

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Susan D. Wigenton
 :
 v. : Crim. No. 19-
 :
 ESTELA BLAUSTEIN : 18 U.S.C. § 1349

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

Relevant Entities and Definitions

1. Unless otherwise indicated, at all times relevant to this Information:
 - a. Defendant Estela Blaustein (“Blaustein”) was the pharmacist-in-charge of a pharmacy located in Fair Lawn, Bergen County, New Jersey (the “Fair Lawn Pharmacy”). She was a resident of Mahwah, New Jersey.
 - b. Joseph Vangelas, a/k/a “Joseph Miller,” a conspirator not named as a defendant in this Information, directed the business operations of and maintained a financial interest in the Fair Lawn Pharmacy. He was a resident of Fort Lee, New Jersey.
 - c. Marlene Vangelas, a conspirator not named as a defendant in this Information, was the sole nominal owner of the Fair Lawn Pharmacy and directed the day-to-day operations of the Fair Lawn Pharmacy. She was a resident of River Vale, New Jersey.

d. Zachary Ohebshalom (“Ohebshalom”), a conspirator not named as a defendant in this Information, worked on behalf of the Fair Lawn Pharmacy and was a close personal confidant of Joseph Vangelas. He was a resident of Fort Lee, New Jersey.

e. Mark A. Filippone, M.D. (“Dr. Filippone”), a conspirator not named as a defendant in this Information, was a medical doctor who maintained a medical practice at offices located in Jersey City, New Jersey (the “Jersey City Premises”) and Wallington, New Jersey (the “Wallington Premises”). He was a resident of Wallington, New Jersey.

f. The Fair Lawn Pharmacy was a retail pharmacy that began dispensing prescription medications in or around January 2016. The Fair Lawn Pharmacy dispensed, among other things, expensive prescription pain creams to Dr. Filippone’s patients.

g. The United States provided certain benefits, including health care benefits and wage loss replacement, to federal employees who sustained a work-related injury. *See* Federal Employees’ Compensation Act, 5 U.S.C. § 8101, *et seq.* The federal workers’ compensation program was administered by the United States Department of Labor, Office of Workers’ Compensation Program (“DOL-OWCP”). If a federal employee was injured on the job, they were required to submit to DOL-OWCP certain forms and medical reports that contained information about the claimant and the injury. Once approved for benefits, individuals could claim health care benefits, including for qualifying

doctors' visits and prescription drugs, through DOL-OWCP. As such, the federal workers' compensation program constituted a "health care benefit program" as defined in 18 U.S.C. § 24(b).

h. A "National Drug Code," or as it more colloquially known, an "NDC," was a unique numerical code that is used to identify specific drug products.

i. A "test claim" referred to the process used by pharmacy professionals to determine, among other things, a patient's insurance carrier, coverages, eligibility, and co-pay. A pharmacy employee may submit electronically a "test claim" through pharmacy billing software regarding a specific patient or prescription. The "test claim" elicits a nearly-instantaneous response that shows a patient's insurance information and the reimbursement rate for the particular drug's NDC. The "test claim" is then "reversed," meaning the claim is withdrawn and no money is caused to be paid out by the patient's insurance program.

The Health Care Fraud Conspiracy

2. From in or around January 2016 through in or around May 2019, in Bergen County, in the District of New Jersey and elsewhere, defendant

ESTELA BLAUSTEIN

knowingly and intentionally conspired and agreed with Joseph Vangelas, Marlene Vangelas, Ohebshalom, and others to knowingly and willfully execute a scheme and artifice to defraud the health care benefit program administered

by the Department of Labor, Office of Workers Compensation Program, a health care benefit program as defined under Title 18, United States Code, Section 24(b), and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of said health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services, contrary to Title 18, United States Code, Section 1347.

Object of the Conspiracy

3. The object of the conspiracy was to obtain money from the DOL-OWCP health care benefit program for prescription pain creams by designing formulations of the topical pain creams solely for the purpose of obtaining the highest possible reimbursement payment and without regard for medical necessity or reasonableness.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that Dr. Filippone treated hundreds of United States Postal Service employees who had purportedly sustained on-the-job injuries.

5. It was further part of the conspiracy that Dr. Filippone submitted medical reports and other required documentation to DOL-OWCP attesting to his patients' purported disability in order to qualify them for, among other things, health care benefits under DOL-OWCP even though such patients were not, in fact, disabled.

6. It was further part of the conspiracy that Joseph Vangelas cultivated a relationship with Dr. Filippone, in part, based upon the patient population that Dr. Filippone serviced.

7. It was further part of the conspiracy that Joseph Vangelas directed the formation and opening of the Fair Lawn Pharmacy, in large part, to dispense drugs to Dr. Filippone's patients.

8. It was further part of the conspiracy that, in order to conceal Joseph Vangelas's management and financial interest in the Fair Lawn Pharmacy in light of his close relationship with Dr. Filippone, Marlene Vangelas formed and opened the Fair Lawn Pharmacy in her own name. Nonetheless, Joseph Vangelas continued to direct the business operations of the Fair Lawn Pharmacy and maintained a financial interest in the Fair Lawn Pharmacy.

9. It was further part of the conspiracy that, in her capacity as pharmacist-in-charge of the Fair Lawn Pharmacy, defendant Blaustein obtained the necessary licensing for the Fair Lawn Pharmacy to dispense prescription medications.

10. It was further part of the conspiracy that, in order to service Dr. Filippone's patients, defendant Blaustein and others obtained approval to seek reimbursement from DOL-OWCP for prescription drugs dispensed at the Fair Lawn Pharmacy.

11. It was further part of the conspiracy that Joseph Vangelas, a non-medical professional, concocted formulas for prescription pain creams.

12. It was further part of the conspiracy that Joseph Vangelas, Marlene Vangelas, and Ohebshalom directed defendant Blaustein and others to submit “test claims” to DOL-OWCP in order to determine the most lucrative NDCs for ingredients that could be used in prescription pain cream formulations. In other words, the ingredients or drugs contained in the pain creams, including the strength or amount used, were not chosen based on medical need or its therapeutic value, if any, but rather, based on the amount DOL-OWCP would reimburse the Fair Lawn Pharmacy for such prescriptions.

13. It was further part of the conspiracy that defendant Blaustein and others submitted such “test claims” to DOL-OWCP without any valid prescription, using patient names without such patients’ knowledge or authorization, and for the sole purpose of ascertaining the pain cream formulations with the highest reimbursements.

14. It was further part of the conspiracy that Joseph Vangelas, Marlene Vangelas, and Ohebshalom directed defendant Blaustein and others to prepare and print prescription labels containing the most expensive formulations of the prescription pain creams that a physician could use to prescribe the concocted, high-reimbursing pain creams.

15. It was further part of the conspiracy that Joseph Vangelas and Ohebshalom brought the pre-printed prescription labels to Dr. Filippone and solicited him to prescribe the pain creams to his patients.

16. It was further part of the conspiracy that, in order to conceal that non-medical professionals were concocting the formulas for the prescription pain creams, rather than Dr. Filippone, in or about February 2018, defendant Blaustein and others copied the pre-printed labels to a thumb drive and then deleted the files off of the computers at the Fair Lawn Pharmacy.

17. It was further part of the conspiracy that, in order to induce Dr. Filippone to write and continue to write such prescriptions for his patients, Joseph Vangelas and Marlene Vangelas purchased Dr. Filippone's Jersey City Premises at a time when Dr. Filippone was suffering significant financial distress, and permitted Dr. Filippone to continue to use the Jersey City Premises even though Dr. Filippone did not reliably pay rent.

18. It was further part of the conspiracy that Dr. Filippone used the pre-printed labels provided to him by Joseph Vangelas and Ohebshalom to write hundreds of prescriptions to many of his patients.

19. It was further part of the conspiracy that Dr. Filippone wrote these prescriptions not because they were medically necessary but rather because he needed to continue using the Jersey City Premises, for both professional and personal reasons, and because Joseph Vangelas and Marlene Vangelas were

letting Dr. Filippone continue to use the Jersey City Premises even though he was not reliably paying rent.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. Upon conviction of the Federal health care offense (as defined in 18 U.S.C. § 24) alleged in this Information, the defendant shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real or personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the offense (as defined in 18 U.S.C. § 24).

SUBSTITUTE ASSETS PROVISION

2. If any of the above-described forfeitable property, 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 shall be entitled, pursuant to 21 U.S.C. § 853(p) (as incorporated by 28 U.S.C. § 2461(c) and 18 U.S.C. § 982(b)), to forfeiture of any other property of the defendant up to the value of the above-described forfeitable property.


CRAIG CARPENITO
United States Attorney

CASE NUMBER: 19-

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

ESTELA BLAUSTEIN

INFORMATION FOR

18 U.S.C. § 1349

CRAIG CARPENITO

U.S. ATTORNEY

NEWARK, NEW JERSEY

JOSHUA L. HABER

ASSISTANT U.S. ATTORNEY

(973) 645-3978
