

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Crim. No. 13-815 (FLW)
	:	
v.	:	21 U.S.C. § 846,
	:	18 U.S.C. § 1956,
PAUL DILORENZO	:	31 U.S.C. § 5324,
	:	26 U.S.C. § 7202,
	:	and 18 U.S.C. § 2

**SUPERSEDING INDICTMENT**

The Grand Jury in and for the District of New Jersey, sitting at Trenton, charges:

**Count One**  
**(Conspiracy to Distribute Oxycodone)**

1. At all times relevant to this Superseding Indictment:

A. Defendant PAUL DILORENZO was a physician licensed to practice medicine by the State of New Jersey, who operated a medical practice in Ocean Township, New Jersey (the “DILORENZO OFFICE”). Defendant DILORENZO had a Drug Enforcement Administration (“DEA”) registration number, which is a number assigned to a health care provider allowing them to write prescriptions for controlled substances, as well as a Controlled Dangerous Substance Registration Number issued by the State of New Jersey, which is a number assigned to a health care provider allowing them to write prescriptions for controlled substances in the State of New Jersey.

B. CC-1 was a resident of Myrtle Beach, South Carolina.

C. CC-2 was a resident of Myrtle Beach, South Carolina.

D. CC-3 was a resident of Aberdeen, New Jersey.

E. CC-4 was a resident of Myrtle Beach, South Carolina

F. CC-5 was a resident of Myrtle Beach, South Carolina.

2. The Controlled Substances Act governs the manufacture, distribution, and dispensing of controlled substances in the United States. Under the Controlled Substances Act, there are five schedules of controlled substances – Schedules I, II, III, IV, and V. Controlled substances are scheduled into these levels based upon their potential for abuse, among other things. Abuse of Schedule II controlled substances may lead to severe psychological or physical dependence.

3. Oxycodone is a narcotic analgesic that is similar to morphine and is classified as a Schedule II controlled substance, sometimes prescribed under the brand name OxyContin. Oxycodone is used to treat severe pain, and, even if taken only in prescribed amounts, can cause physical and psychological dependence when taken for a long time. Oxycodone is used in pain relief drugs in varying strengths, including 5, 10, 30, 40, 60, and 80 milligram amounts. For example, Percocet is manufactured by numerous pharmaceutical companies under the following brand names: Endocet, Roxicet, Roxilox and Tylox. Percocet, which contains 10 milligrams of oxycodone, is used to treat moderate to moderately severe pain, and contains two drugs, oxycodone and acetaminophen. Even if taken only in prescribed amounts, pills containing amounts as low as 10 milligrams of oxycodone can cause physical and psychological dependence when taken for a long time. Individuals who abuse pills containing oxycodone frequently do so by smoking, chewing, dissolving, injecting, and crushing the pills and snorting the substance.

4. Title 21, United States Code, Section 841(a) (1), provides that “[e]xcept as authorized by this subchapter, it shall be unlawful for any person to knowingly or intentionally ...

manufacture, distribute, or dispense, or possess with intent to manufacture, distribute or dispense, a controlled substance.”

5. Title 21, United States Code, Section 802(10), provides that the term “dispense” means to deliver a controlled substance to an ultimate user or research subject by, or pursuant to the lawful order of, a practitioner, including the prescribing and administering of a controlled substance and the packaging, labeling or compounding necessary to prepare the substance for delivery.

6. Title 21, United States Code, Section 821, provides that “[t]he Attorney General [of the United States] is authorized to promulgate rules and regulations relating to the registration and control of the manufacture, distribution and dispensing of controlled substances.”

7. The Attorney General of the United States has exercised his rulemaking authority regarding the dispensing of controlled substances through the promulgation of 21 Code of Federal Regulations § 1306.04, governing the issuance of prescriptions, which provides, among other things, that a prescription for a controlled substance to be effective must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. Moreover, an order purporting to be a prescription issued not in the usual course of professional treatment is not a prescription within the meaning and intent of section 309 of the Act [21 U.S.C. § 829] and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the law relating to controlled substances.

8. Accordingly, as a medical doctor, defendant PAUL DILORENZO was authorized to prescribe Schedule II controlled substances for legitimate medical purposes and in the usual course of professional practice.

### **The Conspiracy**

9. From in or about 2009 through on or about June 27, 2012, in Monmouth County, in the District of New Jersey, and elsewhere, defendant

PAUL DILORENZO

did knowingly and intentionally conspire and agree with CC-1, CC-2, CC-3, CC-4, CC-5 and others to distribute and possess with intent to distribute oxycodone, a Schedule II narcotic drug controlled substance, without a legitimate medical purpose and outside the usual course of professional practice, contrary to Title 21, United States Code, Sections 841(a)(1) and (b)(1)(c), and Title 21, Code of Federal Regulations, Section 1306.04

### **The Object of the Conspiracy**

10. The object of this conspiracy was to earn money through the illegal distribution of large quantities of oxycodone.

### **The Manner and Means**

11. It was part of the conspiracy that the DILORENZO OFFICE was essentially a cash-only business. Through the use of his pain management practice, defendant DILORENZO generated illicit proceeds by writing and issuing unlawful prescriptions to individuals for Schedule II narcotics without a legitimate medical purpose, outside the usual course of professional practice, and in exchange for a cash fee.

12. It was further part of the conspiracy that individuals paid \$500.00 cash for the first visit; which was itemized as \$350.00 cash for the office visit and \$150.00 cash for a urine test (self-testing urine cup). After an individual's first visit he or she would then be charged \$300.00 per successive visit and \$150.00 for a urine test every three (3) months.

13. It was further part of the conspiracy that defendant PAUL DILORENZO had at least three of his co-conspirators CC-1, CC-2 and CC-3 act as "staff" at the DILORENZO OFFICE, despite the fact that none of these co-conspirators had any medical training.

14. It was further part of the conspiracy that defendant PAUL DILORENZO would issue prescriptions for oxycodone to his co-conspirators, including but not limited to CC-1, CC-2, CC-3, CC-4, and CC-5, without a legitimate medical purpose and outside the usual course of professional practice.

15. It was further part of the conspiracy that CC-1, CC-4, and CC-5 would solicit other co-conspirators to visit the DILORENZO OFFICE where defendant PAUL DILORENZO would issue prescriptions for oxycodone to those co-conspirators without a legitimate medical purpose and outside the usual course of professional practice.

16. It was further part of the conspiracy that defendant PAUL DILORENZO provided CC-1 with blank prescription pads, and defendant DILORENZO allowed CC-1 to use those blank prescription pads and stamps setting forth prescriptions for oxycodone (e.g., "ROXICODONE 30 # 240 Two Hundred Forty [symbol] PO 4 X DAY Chronic Intractable Pain") to create prescriptions for other co-conspirators.

17. It was further part of the conspiracy that defendant PAUL DILORENZO would then sign the prescriptions prepared by CC-1, often without any medical examination or only a cursory

examination and without a legitimate medical purpose and outside the usual course of professional practice.

18. It was further part of the conspiracy that defendant PAUL DILORENZO's co-conspirators, including but not limited to CC-1, CC-2, CC-3, CC-4, and CC-5, would then obtain oxycodone pills at pharmacies using the oxycodone prescriptions obtained from defendant PAUL DILORENZO, and would thereafter distribute those oxycodone pills.

19. It was further part of the conspiracy that defendant PAUL DILORENZO and CC-1 had an agreement where CC-1 would receive payment for 20% of all visits at the DILORENZO OFFICE. The 20% percent of patient fees were paid by defendant DILORENZO to CC-1 as wages. Defendant DILORENZO and CC-1 also had an agreement in which defendant DILORENZO would pay CC-1 50% for each self-testing urine analysis that was administered in the DILORENZO OFFICE. CC-1 then paid CC-2 and CC-3 for their work at the DILORENZO OFFICE.

In violation of Title 18, United States Code, Section 846.

**Count Two**  
**(Structuring)**

1. The allegations contained in paragraph 1 of Count One of this Superseding Indictment are hereby realleged and incorporated as though set forth in full herein.

2. At all times relevant to Count Two of this Indictment:

A. Defendant PAUL DILORENZO maintained a bank account in the name of his business (the "DILORENZO BUSINESS ACCOUNT") at TD Bank, N.A., formerly Commerce Bank ("TD Bank"). Defendant DILORENZO also maintained a personal bank account at TD Bank ("DILORENZO PERSONAL ACCOUNT 1"). Defendant DILORENZO maintained two additional personal bank accounts at Bank of America ("DILORENZO PERSONAL ACCOUNT 2" and "DILORENZO PERSONAL ACCOUNT 3"). Collectively, the DILORENZO BUSINESS ACCOUNT, DILORENZO PERSONAL ACCOUNT 1, DILORENZO PERSONAL ACCOUNT 2, and DILORENZO PERSONAL ACCOUNT 3 will be referred to as the "DILORENZO ACCOUNTS."

B. TD Bank and Bank of America were domestic financial institutions within the meaning of Title 31, United States Code, Section 5313(a), and Title 31, Code of Federal Regulations, Section 103.22(a).

C. Title 31, United States Code, Section 5313(a), and Title 31, Code of Federal Regulations, Section 103.22(a) required that the financial institutions referred to in this Indictment file Currency Transaction Reports ("CTRs") of each deposit, withdrawal, exchange of currency or other payment and transfer, by, through, or to such financial institution that involved a transaction of currency of more than \$10,000.

3. From in or about July 2009, to in or about December 2011, defendant PAUL DILORENZO received more than two million dollars in cash payments from his patients.

4. The DILORENZO OFFICE was open approximately seven to ten days out of each calendar month. During the days that the DILORENZO OFFICE was open, defendant PAUL DILORENZO averaged approximately \$7,000 in gross cash sales a day and approximately \$5,900 in net cash sales a day. On at least 35 separate occasions defendant PAUL DILORENZO's net cash sales exceeded \$10,000 in a single business day. Furthermore, on numerous occasions, defendant PAUL DILORENZO's net cash sales over consecutive days aggregated to over \$10,000 and subsequently followed with a deposit into one of the DILORENZO ACCOUNTS consisting of less than \$10,000 in cash.

5. Between on or about May 28, 2009 and on or about November 2, 2011, defendant PAUL DILORENZO deposited approximately \$1,090,939 in cash into the DILORENZO ACCOUNTS. This cash was deposited via more than 150 separate transactions. Each of these cash deposits, save for one, was in an amount of less than \$10,000.

6. The one deposit above \$10,000 took place on or about April 5, 2011. On that day, defendant PAUL DILORENZO deposited \$10,044 in cash into the DILORENZO BUSINESS ACCOUNT. However, he filled out the deposit slip in the amount of \$9,544. Upon being told by the teller that the amount was, in fact, \$10,044, defendant DILORENZO attempted to cancel the deposit rather than have TD Bank prepare and file a CTR.

7. On or about June 27, 2012, approximately \$132,702.00 in cash was recovered from defendant PAUL DILORENZO's home. An additional \$388,510.25 belonging to defendant DILORENZO was recovered from the home of DILORENZO's parents. Defendant

DILORENZO admitted, in substance and in part, that all of the approximately \$521,212.25 that was recovered belonged to him.

8. From on or about May 28, 2009 to on or about November 2, 2011, in the District of New Jersey and elsewhere, the defendant,

PAUL DILORENZO,

for the purpose of evading the reporting requirements set forth in Title 31, United States Code, Section 5313(a) and the regulations promulgated thereto with respect to such transactions, did knowingly structure and assist in structuring a transaction with one or more domestic financial institutions by causing United States currency to be deposited in amounts of less than \$10,000.

9. Defendant PAUL DILORENZO committed these acts of structuring as part of a pattern of illegal activity involving more than \$100,000.00 in a twelve-month period.

In violation of Title 31, United States Code, Sections 5324(a)(3) and (d)(2), and Title 18, United States Code, Section 2.

**Count Three**  
**(Money Laundering Conspiracy)**

1. The allegations contained in Count One of this Superseding Indictment are hereby realleged and incorporated as though set forth in full herein.

2. From in or about 2009 through on or about June 27, 2012, in the District of New Jersey, and elsewhere, the defendant

PAUL DILORENZO,

did knowingly and willfully conspire and agree with CC-1, CC-2, and others, known and unknown, to conduct financial transactions which: (1) in fact involved the proceeds of a specified unlawful activity, namely narcotics trafficking, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of property that was the proceeds of specified unlawful activity, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i) and (2), in fact involved the proceeds of a specified unlawful activity, namely narcotics trafficking, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and with the intent to avoid transaction reporting requirements under federal law, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(ii).

In violation of Title 18, United States Code, Section 1956(h).

**Counts Four through Eleven**  
**(Failure to Collect, Account for and Pay Over Payroll Taxes)**

1. The allegations contained in paragraph 1 of Count One of this Superseding Indictment are hereby realleged and incorporated as though set forth in full herein.

2. The Internal Revenue Service ("IRS") is an agency of the United States Department of Treasury, responsible for administering and enforcing the tax laws of the United States, and collecting the taxes that are due and owing to the Treasury of the United States by its citizens and businesses.

3. Federal income tax withholding ("withholding taxes") and Federal Insurance Contribution Act taxes ("FICA taxes"), as more particularly described below, constitute employment taxes ("employment taxes").

A. Withholding Taxes: In general, an employer must deduct and withhold income tax on the amount of wages that actually or constructively are paid to its employees, and pay over those withholding taxes to the IRS.

B. FICA Taxes: The FICA tax is comprised of two elements: old-age, survivor and disability insurance, which is commonly referred to as "Social Security," and health insurance, which is commonly referred to as "Medicare." Social Security taxes are used to fund retirement and disability benefits, while Medicare taxes are used to provide health and medical benefits for the aged and disabled. An employer must deduct FICA taxes on the amount of wages that actually or constructively are paid to its employees, and pay over those FICA taxes to the IRS.

C. The IRS requires that an employer report employment taxes on an Employer's Quarterly Federal Tax Return, Form 941 ("Form 941"). The Form 941 is filed quarterly, and is

due one month after the conclusion of each quarter. An employer must pay over employment taxes to the IRS, in full, by the due date of the Form 941.

D. Section 7501 of the Internal Revenue Code provides that whenever any person is required to withhold or collect any internal revenue tax from any other person and to pay over such tax to the United States, the amount of tax so withheld or collected shall be held in trust on behalf of the United States.

4. Defendant PAUL DILORENZO was required by law to withhold, report, and pay over employment taxes to the IRS on the amount of wages they paid to their employees on a quarterly or more frequent basis.

5. From at least the first quarter of 2010 through at least the last quarter of 2011, defendant PAUL DILORENZO did not file any Forms 941, in which he should have reported, among other items, the gross wages paid to CC-1, CC-2, and CC-3, and the employment taxes due with respect to those wages.

6. In addition, defendant PAUL DILORENZO did not file any forms W-2 with the IRS reporting wages paid to CC-1, CC-2, or CC-3.

7. On or about the dates set forth below, in the District of New Jersey, and elsewhere, defendant

PAUL DILORENZO,

being a person required to collect, truthfully account for, and pay over, employment taxes to the Internal Revenue Service, did knowingly and willfully fail to truthfully account for and pay over, such taxes, as follows:

<u>Count</u>	<u>Quarter Ending</u>	<u>Due Date of Form 941</u>
4	March 31, 2010	April 30, 2010
5	June 30, 2010	July 31, 2010
6	September 30, 2010	October 31, 2010
7	December 31, 2010	January 31, 2011
8	March 31, 2011	April 30, 2011
9	June 30, 2011	July 31, 2011
10	September 30, 2011	October 31, 2011
12	December 31, 2011	January 31, 2012

In violation of Title 26, United States Code, Section 7202.

## **FIRST FORFEITURE ALLEGATION**

1. The allegations contained in Count 1 of this Superseding Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 21, United States Code, Section 853.

2. Pursuant to Title 21, United States Code, Section 853, upon conviction of an offense in violation of Title 21, United States Code, Section 846, the defendant, PAUL DILORENZO shall forfeit to the United States of America any property constituting, or derived from, any proceeds obtained, directly or indirectly, as the result of such offense[s] and any property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, the offense(s). The property to be forfeited includes, but is not limited to, the following:

a. a sum of money equal to at least \$40,207,425 in United States currency, representing the amount of proceeds obtained as a result of the offense;

b. \$388,510.25 in United States currency seized on June 27, 2012 from 1124B Thornbury Lane, Manchester, New Jersey;

c. \$132,702 in United States currency seized on June 27, 2012 from 22 Northwoods Road, Ocean, New Jersey;

d. \$229,543.72 previously contained in Bank of America business checking account number 381025347975 held in the name of Paul M. DiLorenzo MD, seized on June 27, 2012;

e. \$20,261.67 previously contained in Bank of America personal checking account number 381015342744 held in the name of Paul M. DiLorenzo, seized on June 27, 2012;

f. \$100,000 previously contained in National Financial Services/Fidelity Investments account number MGU-000400 held in the name of Paul DiLorenzo, seized on June 27, 2012;

g. \$50,000 previously contained in National Financial Services/Fidelity Investments account number LR2-590304 held in the name of Paul DiLorenzo, seized on June 27, 2012;

h. \$50,000 previously contained in National Financial Services/Fidelity Investments account number LR2-491365 held in the name of Paul DiLorenzo, seized on June 27, 2012;

i. Real Property located at 22 Northwoods Road, Ocean, New Jersey, Paul DiLorenzo owner, Lot No. 2, Block No. 35.02, county of Monmouth;

j. Real Property located at 455 West Park Avenue, Oakhurst, New Jersey, Paul DiLorenzo owner, Lot No. 25, Block No. 5.02, county of Monmouth; and

k. 2011 Mercedes Benz-E55, purchased by Paul DiLorenzo, VIN number WDDHF9AB2BA311339, and bears license plate number J50-AFN, seized on June 27, 2012.

3. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without

difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p).

## **SECOND FORFEITURE ALLEGATION**

1. The allegations contained in Count 2 of this Superseding Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 31, United States Code, Section 5317(c)(1).

2. Pursuant to Title 31, United States Code, Section 5317, upon conviction of an offense in violation of Title 31, United States Code, Section 5324, the defendant, PAUL DILORENZO shall forfeit to the United States of America any and all property, real or personal, which constitutes or is derived from proceeds traceable to such violation, including \$1,090,939 and all interest and proceeds traceable thereto, pursuant to Title 31, United States Code, Section 5317(c)(1).

3. If any of the property described above, as a result of any act or omission of the defendant[s]:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 31, United States Code, Section 5317(c) and by Title 28, United States Code, Section 2461(c).

### **THIRD FORFEITURE ALLEGATION**

1. The allegations contained in Count 3 of this Superseding Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 982(a)(1).

2. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violation of Title 18, United States Code, Section 1956(h), the defendant, PAUL DILORENZO, shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the following:

- a. a sum of money equal to at least \$1,321,964 in United States currency, representing the amount of proceeds obtained as a result of the offense;
- b. \$388,510.25 in United States currency seized on June 27, 2012 from 1124B Thornbury Lane, Manchester, New Jersey;
- c. \$132,702 in United States currency seized on June 27, 2012 from 22 Northwoods Road, Ocean, New Jersey;
- d. \$229,543.72 previously contained in Bank of America business checking account number 381025347975 held in the name of Paul M. DiLorenzo MD, seized on June 27, 2012;
- e. \$20,261.67 previously contained in Bank of America personal checking account number 381015342744 held in the name of Paul M. DiLorenzo, seized on June 27, 2012;
- f. \$100,000 previously contained in National Financial Services/Fidelity

Investments account number MGU-000400 held in the name of Paul DiLorenzo, seized on June 27, 2012;

- g. \$50,000 previously contained in National Financial Services/Fidelity

Investments account number LR2-590304 held in the name of Paul DiLorenzo, seized on June 27, 2012;

- h. \$50,000 previously contained in National Financial Services/Fidelity

Investments account number LR2-491365 held in the name of Paul DiLorenzo, seized on June 27, 2012;

- i. Real Property located at 22 Northwoods Road, Ocean, New Jersey, Paul DiLorenzo owner, Lot No. 2, Block No. 35.02, county of Monmouth;

- j. Real Property located at 455 West Park Avenue, Oakhurst, New Jersey, Paul DiLorenzo owner, Lot No. 25, Block No. 5.02, county of Monmouth; and

- k. 2011 Mercedes Benz-E55, purchased by Paul DiLorenzo, VIN number WDDHF9AB2BA311339, and bears license plate number J50-AFN, seized on June 27, 2012.

3. If any of the property described above, as a result of any act or omission of the defendant[s]:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

A TRUE BILL

\_\_\_\_\_  
FOREPERSON

A handwritten signature in black ink that reads "Paul J. Fishman". The signature is written in a cursive style with a large initial "P".

PAUL J. FISHMAN  
United States Attorney

CASE NUMBER: Crim. No. 13-815 (FLW)

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United States District Court  
District of New Jersey

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**UNITED STATES OF AMERICA**

v.

**PAUL DILORENZO**

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**SUPERSEDING INDICTMENT FOR**

21 U.S.C. § 846,  
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26 U.S.C. § 7202,  
and 18 U.S.C. § 2

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**PAUL J. FISHMAN**

*UNITED STATES ATTORNEY, NEWARK, NEW JERSEY*

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R. JOSEPH GRIBKO  
*ASSISTANT U.S. ATTORNEY  
TRENTON, NEW JERSEY  
609-989-2020*

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