

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

UNITED STATES OF AMERICA :

SEALED
INDICTMENT

- v. - :

18 Cr.

CARL ANDERSON, and :
ARTHUR GRANDE, :

Defendants. :

- - - - - x

COUNT ONE
(Conspiracy to Distribute Narcotics)

The Grand Jury charges:

Introduction

1. From at least in or about 2006, up to and including the present, in the Southern District of New York and elsewhere, CARL ANDERSON, the defendant, a state licensed physician, conspired with ARTHUR GRANDE, the defendant, and others to unlawfully distribute nearly a million pills of the Schedule II controlled substance oxycodone to individuals ANDERSON knew had no legitimate medical need for them, including GRANDE and others, which pills were subsequently sold to drug addicted-individuals on the street.

2. At all times relevant to this Indictment, CARL ANDERSON, the defendant, who sees purported patients at his office and home, located in Staten Island, New York, wrote thousands of prescriptions for large quantities of oxycodone to co-

conspirators, including ARTHUR GRANDE, the defendant, and other individuals whom ANDERSON knew had no legitimate medical need for them, including drug-addicted individuals. ANDERSON often saw those purported patients, some of whom displayed visible signs of drug addiction, without appointments, in the middle of the night - sometimes at 3:00 or 4:00 in the morning - and required that they pay hundreds of dollars in cash for each prescription. ANDERSON's co-conspirators, including GRANDE and the individuals working for him, filled those medically unnecessary prescriptions at pharmacies and sold the oxycodone pills to addicted individuals on the street. Several of ANDERSON's patients died of drug overdoses.

3. In total, from 2013 through the present alone, CARL ANDERSON, the defendant, wrote medically unnecessary prescriptions that resulted in the unlawful distribution of more than 900,000 oxycodone pills. In exchange for writing those medically unnecessary oxycodone prescriptions, ANDERSON received hundreds of thousands of dollars in cash payments.

4. Because CARL ANDERSON, the defendant, saw his purported patients in the dark of night and without appointment, noisy crowds of pill-seeking patients often gathered outside of his office and in his waiting room, prompting occasional 9-11 calls from neighbors. To shorten their wait times for pills, many of

those purported patients, including GRANDE, bribed ANDERSON's office staff with cash and food to move to the front of the line to obtain their prescriptions.

Background on Oxycodone and the Regulations Governing its
Distribution

5. Oxycodone is a highly addictive, narcotic-strength opioid used to treat severe and chronic pain conditions, such as post-operative pain, serious back and orthopedic injuries, as well as pain associated with certain forms of cancer and other terminal illnesses. Oxycodone can be legitimately obtained from most pharmacies with a prescription written by a treating physician, and is typically dispensed in five- to thirty-milligram pills to patients.

6. Because of its addictive qualities and potential for abuse, the distribution of oxycodone is heavily regulated. Physicians and other healthcare professionals must register and be approved by the DEA and New York State licensing authorities in order lawfully to prescribe oxycodone. Furthermore, federal and state regulations require that, before prescribing oxycodone, physicians must ensure that the prescription is issued for a legitimate medical purpose and in the usual course of generally accepted medical practice. See 21 C.F.R. § 1306.04. The Center for Disease Control and state regulations recommend that

physicians do so by, among other things, testing patients' urine to ensure that they are taking their prescriptions and not abusing other controlled substances, conducting medical histories and physical examinations, assessing addiction risk factors for every patient, and developing a treatment plan to reduce a patient's dependence on the oxycodone. See, e.g., Center for Disease Control, Guideline for Prescribing Opioids for Chronic Pain, 2016; N.Y. Comp. Codes R. & Regs. tit. 10 § 80.63. Pursuant to federal regulations, prescriptions for oxycodone cannot be refilled until a patient who has exhausted his or her initial prescription has visited his or her doctor again. See 21 C.F.R. § 1306.12.

7. Because oxycodone is highly addictive and available pursuant only to a prescription written by a licensed healthcare professional, oxycodone prescriptions have enormous cash value to drug dealers who sell oxycodone pills on the street for thousands of dollars. At all times relevant to this Indictment, thirty-milligram oxycodone pills, which are popular amongst street-level drug dealers, had a street value of approximately \$30 per tablet in New York City, with prices ranging even higher in other parts of the country. Thus, a single prescription for 180 thirty-milligram pills of oxycodone, which is what CARL ANDERSON, the defendant, most frequently prescribed, could net a dealer \$5,400 in cash or more.

The Scheme to Distribute Oxycodone

8. Over approximately 12 years, from 2006 through the present, CARL ANDERSON, the defendant, made hundreds of thousands of dollars by writing thousands of medically unnecessary prescriptions for oxycodone for co-conspirators, including ARTHUR GRANDE, the defendant, who obtained the pills and sold them at high prices to individuals addicted to oxycodone, among others. GRANDE also brought individuals to visit ANDERSON and obtain prescriptions for oxycodone, drove them to pharmacies where they filled those prescriptions, and then sold the resulting oxycodone pills to drug-addicted individuals.

9. CARL ANDERSON, the defendant, performed little to no physical examination on those purported patients - which included his co-conspirators such as ARTHUR GRANDE, the defendant - and almost always wrote them prescriptions for a large dose of oxycodone, typically 180 thirty-milligram pills. Many of ANDERSON's patients traveled long distances, including from upstate New York, New Jersey, and Pennsylvania, to visit ANDERSON and obtain oxycodone prescriptions. Some of the patients displayed visible signs of addiction to narcotics, such as nodding off in the waiting room or track marks indicative of extensive self-injection of illegal narcotics, and yet ANDERSON failed to

test patients' urine for evidence of drug abuse, adjust oxycodone dosages, or terminate prescribing for problematic patients.

10. As part of this scheme, without notice or appointments, CARL ANDERSON, the defendant, and his co-conspirators contacted purported patients - *i.e.*, individuals ANDERSON knew were seeking pills for illegal purposes - in the middle of the night and invited them to visit ANDERSON at his office in Staten Island, New York. When those pill-seeking patients went to ANDERSON's office late at night or early in the morning, they often gathered in a crowd outside, formed long lines, and made noise, prompting neighbors to call the police. On multiple occasions, ambulances were sent to the area around ANDERSON's office to treat pill-seeking patients. ANDERSON also saw purported patients, including ARTHUR GRANDE, the defendant, and other co-conspirators at ANDERSON's home in Staten Island, New York. GRANDE made those visits to ANDERSON at all hours, including in the middle of the night. Indeed, on one call in late 2017, GRANDE told an individual to whom he sold oxycodone pills, in substance, that GRANDE was at ANDERSON's house picking up an oxycodone prescription in the name of a co-conspirator who was not present.

11. When CARL ANDERSON, the defendant, saw purported patients, including ARTHUR GRANDE, the defendant, and wrote them

oxycodone prescriptions, ANDERSON rarely took any steps to ensure that the prescriptions were medically necessary. Rather, ANDERSON routinely invited multiple pill-seeking patients into his examination rooms at the same time, and spoke to them about topics other than pain and unrelated to the appropriateness and necessity of oxycodone use, such as their weights.

12. CARL ANDERSON, the defendant, knew that his purported patients, including ARTHUR GRANDE, the defendant, were diverting the oxycodone pills he was prescribing, but ANDERSON nonetheless kept writing prescriptions for maximum quantities of oxycodone. In or around 2012 or 2013, ANDERSON required his patients to obtain a urine test, but when patients tested positive for illicit narcotics, including heroin and cocaine, ANDERSON continued to prescribe oxycodone to those individuals. During the time period relevant to this Indictment, several of ANDERSON's then-current, and some former, patients died as a result of drug overdoses - including two women who previously worked for ANDERSON - which should have alerted ANDERSON to the dangers of his prescribing practices. Nonetheless, ANDERSON continued to write prescriptions for large amounts of oxycodone pills to individuals he knew had no medical need for them, including GRANDE and others.

13. In total, from 2013 to the present alone, CARL ANDERSON, the defendant, caused the distribution of approximately

900,000 oxycodone pills to ARTHUR GRANDE, the defendant, and others in exchange for thousands of dollars in cash payments. Once GRANDE and ANDERSON's other purported patients received those prescriptions, they filled them at pharmacies and sold the oxycodone pills on the street in New York City and elsewhere.

Statutory Allegations

14. From in or about 2006, up to and including the present, in the Southern District of New York and elsewhere, CARL ANDERSON and ARTHUR GRANDE, the defendants, and others known and unknown, intentionally and knowingly did combine, conspire, confederate and agree, together and with each other, to violate the narcotics laws of the United States.

15. It was a part and an object of the conspiracy that CARL ANDERSON and ARTHUR GRANDE, the defendants, and others known and unknown, would and did distribute, dispense, possess with intent to distribute and dispense, and cause to be distributed and dispensed, a controlled substance outside the scope of professional practice and not for a legitimate medical purpose, in violation of Title 21, United States Code, Section 841(a)(1).

16. The controlled substance that CARL ANDERSON and ARTHUR GRANDE, the defendants, conspired to distribute and dispense, possess with intent to distribute and dispense, and caused to be distributed and dispensed, outside the scope of

professional practice and not for a legitimate medical purpose, was mixtures and substances containing a detectable amount of oxycodone, in violation of Title 21, United States Code, Section 841(b)(1)(C).

(Title 21, United States Code, Section 846.)

FORFEITURE ALLEGATIONS

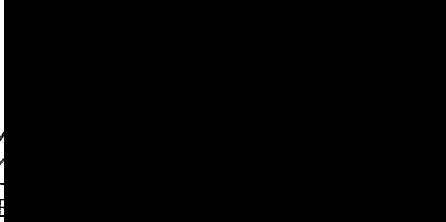
17. As a result of committing the offense alleged in Count One of this Indictment, CARL ANDERSON and ARTHUR GRANDE, the defendants, shall forfeit to the United States, pursuant to Title 21, United States Code, Section 853, any and all property constituting, or derived from, any proceeds obtained, directly or indirectly, as a result of said offense and any and all property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, said offense, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offense that the defendants personally obtained.

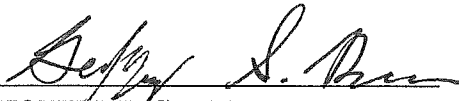
Substitute Assets Provision

18. 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 person; (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 subdivided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 21, United States Code, Section 853.)


FOR


GEOFFREY S. BERMAN
United States Attorney

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(21 U.S.C. § 846)

Geoffrey S. Berman
United States Attorney

A TRUE BILL. *AB*


Foreperson. *2*
