transdermal creams that Defendant PAUL KAPLAN, M.D., prescribed to his patients, he signed a letter, dated 1/20/2015, that Monarch Medical Group provided to him, which he did not prepare himself, purporting to give instructions to the pharmacy and customize the formula for the compound creams.

OVERT ACT 10

Monarch Medical Group then billed the workers' compensation insurance carriers well in excess of \$700 for each compounded transdermal cream that was shipped by Steven's Pharmacy, located in Costa Mesa, to each of Defendant PAUL KAPLAN's patients, even though Monarch Medical Group only paid Steven's Pharmacy \$40 per compound cream to manufacture.

OVERT ACT 11

Defendant PAUL KAPLAN, M.D., also entered into an agreement with King Medical Management and One Source Labs Inc., companies owned by CHRISTOPHER KING and TANYA MORELAND KING in which he agreed to order Urine Toxicology Drug testing to his workers' compensation patients in return for financial consideration.

OVERT ACT 12

Defendant PAUL KAPLAN, M.D., subjected his patients to a Urine Toxicology Test at his clinic, and regardless of the "Point of Care" toxicology test results, referred the test for a quantitative test to One Source Labs per his agreement with King Medical Management.

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OVERT ACT 13

King Medical Management billed workers' compensation insurance carriers for the "Point of Care" toxicology test that was performed at the clinic, and gave 90% of the profit on the amounts collected to Defendant PAUL KAPLAN, M.D.

OVERT ACT 14

On or about 8/1/14, Defendant PAUL KAPLAN, M.D., entered into an agreement with King Medical Management to dispense "Active Kits" which Monarch purchased from NuCare Pharmaceuticals, in Orange, to Defendant PAUL KAPLAN's workers' compensation patients.

OVERT ACT 15

Defendant PAUL KAPLAN, M.D., dispensed the "Active Kits", shared the patient demographics and billing information with Monarch who billed workers compensation insurance carriers and shared 80% of the profit from the payments received from workers' compensation carriers with Defendant PAUL KAPLAN, M.D.

OVERT ACT 16

On or about February 19, 2015, Defendant PAUL KAPLAN, M.D., entered into a contract with Monarch Medical Group, to dispense Medications Monarch purchased from A S Medication Solutions, doing business in the City of Costa Mesa, in the County of Orange.

OVERT ACT 17

Monarch paid 80 percent of the net receivable collected from workers' compensation carriers to Defendant PAUL KAPLAN, M.D., for the medications he dispensed to his workers compensation patients which were supplied to him directly by A S Medication Solutions, in the City of Costa Mesa.

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OVERT ACT 18

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2 Between 7/10/14 and 8/12/15, CHRISTOPHER KING and TANYA MORELAND
3 KING, through their companies, Monarch Medical Group and King
4 Medical Management paid Defendant PAUL KAPLAN, M.D., in excess
5 of \$59,000 and at least one payment was issued in the amount of
\$1600 on 5/12/15 on check #6666.

6 COUNT 2: On or about and between July 13, 2014 and August 12,
7 2015, in violation of Section 549 of the Penal Code (FALSE AND
8 FRAUDULENT CLAIM), a FELONY, PAUL KAPLAN did unlawfully solicit,
9 accept, and refer business to and from KING MEDICAL MANAGEMENT
10 INC. AND ONE SOURCE LABS INC, with the knowledge that, and with
11 reckless disregard for whether KING MEDICAL MANAGEMENT INC. AND
ONE SOURCE LABS INC intended to violate Penal Code section 550
and Insurance Code section 1871.4. (URINE TOXICOLOGY)

12 COUNT 3: On or about and between August 01, 2014 and August 12,
13 2015, in violation of Section 549 of the Penal Code (FALSE AND
14 FRAUDULENT CLAIM), a FELONY, PAUL KAPLAN did unlawfully solicit,
15 accept, and refer business to and from KING MEDICAL MANAGEMENT
16 INC. AND MONARCH MEDICAL GROUP INC., with the knowledge that,
17 and with reckless disregard for whether KING MEDICAL MANAGEMENT
INC. AND MONARCH MEDICAL GROUP INC. intended to violate Penal
Code section 550 and Insurance Code section 1871.4.(COMPOUND
TRANSDERMAL CREAMS FROM STEVEN'S PHARMACY)

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19 COUNT 4: On or about and between June 04, 2014 and February 25,
20 2015, in violation of Section 549 of the Penal Code (FALSE AND
21 FRAUDULENT CLAIM), a FELONY, PAUL KAPLAN did unlawfully solicit,
22 accept, and refer business to and from MONARCH MEDICAL GROUP
23 INC., with the knowledge that, and with reckless disregard for
whether MONARCH MEDICAL GROUP INC. intended to violate Penal
Code section 550 and Insurance Code section 1871.4. (FOR
MEDICATION MONARCH PURCHASED FROM NUCARE PHARMACEUTICALS)

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1 COUNT 5: On or about and between February 25, 2015 and
2 September 11, 2015, in violation of Section 549 of the Penal
3 Code (FALSE AND FRAUDULENT CLAIM), a FELONY, PAUL KAPLAN did
4 unlawfully solicit, accept, and refer business to and from
5 MONARCH MEDICAL GROUP INC., with the knowledge that, and with
6 reckless disregard for whether MONARCH MEDICAL GROUP INC.
intended to violate Penal Code section 550 and Insurance Code
section 1871.4. (FOR MEDICATION MONARCH PURCHASED FROM A S
MEDICATION SOLUTIONS)

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8 COUNT 6: On or about and between June 04, 2014 and February 25,
9 2015, in violation of Section 549 of the Penal Code (FALSE AND
10 FRAUDULENT CLAIM), a FELONY, PAUL KAPLAN did unlawfully solicit,
11 accept, and refer business to and from MONARCH MEDICAL GROUP
12 INC., with the knowledge that, and with reckless disregard for
whether MONARCH MEDICAL GROUP INC. intended to violate Penal
Code section 550 and Insurance Code section 1871.4. (FOR ACTIVE
KITS PURCHASED FROM NUCARE)

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14 COUNT 7: On or about and between July 13, 2014 and August 12,
15 2015, in violation of Section 650 of the Business & Professions
16 Code (REBATES FOR PATIENT REFERRALS), a FELONY, PAUL KAPLAN, a
17 person licensed under the Healing Arts Division of this Code and
18 the Chiropractic Initiative Act, did unlawfully offer, deliver,
19 receive, and accept any rebate, refund, commission, preference,
20 patronage dividend, discount, and other consideration as
compensation and inducement for referring patients, clients, and
customers to TANYA MORELAND KING AND HER BUSINESS ONE SOURCE
LABS AND KING MEDICAL MANAGEMENT INC.

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22 COUNT 8: On or about and between August 01, 2014 and September
23 11, 2015, in violation of Section 650 of the Business &
24 Professions Code (REBATES FOR PATIENT REFERRALS), a FELONY, PAUL
25 KAPLAN, a person licensed under the Healing Arts Division of
26 this Code and the Chiropractic Initiative Act, did unlawfully
27 offer, deliver, receive, and accept any rebate, refund,
commission, preference, patronage dividend, discount, and other
consideration as compensation and inducement for referring
patients, clients, and customers to TANYA MORELAND KING AND HER
BUSINESS MONARCH MEDICAL GROUP AND KING MEDICAL MANAGEMENT.

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1 COUNT 9: On or about and between August 01, 2014 and August
2 12, 2015, in violation of Section 650 of the Business &
3 Professions Code (REBATES FOR PATIENT REFERRALS), a FELONY, PAUL
4 KAPLAN, a person licensed under the Healing Arts Division of
5 this Code and the Chiropractic Initiative Act, did unlawfully
6 offer, deliver, receive, and accept any rebate, refund,
7 commission, preference, patronage dividend, discount, and other
consideration as compensation and inducement for referring
patients, clients, and customers to STEVEN'S PHARMACY, TANYA
MORELAND KING AND HER BUSINESS MONARCH MEDICAL GROUP INC.

8 COUNT 10: On or about and between August 05, 2014 and May 11,
9 2015, in violation of Section 550(b)(3) of the Penal Code
10 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
11 defraud, did unlawfully conceal and knowingly fail to disclose,
12 and did knowingly assist with another person to conceal and fail
13 to disclose the occurrence of an event and a fact that affected
14 the initial and continued material right and entitlement of AIG
15 to an insurance benefit and payment, and to the amount of a
benefit and payment to which AIG was entitled, namely: DEFENDANT
HAD A FINANCIAL INTEREST IN AND RECEIVED FINANCIAL INCENTIVES TO
PRESCRIBE COMPOUND CREAMS TO HIS WORKERS' COMPENSATION PATIENTS.

16 COUNT 11: On or about and between June 26, 2014 and August 26,
17 2015, in violation of Section 550(b)(3) of the Penal Code
18 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
19 defraud, did unlawfully conceal and knowingly fail to disclose,
20 and did knowingly assist with another person to conceal and fail
21 to disclose the occurrence of an event and a fact that affected
22 the initial and continued material right and entitlement of
23 EMPLOYERS to an insurance benefit and payment, and to the amount
of a benefit and payment to which EMPLOYERS was entitled,
namely: DEFENDANT HAD A FINANCIAL INTEREST IN AND RECEIVED
FINANCIAL INCENTIVES TO PRESCRIBE COMPOUND CREAMS, AND TO ORDER
URINE TOXICOLOGY TESTS TO HIS WORKERS' COMPENSATION PATIENTS.

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1 COUNT 12: On or about and between June 22, 2014 and September
2 17, 2015, in violation of Section 550(b)(3) of the Penal Code
3 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
4 defraud, did unlawfully conceal and knowingly fail to disclose,
5 and did knowingly assist with another person to conceal and fail
6 to disclose the occurrence of an event and a fact that affected
7 the initial and continued material right and entitlement of
8 FARMERS INSURANCE to an insurance benefit and payment, and to
9 the amount of a benefit and payment to which FARMERS INSURANCE
10 was entitled, namely: DEFENDANT HAD A FINANCIAL INTEREST IN AND
11 RECEIVED FINANCIAL INCENTIVES TO PRESCRIBE COMPOUND CREAMS, AND
12 TO ORDER URINE TOXICOLOGY TESTS TO HIS WORKERS' COMPENSATION
13 PATIENTS.

10 COUNT 13: On or about and between June 27, 2014 and July 24,
11 2015, in violation of Section 550(b)(3) of the Penal Code
12 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
13 defraud, did unlawfully conceal and knowingly fail to disclose,
14 and did knowingly assist with another person to conceal and fail
15 to disclose the occurrence of an event and a fact that affected
16 the initial and continued material right and entitlement of ICW
17 GROUP INSURANCE COMPANIES to an insurance benefit and payment,
18 and to the amount of a benefit and payment to which ICW GROUP
19 INSURANCE COMPANIES was entitled, namely: DEFENDANT HAD A
20 FINANCIAL INTEREST IN AND RECEIVED FINANCIAL INCENTIVES TO
21 PRESCRIBE COMPOUND CREAMS, AND TO ORDER URINE TOXICOLOGY TESTS
22 TO HIS WORKERS' COMPENSATION PATIENTS.

19 COUNT 14: On or about and between July 05, 2014 and September
20 24, 2015, in violation of Section 550(b)(3) of the Penal Code
21 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
22 defraud, did unlawfully conceal and knowingly fail to disclose,
23 and did knowingly assist with another person to conceal and fail
24 to disclose the occurrence of an event and a fact that affected
25 the initial and continued material right and entitlement of
26 STATE COMPENSATION INSURANCE FUND to an insurance benefit and
27 payment, and to the amount of a benefit and payment to which
28 STATE COMPENSATION INSURANCE FUND was entitled, namely:
DEFENDANT HAD A FINANCIAL INTEREST IN AND RECEIVED FINANCIAL
INCENTIVES TO ORDER URINE TOXICOLOGY TESTS TO HIS WORKERS'
COMPENSATION PATIENTS.

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1 COUNT 15: On or about and between October 23, 2014 and August
2 24, 2015, in violation of Section 550(b)(3) of the Penal Code
3 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
4 defraud, did unlawfully conceal and knowingly fail to disclose,
5 and did knowingly assist with another person to conceal and fail
6 to disclose the occurrence of an event and a fact that affected
7 the initial and continued material right and entitlement of
8 HARTFORD FINANCIAL SERVICES to an insurance benefit and payment,
9 and to the amount of a benefit and payment to which HARTFORD
10 FINANCIAL SERVICES was entitled, namely: DEFENDANT HAD A
11 FINANCIAL INTEREST IN AND RECEIVED FINANCIAL INCENTIVES TO
12 PRESCRIBE COMPOUND CREAMS, ACTIVE SPECIMEN KITS AND TO ORDER
13 URINE TOXICOLOGY TESTS TO HIS WORKERS' COMPENSATION PATIENTS.

14 COUNT 16: On or about and between June 23, 2014 and September
15 17, 2015, in violation of Section 550(b)(3) of the Penal Code
16 (INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
17 defraud, did unlawfully conceal and knowingly fail to disclose,
18 and did knowingly assist with another person to conceal and fail
19 to disclose the occurrence of an event and a fact that affected
20 the initial and continued material right and entitlement of YORK
21 RISK SERVICE GROUP to an insurance benefit and payment, and to
22 the amount of a benefit and payment to which YORK RISK SERVICE
23 GROUP was entitled, namely: DEFENDANT HAD A FINANCIAL INTEREST
24 IN AND RECEIVED FINANCIAL INCENTIVES TO PRESCRIBE COMPOUND
25 CREAMS, ORAL MEDICATION AND ORDER URINE TOXICOLOGY TESTS TO HIS
26 WORKERS' COMPENSATION PATIENTS.

27 COUNT 17: On or about and between March 30, 2013 and September
28 24, 2015, in violation of Section 550(b)(3) of the Penal Code
(INSURANCE FRAUD), a FELONY, PAUL KAPLAN, with the intent to
defraud, did unlawfully conceal and knowingly fail to disclose,
and did knowingly assist with another person to conceal and fail
to disclose the occurrence of an event and a fact that affected
the initial and continued material right and entitlement of
ZURICH INSURANCE to an insurance benefit and payment, and to the
amount of a benefit and payment to which ZURICH INSURANCE was
entitled, namely: DEFENDANT HAD A FINANCIAL INTEREST IN AND
RECEIVED FINANCIAL INCENTIVES TO PRESCRIBE ORAL MEDICATION, AND
COMPOUND CREAMS AND ORDER URINE TOXICOLOGY TESTS TO HIS WORKERS'
COMPENSATION PATIENT. (PATIENT: VALENCIA C.).

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

Dated 04-03-2017 at Orange County, California.
KS/AC 17F00369

TONY RACKAUCKAS, DISTRICT ATTORNEY

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

RESTITUTION CLAIMED

- None
- \$ _____
- To be determined

BAIL RECOMMENDATION:

PAUL KAPLAN - \$ 30,000.00

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.