



Press Release

TWO PHARMED DIRECTORS PLEAD GUILTY TO WIRE FRAUD CONSPIRACY AND TAX EVASION SCHEME

September 12, 2008

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, Jonathan I. Solomon, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Office, and Michael E. Yasofsky, Special Agent in Charge, Internal Revenue Service, Criminal Investigation ("IRS-CI"), announced that defendants Carlos De Cespedes and Jorge De Cespedes, brothers and majority shareholders of The Pharmed Group, Corp. ("Pharmed"), pled guilty today to two separate Informations charging them with conspiracy to commit health care-related wire fraud and tax evasion, respectively. Both Defendants are scheduled to be sentenced on December 4, 2008 at 9:30 a.m.

Healthcare Wire Fraud Charges:

The first Information charged defendants Jorge De Cespedes and Carlos De Cespedes with conspiring to commit health care-related wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1349, through a purchase order fraud scheme victimizing Kendall Regional Medical Center ("Kendall Regional"), a hospital located in Southwest Miami Dade.

According to the documents filed with the court, defendant **Carlos De Cespedes** is the Chief Executive Officer and a Director, and defendant **Jorge De Cespedes** is the President and a Director of Pharmed, a medical supply company doing business in Miami-Dade County. Together, the De Cespedes brothers exercised control over all aspects of Pharmed's business operations.

In a written and signed Factual Proffer, the De Cespedes brothers admitted to participating in a purchase order fraud conspiracy that took advantage of Pharmed's vendor relationship with Kendall Regional. The fraud scheme evolved over time. In the written proffer, defendant Jorge De Cespedes admitted that, starting as early as the 1980's, and continuing through the 1990's, he made cash payments to Sylvia Oramas, a former employee of Kendall Regional, in exchange for various medical supplies that had been diverted from Kendall Regional's warehouse. Jorge De Cespedes further admitted that, starting in the late 1990's, Oramas began generating phony purchase orders for Pharmed medical supplies.

Building on the success of this scheme, in early 2001, defendant Jorge De Cespedes and Sylvia Oramas discussed a more sophisticated and larger fraud scheme. This scheme continued to take advantage of Pharmed's preexisting vendor relationship with Kendall Regional, and abused certain features of Kendall Regional's computerized supply management system. As part of the scheme, employees of Kendall Regional would use the hospital's computer system to generate large volume purchase orders for Pharmed supplies, and then to falsely record that the phony orders had been delivered to Kendall Regional, thereby causing Kendall Regional to pay Pharmed for the fake orders. To execute the scheme, Oramas recruited co-conspirators Joanna Delfel and Victor Garcia, former employees of Kendall Regional, both of whom had access to the hospital's computerized supply management system. Delfel and Garcia used their own passwords, as well as passwords improperly acquired from other employees, to generate the bogus computer entries described above.

Upon receiving fraudulent payments from Kendall Regional for the phantom orders, the De Cespedes brothers would transfer the funds from Pharmed to various shell corporations they controlled. The funds were then further distributed from the De Cespedes brothers' shell corporations to Soho Marketing, Inc. ("SoHo"), a shell company controlled by Sylvia Oramas, and to Gator Sports Collectibles, Inc. ("Gator Sports"), a shell company controlled by Erika Urquiza, the former Assistant Vice-President of Materials

Management at Pharmed. SoHo and Gator Sports would, in turn, distribute the fraud proceeds to Oramas, Delfel, Garcia, and others.

Tax Evasion Charges:

The De Cespedes brothers also pled guilty today to a separate Information charging them with willfully evading and attempting to evade income taxes due for each calendar year 2001, 2002, and 2003 by preparing and submitting false Income Tax Returns, Form 1040s.

In a signed written Proffer submitted to the Court, defendant Carlos De Cespedes admitted that he substantially under-reported his income by the following amounts: \$2,286,199 for tax year 2001, \$4,858,147 for tax year 2002, and \$3,751,750 for tax year 2003. The unreported income resulted in tax liabilities of \$893,904 for tax year 2001, \$1,875,245 for 2002, and \$1,313,113 for 2003.

Similarly, defendant Jorge De Cespedes allegedly under-reported his income by the following amounts: \$2,286,199 for tax year 2001, \$4,858,147 for tax year 2002, and \$3,751,750 for tax year 2003. The unreported income resulted in tax liabilities of \$893,903 for tax year 2001, \$1,875,231 for 2002, and \$1,313,113 for 2003.

In the written Proffers filed with the Court, both defendants accepted responsibility for this scheme. They described how, in 2000, Pharmed entered into a series of contracts with Hoffman-LaRoche Co. (Roche), a drug manufacturer, to distribute Roche products outside the United States. Pharmed was obligated to pay Roche for those supplies after their receipt.

From 2001 to 2004, as payments were due to Roche, the defendants caused Pharmed to issue checks, approximately 2½ per cent of the amount due to Roche, payable to third parties. Those checks were listed on the books as marketing expenses. In fact, however, these were not marketing expenses. Instead, the third parties were funneling the funds back to the defendants through a trust account maintained by their attorney, who would disburse the funds according to the defendants' instructions for the defendants' personal use and benefit. The defendants failed to report this income on their taxes.

Mr. Acosta commended the investigative efforts of the Federal Bureau of Investigation and the Internal Revenue Service. The health care fraud case is being prosecuted by Assistant United States Attorney Ryan Stumphauzer. The tax evasion case is being prosecuted by Assistant United States Attorneys Tom Mulvihill and Steve Schlessinger.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

Technical comments about this website can be e-mailed to the [Webmaster](#). PLEASE NOTE: The United States Attorney's Office does not respond to non-technical inquiries made to this website. If you wish to make a request for information, you may contact our office at 305-961-9001, or you may send a written inquiry to the United States Attorney's Office, Southern District of Florida, 99 NE 4th Street, Miami, FL 33132.