

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

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

04/03/2017  
09:02 AM

DAVID H. YAMASAKI, Clerk of the Court  
**17CF0796**

6 THE PEOPLE OF THE STATE OF CALIFORNIA, ) FELONY COMPLAINT  
7 ) WARRANT  
8 Plaintiff, )  
9 )  
10 vs. ) No.  
11 ROBERT EDWARD CATON 10/19/51 ) OCDA WC16070011  
12 A0148880 ) OCDA WC15040015  
13 ) OCDA HF12110001  
14 )  
15 Defendant(s))

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

16 COUNT 1: On or about and between June 12, 2012 and August 12,  
17 2015, in violation of Section 550(a)(6) of the Penal Code  
18 (CONSPIRACY TO COMMIT MEDICAL INSURANCE FRAUD), a FELONY, ROBERT  
19 EDWARD CATON did unlawfully conspire with Tanya Moreland King  
20 and Christopher King and other Unknown individuals., with the  
21 intent to defraud, to make a false and fraudulent claim to  
22 Workers' compensation Insurance Carriers in California for  
23 payment of a health care benefit in an amount exceeding nine  
24 hundred fifty dollars (\$950). It is further alleged that  
25 pursuant to and for the purpose of carrying out the objects and  
26 purposes of the conspiracy, one and more of the conspirators  
27 committed the following overt acts:  
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OVERT ACT 1

26 On or about 6/12/12, Defendant Robert Caton, M.D., entered into  
27 an agreement with King Medical Management Inc. and Monarch  
28 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 Robert Caton, M.D.

OVERT ACT 3

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

OVERT ACT 4

Defendant Robert Caton 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 Robert Caton, 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

From 6/12/12 to 6/1/13, King Medical Management Inc., paid Defendant Robert Caton, M.D. \$50 per compound cream dispensed to his workers compensation patients.

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OVERT ACT 8

From 6/1/13 to 8/12/15, King Medical Management Inc., paid Defendant Robert Caton, M.D. 90% of the profits from the amount collected from the workers compensation carrier for each of the 3-day of the compound creams he dispensed to his workers' compensation patients.

OVERT ACT 9

In return for the money he received from the billing on the 3-day supply of the transdermal creams, Defendant Robert Caton, 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 10

In order to give the appearance of legitimacy to the compounded transdermal creams that Defendant Robert Caton, MD, prescribed to his patients, on 2/19/15 he signed a letter 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 11

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 Robert Caton's patients, even though Monarch Medical Group only paid Steven's Pharmacy \$40 per compound cream to manufacture.

OVERT ACT 12

On or about August 2, 2012, Defendant Robert Caton. M.D. also entered into an agreement with King Medical Management and One Source Labs Inc., in which he agreed to order Urine toxicology Drug testing to his workers compensation patients in return for financial consideration.

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OVERT ACT 13

Defendant Robert Caton 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.

OVERT ACT 14

King Medical Management then 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 Robert Caton, M.D.

OVERT ACT 15

In return for the payment on the "Point of Care" toxicology tests, Defendant Robert Caton then permitted One Source Labs to do quantitative tests on all Urine samples submitted by the workers' compensation patients, regardless of medical necessity or test results.

OVERT ACT 16

One Source Labs billed workers' compensation carriers in excess of \$700 for qualitative tests order by Defendant Robert Caton.

OVERT ACT 17

On or about June 12, 2012, Defendant Robert Caton, M.D. entered into a contract with Monarch Medical Group, to dispense Medications Monarch purchased from NuCare Pharmaceuticals, located in the City of Orange, In the County of Orange.

OVERT ACT 18

Monarch paid 80 percent of the net receivables collected from workers' compensation carriers to Defendant Robert Caton, M.D. for the medications he dispensed to his workers' compensation patients which were supplied by NuCare Pharmaceuticals, in the City of Orange.

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OVERT ACT 19

On or about 6/30/14, Defendant Robert Caton entered into an agreement with Monarch Medical Group to dispense "Active Kits" which Monarch purchased from NuCare Pharmaceuticals, in Orange, to Defendant Robert Caton's workers' compensation patients.

OVERT ACT 20

Defendant Robert Caton dispensed the "Active Kits", shared the patient demographics and billing information with Monarch who billed workers' compensation insurance carriers and shared 75% of the profit from the payments received from workers' compensation carriers with Defendant Robert Caton.

OVERT ACT 21

On or about February 19, 2015, Defendant Robert Caton, 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 22

Monarch paid 80 percent of the net receivables collected from workers' compensation carriers to Defendant Robert Caton, 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.

OVERT ACT 23

Between 9/12/12 and 8/12/15, Monarch Medical Group and King Medical Management paid Defendant Robert Caton in excess of \$175,270 and at least one payment was issued in the amount of \$1,141.58 on 7/13/15 on Check # 6738.

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1 COUNT 2: On or about and between March 30, 2014 and August 12,  
2 2015, in violation of Section 549 of the Penal Code (FALSE AND  
3 FRAUDULENT CLAIM), a FELONY, ROBERT EDWARD CATON did unlawfully  
4 solicit, accept, and refer business to and from King Medical  
5 Management Inc. and One Source Labs Inc., with the knowledge  
6 that, and with reckless disregard for whether King Medical  
7 Management Inc. and One Source Labs Inc. intended to violate  
8 Penal Code section 550 and Insurance Code section 1871.4. (Urine  
9 Toxicology)

10 COUNT 3: On or about and between March 30, 2014 and August 12,  
11 2015, in violation of Section 549 of the Penal Code (FALSE AND  
12 FRAUDULENT CLAIM), a FELONY, ROBERT EDWARD CATON did unlawfully  
13 solicit, accept, and refer business to and from King Medical  
14 Management Inc. and Monarch Medical Group Inc., with the  
15 knowledge that, and with reckless disregard for whether King  
16 Medical Management Inc. and Monarch Medical Group Inc. intended  
17 to violate Penal Code section 550 and Insurance Code section  
18 1871.4. (Compound Transdermal Creams from Steven's Pharmacy)

19 COUNT 4: On or about and between March 30, 2014 and February  
20 19, 2015, in violation of Section 549 of the Penal Code (FALSE  
21 AND FRAUDULENT CLAIM), a FELONY, ROBERT EDWARD CATON did  
22 unlawfully solicit, accept, and refer business to and from  
23 Monarch Medical Group Inc., with the knowledge that, and with  
24 reckless disregard for whether Monarch Medical Group Inc.  
25 intended to violate Penal Code section 550 and Insurance Code  
26 section 1871.4. (For Medication Monarch purchased from NuCare  
27 Pharmaceuticals)

28 COUNT 5: On or about and between February 19, 2015 and  
29 September 09, 2015, in violation of Section 549 of the Penal  
30 Code (FALSE AND FRAUDULENT CLAIM), a FELONY, ROBERT EDWARD CATON  
31 did unlawfully solicit, accept, and refer business to and from  
32 Monarch Medical Group Inc., with the knowledge that, and with  
33 reckless disregard for whether Monarch Medical Group Inc.  
34 intended to violate Penal Code section 550 and Insurance Code  
35 section 1871.4. (For Medication Monarch purchased from A S  
36 Medication Solutions)

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1 COUNT 6: On or about and between August 12, 2012 and June 30,  
2 2014, in violation of Section 549 of the Penal Code (FALSE AND  
3 FRAUDULENT CLAIM), a FELONY, ROBERT EDWARD CATON did unlawfully  
4 solicit, accept, and refer business to and from Monarch Medical  
5 Group Inc., with the knowledge that, and with reckless disregard  
6 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)

7 COUNT 7: On or about and between March 30, 2014 and August 12,  
8 2015, in violation of Section 650 of the Business & Professions  
9 Code (REBATES FOR PATIENT REFERRALS), a FELONY, ROBERT EDWARD  
10 CATON, a person licensed under the Healing Arts Division of this  
11 Code and the Chiropractic Initiative Act, did unlawfully offer,  
12 deliver, receive, and accept any rebate, refund, commission,  
13 preference, 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..

14 COUNT 8: On or about and between March 30, 2014 and August 12,  
15 2015, in violation of Section 650 of the Business & Professions  
16 Code (REBATES FOR PATIENT REFERRALS), a FELONY, ROBERT EDWARD  
17 CATON, a person licensed under the Healing Arts Division of this  
18 Code and the Chiropractic Initiative Act, did unlawfully offer,  
19 deliver, receive, and accept any rebate, refund, commission,  
20 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, Inc.

21 COUNT 9: On or about and between March 30, 2014 and September  
22 01, 2015, in violation of Section 650 of the Business &  
23 Professions Code (REBATES FOR PATIENT REFERRALS), a FELONY,  
24 ROBERT EDWARD CATON, a person licensed under the Healing Arts  
25 Division of this Code and the Chiropractic Initiative Act, did  
26 unlawfully offer, deliver, receive, and accept any rebate,  
27 refund, 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..

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1 COUNT 10: On or about and between March 30, 2013 and September  
2 21, 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of Berkshire Hathaway Homestead Companies to an  
9 insurance benefit and payment, and to the amount of a benefit  
and payment to which Berkshire Hathaway Homestead Companies was  
entitled, namely: Defendant had a financial interest in and  
received financial incentives to prescribe Compound Creams, Oral  
Medications and Urine Toxicology Tests to his workers'  
compensation patients.

11 COUNT 11: On or about and between April 01, 2013 and April 19,  
12 2015, in violation of Section 550(b)(3) of the Penal Code  
13 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
14 intent to defraud, did unlawfully conceal and knowingly fail to  
15 disclose, and did knowingly assist with another person to  
16 conceal and fail to disclose the occurrence of an event and a  
17 fact that affected the initial and continued material right and  
18 entitlement of Employers Insurance to an insurance benefit and  
19 payment, and to the amount of a benefit and payment to which  
Employers Insurance was entitled, namely: Defendant had a  
financial interest in and received financial incentives to  
prescribe compound creams and oral medications and to Order  
Urine Toxicology Tests to his workers' compensation patients.

20 COUNT 12: On or about and between April 01, 2013 and August 28,  
21 2013, in violation of Section 550(b)(3) of the Penal Code  
22 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
23 intent to defraud, did unlawfully conceal and knowingly fail to  
24 disclose, and did knowingly assist with another person to  
25 conceal and fail to disclose the occurrence of an event and a  
26 fact that affected the initial and continued material right and  
27 entitlement of Farmers Insurance to an insurance benefit and  
28 payment, and to the amount of a benefit and payment to which  
Farmers Insurance was entitled, namely: Defendant had a  
financial interest in and received financial incentives to  
prescribe Compound Creams to his workers' compensation patients.

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1 COUNT 13: On or about and between April 26, 2013 and August 29,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of ICW to an insurance benefit and payment, and to  
9 the amount of a benefit and payment to which ICW was entitled,  
10 namely: Defendant had a financial interest in and received  
11 financial incentives to prescribe Compound Creams, oral  
12 medications and order Urine Toxicology Tests to his workers'  
13 compensation patients.

14 COUNT 14: On or about and between March 29, 2013 and September  
15 23, 2015, in violation of Section 550(b)(3) of the Penal Code  
16 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
17 intent to defraud, did unlawfully conceal and knowingly fail to  
18 disclose, and did knowingly assist with another person to  
19 conceal and fail to disclose the occurrence of an event and a  
20 fact that affected the initial and continued material right and  
21 entitlement of Liberty Mutual Insurance to an insurance benefit  
22 and payment, and to the amount of a benefit and payment to which  
23 Liberty Mutual Insurance was entitled, namely: Defendant had a  
24 financial interest in and received financial incentives to  
25 prescribe compound creams, and oral medication and order Urine  
26 Toxicology Tests to his workers' compensation patients.

27 COUNT 15: On or about and between July 31, 2014 and August 25,  
28 2014, in violation of Section 550(b)(3) of the Penal Code  
(INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, 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 Pacific Compensation Insurance Co. to an  
insurance benefit and payment, and to the amount of a benefit  
and payment to which Pacific Compensation Insurance Co. was  
entitled, namely: Defendant had a financial interest in and  
received financial incentives to prescribe compound creams and  
oral medication and to order Urine Toxicology Tests to his  
workers' compensation patients.

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1 COUNT 16: On or about and between June 24, 2013 and June 26,  
2 2015, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of Republic Indemnity Company of America to an  
9 insurance benefit and payment, and to the amount of a benefit  
10 and payment to which Republic Indemnity Company of America was  
11 entitled, namely: Defendant had a financial interest in and  
12 received financial incentives to prescribe compound creams, and  
13 oral medication and to order Urine Toxicology Tests to his  
14 workers' compensation patients.

11 COUNT 17: On or about and between April 04, 2013 and October  
12 29, 2015, in violation of Section 550(b)(3) of the Penal Code  
13 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
14 intent to defraud, did unlawfully conceal and knowingly fail to  
15 disclose, and did knowingly assist with another person to  
16 conceal and fail to disclose the occurrence of an event and a  
17 fact that affected the initial and continued material right and  
18 entitlement of State Compensation Insurance Fund to an insurance  
19 benefit and payment, and to the amount of a benefit and payment  
20 to which State Compensation Insurance Fund was entitled, namely:  
21 Defendant had a financial interest in and received financial  
22 incentives to order Urine Toxicology Tests and prescribed oral  
23 medication to his workers' compensation patients.

20 COUNT 18: On or about and between April 01, 2013 and April 11,  
21 2013, in violation of Section 550(b)(3) of the Penal Code  
22 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
23 intent to defraud, did unlawfully conceal and knowingly fail to  
24 disclose, and did knowingly assist with another person to  
25 conceal and fail to disclose the occurrence of an event and a  
26 fact that affected the initial and continued material right and  
27 entitlement of Total Health & Productivity Management to an  
28 insurance benefit and payment, and to the amount of a benefit  
and payment to which Total Health & Productivity Management 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 19: On or about and between April 15, 2013 and September  
2 15, 2014, in violation of Section 550(b)(3) of the Penal Code  
3 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
4 intent to defraud, did unlawfully conceal and knowingly fail to  
5 disclose, and did knowingly assist with another person to  
6 conceal and fail to disclose the occurrence of an event and a  
7 fact that affected the initial and continued material right and  
8 entitlement of Travelers Insurance to an insurance benefit and  
9 payment, and to the amount of a benefit and payment to which  
Travelers Insurance was entitled, namely: Defendant had a  
financial interest in and received financial incentives to order  
Urine Toxicology Tests and prescribe Oral Medication to his  
workers' compensation patients.

10 COUNT 20: On or about and between April 18, 2013 and April 22,  
11 2014, in violation of Section 550(b)(3) of the Penal Code  
12 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
13 intent to defraud, did unlawfully conceal and knowingly fail to  
14 disclose, and did knowingly assist with another person to  
15 conceal and fail to disclose the occurrence of an event and a  
16 fact that affected the initial and continued material right and  
17 entitlement of TRISTAR Insurance Group to an insurance benefit  
18 and payment, and to the amount of a benefit and payment to which  
TRISTAR Insurance Group was entitled, namely: Defendant had a  
financial interest in and received financial incentives to  
prescribe oral medication and to order Urine Toxicology Tests to  
his workers' compensation patients.

19 COUNT 21: On or about and between May 08, 2013 and August 20,  
20 2015, in violation of Section 550(b)(3) of the Penal Code  
21 (INSURANCE FRAUD), a FELONY, ROBERT EDWARD CATON, with the  
22 intent to defraud, did unlawfully conceal and knowingly fail to  
23 disclose, and did knowingly assist with another person to  
24 conceal and fail to disclose the occurrence of an event and a  
25 fact that affected the initial and continued material right and  
26 entitlement of Zurich Insurance to an insurance benefit and  
27 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  
compound creams and oral medication and to order Urine  
Toxicology Tests to his workers' compensation patients.

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ENHANCEMENT(S)

As to Count(s) 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21, it is further alleged pursuant to Penal Code section 12022.6(a)(1) (PROPERTY DAMAGE/LOSS OVER \$65,000), that ROBERT EDWARD CATON intentionally took, damaged, and destroyed property valued in excess of sixty-five thousand dollars (\$65,000) during the commission and attempted commission of the above offense.

It is further alleged pursuant to Penal Code section 186.11(a)(1)/(2) (AGGRAVATED WHITE COLLAR CRIME - OVER \$500,000), that as to counts 1, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21, defendant ROBERT EDWARD CATON engaged in a pattern of related fraudulent felony conduct involving the taking of more than five hundred thousand dollars (\$500,000).

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 17F00365

TONY RACKAUCKAS, DISTRICT ATTORNEY

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

RESTITUTION CLAIMED

- None
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- To be determined

BAIL RECOMMENDATION:

ROBERT EDWARD CATON - \$ 175,000.00

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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.