

The United States Attorney's Office

## Southern District of Florida

### Press Release

#### TWO PHARMED DIRECTORS SENTENCED TO 108 MONTHS ON WIRE FRAUD CONSPIRACY AND TAX EVASION SCHEME

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January 7, 2009

##### FOR IMMEDIATE RELEASE

*Co-Conspirators also Sentenced to Jail*

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 Betty N. Stewart, Acting Special Agent in Charge, Internal Revenue Service, Criminal Investigation, announced that defendants **Carlos De Cespedes** and **Jorge De Cespedes**, brothers and majority shareholders of The Pharmed Group, Corp. ("Pharmed"), were sentenced today by U.S. District Court Judge Patricia Seitz to 108 months' imprisonment as a result of their plea to two separate Informations. The Informations charged them with conspiracy to commit health care-related wire fraud and tax evasion, respectively.

Also sentenced today were defendants **Sylvia Oramas**, **Erika Urquiza**, **Victor Garcia**, and **Joanna Delfel**. Defendant Oramas was sentenced to 73 months' imprisonment; defendant Urquiza was sentenced to 60 months' imprisonment; defendant Garcia was sentenced to 63 months' imprisonment; and defendant Delfel was sentenced to 30 months' imprisonment.

In addition, the Court ordered restitution in the following amounts: the DeCespedes brothers and Urquiza were ordered to pay \$6,930,155; defendants Oramas, Garcia, and Delfel were ordered to pay \$8,631,928.

All defendants, except for Delfel, are scheduled to surrender on March 9, 2009; Delfel is to surrender on March 18, 2009.

##### Health Care Fraud-Related 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 was the Chief Executive Officer and a Director, and defendant Jorge De Cespedes was 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 filed with the Court in September, 2008, 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. Defendant Jorge De Cespedes admitted that, starting at least as early as 1993, he made cash payments to defendant 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 for Pharmed.

Building on the success of this scheme, in early 2001, defendant Jorge De Cespedes and Sylvia Oramas discussed a larger and more sophisticated 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 defendants 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 defendant 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 were also sentenced for their participation in a separate scheme to willfully evade and attempt to evade income taxes due for each calendar year 2001, 2002, and 2003 by preparing and submitting false Income Tax Returns, Form 1040s.

In the September 2008 signed 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 in September 2008, 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 was prosecuted by Assistant United States Attorney Ryan Stumphauzer. The tax evasion case was prosecuted by Assistant United States Attorneys Tom Mulvihill and Steve Schlessinaer.

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>.

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