

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

FOR IMMEDIATE RELEASE

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Pharmacist sent to prison for fraudulent compounding cream scheme

HOUSTON – A Houston woman has been ordered to federal prison following her conviction of conspiracy to commit health care fraud, announced U.S. Attorney Jennifer B. Lowery.

Kyhati Undavia pleaded guilty Oct. 12, 2021.

Today, U.S. District Judge Hanen ordered Undavia to serve 27 months in federal prison to be immediately followed by three years of supervised release. In handing down the sentence, the court considered the \$12 million dollar restitution she paid at the time of the sentencing. In handing down the sentence, Judge Hanen noted restitution goes a long way to show acceptance but you cannot buy your way out of prison.

At the time of her plea, Undavia admitted to submitting claims to federal health benefit programs such as TRICARE, Department of Labor Office of Workers' Compensation Programs (DOL-OWCP) and Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) for compounded medication prescriptions. Undavia has a professional background as a pharmacist who controlled and operated Memorial Pharmacy.

From December 2012 to December of 2018, Undavia hired employees to market Memorial Pharmacy to physicians as a place to submit compounded drug prescriptions. Undavia paid kickbacks through the marketers to physicians in efforts to persuade them to write prescriptions and send them to Memorial on behalf of their patients.

Instead of providing pain medication prescriptions directly to the patients who could select a pharmacy of their choice, the bribed physicians sent the prescriptions directly to Memorial. In some instances, patients were never seen by an actual physician. Instead, physicians authorized prescriptions for beneficiaries that a marketer provided to them.

The marketer paid the physician an illegal kickback for the prescriptions or Undavia would directly pay them. Beneficiaries often received medicated creams that they did not need or want.

Undavia received approximately \$22 million from Tricare, DOL-OWCP and CHAMPVA for the prescriptions.

"Today's sentencing is a testament to the dedication and determination of the investigative and legal teams," said Special Agent in Charge Scott Pierce, U.S. Postal Service - Office of Inspector General (USPS-OIG), Southern Area Field Office. "The Postal Service spends hundreds of millions of dollars annually on health care related costs and these monies are critical to those who legitimately require medical services. As in this case, our criminal investigators will diligently pursue any individual or organization intent on defrauding the Postal Service with an eye on both federal prosecution and returning lost monies to the affected program."

Undavia was permitted to remain on bond and voluntarily surrender to a U.S. Bureau of Prisons facility to be determined in the near future.

The Defense Criminal Investigative Services, DOL - Office of Inspector General (OIG), USOS-OIG, Veterans Affairs - OIG and FBI conducted the investigation. Assistant U.S. Attorney Tina Ansari prosecuted the case.

Topic(s):
Health Care Fraud

Component(s):
USAO - Texas, Southern