



U. S. Department of Justice

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PRESS RELEASE
***GRAND JURY RETURNS
18-COUNT INDICTMENT
IN DR. WARREN STACK CASE***

***INDICTMENT ALLEGES CONDUCT
RESULTED IN FIVE DEATHS***

SALT LAKE CITY – An 18-count federal indictment returned Wednesday morning charges Dr. Warren R. Stack with conspiracy, distribution or dispensation of a controlled substance, health care fraud, and money laundering.

Five counts in the indictment allege that Stack, age 60, of Salt Lake City, knowingly distributed or dispensed controlled substances to individuals without a legitimate medical purpose and outside the bounds of medical practice, resulting in the deaths of five individuals.

Two other individuals, Mindy L. Kramer, age 31, of Magna, and Phyllis V. Murray, age 27, of Murray, are charged in the conspiracy count of the indictment. Both were employed by Stack at times relevant to the indictment.

Arrest warrants have been issued for the three defendants in the case. The conspiracy count carries a potential penalty of up to 5 years in federal prison and a \$250,000 fine. The potential penalty for counts 2-6, unlawful distribution or dispensation of a controlled substance resulting in death, is not less than 20 years per count and can go as high as life. The potential fine for each of these counts is \$1 million. Counts 7-13, unlawful distribution or dispensation of a controlled substance, is up to 20 years and a \$1 million fine. Counts 14-18, which allege health care fraud, have a potential penalty of up to 10 years and a \$250,000 fine.

Defendants charged in indictments are presumed innocent unless or until proven guilty in court.

Several agencies participated in the investigation leading to today's federal indictment. They include the DEA, Utah Attorney General's Office, the Salt Lake County Sheriff's Office, the Murray Police Department, the Salt Lake County Sheriff's Office, the FBI, the Taylorsville Police Department, the Salt Lake City Police Department, the West Valley City Police Department, the Utah Department of Insurance Fraud Division, the U.S. Department of Health and Human Services, the IRS, and the Utah Division of Occupational and Professional Licensing.

The indictment alleges that Stack operated a medical practice in Salt Lake County. During the course of that practice, the indictment alleges Stack devised a scheme to obtain money and property through fraudulent pretenses and representations in connection with the delivery of or payment for health care benefits, items, or services. In furtherance of the scheme to defraud, the indictment alleges he unlawfully distributed or dispensed various controlled substances to patients without a legitimate medical purpose and outside the usual course of professional medical practice.

The indictment alleges Stack routinely and regularly issued prescriptions for controlled substances, including Oxycontin, Oxycodone, Methadone, Methadose, Percocet and Endocet without conducting appropriate medical examinations. It also alleges he routinely falsified patient records and insurance billing claims to reflect medical examinations he did not, in fact, conduct.

During the course of the conspiracy charged in count 1 of the indictment, the charges allege Stack received at least \$750,000 from his alleged fraudulent conduct and illegal drug distribution activities, and deposited or caused to be deposited at least \$400,000 of those proceeds into the business checking account. He conducted transactions totaling at least \$200,000 involving proceeds from his alleged fraudulent conduct and illegal drug distribution activities, including paying salaries to Kramer and Murray as well as to himself. He also used the account to pay other business expenses, including clinic rents, utilities, and other employee expenses. Count 1 of the indictment alleges the defendants conspired to commit distribution of a controlled substance, health care fraud, and money laundering offenses.

According to the indictment, beginning on Jan. 2, 2007, and continuing until at least March 26, 2007, Stack engaged in a practice he referred to as “Express Scripts.” During this period of time, the indictment alleges, Stack would meet with patients at a make-shift desk in his waiting room, in full view and hearing of his office staff and other patients. He would quickly review the patient’s file, make an inquiry as to whether the patient’s prescribed medications were still working, and issue a new prescription for controlled substances to the patient without conducting even the pretense of a medical examination, the indictment alleges. Stack continued to bill patients and health care benefit programs as though he had conducted a thorough and professional medical examination.

During the “Express Scripts” period of time, Stack saw and prescribed to as many as 80 patients a day and collected or billed amounts of \$70 to \$200 per patient visit, the indictment alleges.

Counts 2 through 6 of the indictment charge Stack with knowingly distributing and dispensing drugs without a legitimate medical purpose and outside the bounds of medical practice that resulted in the deaths of five individuals, including the April 9, 2007, death of Tyler Lugo; the October 23, 2005, death of Thomas Brandon Scott; the May 4, 2007, death of Kaydie Winters; the August 23, 2006, death of Thaison Roark; and the March 10, 2005, death of Michael Barker. The drugs included Oxycodone and Methadone Hydrochloride.

Oxycontin is a Schedule II controlled substance whose active ingredient is Oxycodone. Demand for Oxycontin has grown to epidemic

proportions throughout the United States where dealers can sell a pill on the street for up to \$1 a milligram. In Utah, according to the indictment, an Oxycontin 40 mg pill/tablet sells for around \$40 and an 80 mg pill sells for around \$80. Oxycontin and other Schedule II drugs have a high potential for abuse and can be crushed and snorted or dissolved and injected to get an immediate high. This abuse can lead to addiction, overdose, and sometimes, death.

Counts 7- 13 of the indictment charge Stack with distributing and dispensing drugs to other individuals over periods of several weeks or months without a legitimate medical purpose and outside the bounds of medical practice over significant periods of time.

The health care fraud counts of the indictment charge Stack with executing the scheme to defraud public and private health care benefit programs by making false representations in connection with the delivery of and payment for health care benefits, items, and services.

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