

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

UNITED STATES OF AMERICA :

**SEALED**  
**INDICTMENT**

- v. - :

18 Cr.

NADEM J. SAYEGH, :

Defendant. :

- - - - - x

COUNT ONE  
(Conspiracy to Distribute Narcotics)

The Grand Jury charges:

Introduction

1. From at least in or about 2012, up to and including in or about June 2017, in the Southern District of New York and elsewhere, NADEM J. SAYEGH, the defendant, a state licensed physician, conspired to unlawfully distribute tens of thousands of pills of the Schedule II controlled substance oxycodone to individuals SAYEGH knew had no legitimate medical need for them.

2. At all times relevant to this Indictment, NADEM J. SAYEGH, the defendant, specialized in endocrinology and practiced out of two medical offices, located in the Bronx and Westchester, New York. SAYEGH wrote thousands of prescriptions for large quantities of oxycodone to individuals whom SAYEGH knew had no legitimate medical need for them, including individuals SAYEGH had

never treated, examined, or even met in person. SAYEGH's co-conspirators filled those medically unnecessary prescriptions at pharmacies and sold the oxycodone pills to drug dealers, who in turn then re-sold the pills on the street to drug-addicted individuals.

3. In total, from in or around 2012 up to and including until in or around June 2017 - when NADEM J. SAYEGH, the defendant, surrendered his controlled substance prescribing privileges following administrative proceedings initiated against him by the Drug Enforcement Administration ("DEA") - SAYEGH wrote medically unnecessary prescriptions that resulted in the unlawful distribution of more than 50,000 oxycodone pills. In exchange for writing those medically unnecessary oxycodone prescriptions, SAYEGH received over one hundred thousand dollars in cash payments, an all-expenses paid trip to Puerto Rico, cruises, and luxury gifts such as high-end whisky and expensive meals.

4. During this same timeframe, from in or about 2012, up to and including in or about June 2017, NADEM J. SAYEGH, the defendant, perpetrated a scheme to defraud Medicare, Medicaid, and other insurance providers by writing prescriptions for medically unnecessary medications, including controlled substances, and expensive medical equipment for which the insurance providers were improperly billed. Some of those prescriptions were written using

the identities of purported patients and employees of SAYEGH's medical practices without those individuals' knowledge or consent. Those prescriptions in turn caused pharmacies and third-party providers of health care supplies to bill and receive payment from Medicare, Medicaid, and other insurance providers for medications and medical equipment that were not medically necessary. In some cases, SAYEGH did not provide his purported patients with the fraudulently-obtained prescriptions and equipment, and instead sold the prescriptions and equipment to others for cash.

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 among street-level

drug dealers, had a street value of approximately \$30 per pill in New York City, with prices ranging even higher in other parts of the country. Thus, a single thirty-day prescription for 180 thirty-milligram pills of oxycodone could net a street-level dealer in New York City \$5,400 in cash or more.

#### The Scheme to Distribute Oxycodone

8. Over at least five years, between approximately 2012 and June 2017, NADEM J. SAYEGH, the defendant, received hundreds of thousands of dollars in cash and gifts, in return for writing thousands of medically unnecessary prescriptions for oxycodone and other controlled substances for purported patients, including his co-conspirators, who obtained the pills and sold them at high prices to individuals addicted to oxycodone, among others.

9. As part of this scheme, NADEM J. SAYEGH, the defendant, caused the distribution of approximately 50,000 oxycodone pills to a co-conspirator ("CC-1") by writing medically unnecessary prescriptions for CC-1, and CC-1's mother, ex-wife, and sister, none of whom had medical conditions requiring oxycodone. CC-1 visited SAYEGH's offices multiple times per month without an appointment, and received multiple prescriptions per month without a physical examination or urine testing. During those visits, SAYEGH also gave CC-1 prescriptions in CC-1's family

members' names, even though some of those family members never visited SAYEGH or were not present at the office when prescriptions were written in their names. SAYEGH also wrote prescriptions purportedly for patients that could not possibly have received a physical examination from SAYEGH, including one of CC-1's family members who was out of the country at the time, and another individual who was incarcerated when the prescription was written. CC-1 typically paid SAYEGH between \$1,000 and \$5,000 at each visit in exchange for oxycodone prescriptions. On other occasions, SAYEGH provided CC-1 with oxycodone prescriptions in exchange for bottles of high-end whisky, expensive dinners, an all-expenses-paid trip to Puerto Rico, and cruises for SAYEGH and his family. CC-1 filled the prescriptions and sold the pills to drug dealers who then resold them to drug-addicted individuals in New York City and elsewhere.

10. As a further part of the scheme, NADEM J. SAYEGH, the defendant, wrote prescriptions for controlled substances, including oxycodone, for purported patients who either did not exhibit a medical need for oxycodone or who exhibited signs of personal addiction or of intent to resell the pills. SAYEGH performed little to no physical examination on those purported patients, and almost always wrote them prescriptions for a large dose of oxycodone, typically 180 thirty-milligram pills. Some of

the patients displayed visible signs of addiction to narcotics, and yet SAYEGH failed to take the steps required by federal and state regulations to determine whether such patients had a legitimate medical need for oxycodone, including regularly testing the patients' urine, adjusting dosages, or terminating prescribing for problematic patients. Even when SAYEGH did test patients' urine, he routinely disregarded test results showing that patients were not taking pills - which would have indicated they were diverting them - or that they were testing positive for other controlled substances.

11. NADEM J. SAYEGH, the defendant, knew that some of his purported patients, including CC-1 and others, were diverting the oxycodone pills he was prescribing, but he nonetheless kept writing prescriptions for maximum quantities of oxycodone. On multiple occasions, SAYEGH was warned by other individuals that CC-1 and other purported patients were using or selling the prescribed oxycodone pills for illicit purposes, but SAYEGH nonetheless continued to prescribe oxycodone to those individuals in high doses.

12. To evade detection by state prescription monitoring programs, NADEM J. SAYEGH, the defendant, wrote illegitimate prescriptions in variations of CC-1's name and birth date, and

admitted doing so in a phone call with another physician that SAYEGH did not know was being recorded.

Statutory Allegations

13. From in or about 2012, up to and including in or about June 2017, in the Southern District of New York and elsewhere, NADEM J. SAYEGH, the defendant, 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.

14. It was a part and an object of the conspiracy that NADEM J. SAYEGH, the defendant, 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).

15. The controlled substance that NADEM J. SAYEGH, the defendant, 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.)

COUNT TWO

(Distribution and Possession with Intent to Distribute a Controlled Substance)

The Grand Jury further charges:

16. The allegations contained in paragraphs 1 through 13 of this Indictment are repeated and realleged as though fully set forth herein.

17. On or about July 10, 2014, in the Southern District of New York and elsewhere, NADEM J. SAYEGH, the defendant, intentionally and knowingly distributed, dispensed, and possessed with the intent to distribute and dispense 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).

18. The controlled substance involved in the offense was a quantity of mixtures and substances containing a detectable amount of oxycodone, in violation of Title 21, United States Code, Sections 841(a) and 841(b)(1)(C).

(Title 21, United States Code, Sections 841(a)(1), 841(b)(1)(C) and Title 18, United States Code, Section 2.)

COUNT THREE  
(Health Care Fraud)

The Grand Jury further charges:

19. The allegations contained in paragraphs 1 through 13 of this Indictment are repeated and realleged as though fully set forth herein.

Background on Medicare, Medicaid, and Insurance

20. The Medicare program is a federal health care program providing benefits to persons who are over the age of 65 or disabled. The New York State Medicaid program is a federal and state health care program providing benefits to the individuals and families who meet specified financial and other eligibility requirements, and certain other individuals who lack adequate resources to pay for medical care. The Patient Protection and Affordable Care Act of 2010, the provisions of which have been phased in over time, requires, subject to certain exceptions, insurance coverage for Americans not otherwise covered by Medicare or Medicaid. Medicare, Medicaid, and private insurers are each a "health care benefit program," as defined by Title 18, United States Code, Section 24(b).

21. Medicare, Medicaid, and private insurance cover costs related to medical treatment, such as the costs of physicians' services, prescription medications, and medical

equipment. Generally, such costs are covered only if, among other requirements, such services and items are medically necessary and ordered by a physician for a patient.

The Health Care Fraud Scheme

22. Beginning at least in or about 2012, and continuing at least through 2017, NADEM J. SAYEGH, the defendant, wrote prescriptions for medications and medical equipment that he knew would be paid for by Medicare, Medicaid, or insurance, and then he sold those medications and medical equipment for cash. Specifically, in addition to writing medically unnecessary prescriptions for CC-1's mother, often without an office visit or examination, SAYEGH also wrote prescriptions for medical equipment, including a machine used to treat sleep apnea, a medical bed, and an oxygen machine. SAYEGH requested that the equipment be shipped to his office, and then he sold it to other individuals or shipped it overseas for personal profit.

23. Additionally, NADEM J. SAYEGH, the defendant, wrote prescriptions in other individuals' names, including employees of his medical practice, without those individuals' knowledge or consent. SAYEGH then sent those prescriptions to a pharmacy, where they were filled and paid for with the individuals' Medicare, Medicaid, or insurance. SAYEGH had the pills delivered to his office and then sold them for cash. SAYEGH kept bags of those

unlawfully-obtained controlled substances in his office and sold those medications to individuals seeking pills without a prescription.

Statutory Allegations

24. From in or about 2012, up to and including in or about June 2017, in the Southern District of New York and elsewhere, NADEM J. SAYEGH, the defendant, knowingly and willfully executed, and attempted to execute, a scheme and artifice to defraud a health care benefit program, as that term is defined in 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, a health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services, to wit, SAYEGH caused Medicare, Medicaid, and private insurance providers to pay for fraudulent health care claims filled by pharmacies or other health care services providers for medically unnecessary prescriptions and equipment.

(Title 18, United States Code, Sections 1347 and 2.)

COUNT FOUR  
(Aggravated Identity Theft)

The Grand Jury further charges:

25. The allegations contained in paragraphs 1 through

13 and 20 through 24 of this Indictment are repeated and realleged as though fully set forth herein.

26. From at least in or about 2012, up to and including at least in or about 2016, in the Southern District of New York and elsewhere, NADEM J. SAYEGH, the defendant, knowingly transferred, possessed, and used, without lawful authority, a means of identification of another person, during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit, SAYEGH used the names and other personal identifying information of his patients and employees, without lawful authority, in connection with the offense charged in Count Three of this Indictment.

(Title 18, United States Code, Sections 1028A and 2.)

COUNT FIVE  
(False Statements)

The Grand Jury further charges:

27. The allegations contained in paragraphs 1 through 13 and 20 through 24 of this Indictment are repeated and realleged as though fully set forth herein.

28. On or about August 20, 2015, in the Southern District of New York, NADEM J. SAYEGH, the defendant, in a matter within the jurisdiction of the executive branch of the Government of the United States, knowingly and willfully made materially

false, fictitious, and fraudulent statements and representations, to wit, SAYEGH falsely stated that he did not have a personal relationship with CC-1, did not write him prescriptions under multiple names, and did not prescribe him more than 160 pills of oxycodone per month.

(Title 18, United States Code, Sections 1001.)

#### FORFEITURE ALLEGATIONS

29. As a result of committing the offenses alleged in Counts One and Two of this Indictment, NADEM J. SAYEGH, the defendant, 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 offenses 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 offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses that the defendant personally obtained.

30. As a result of committing the offense charged in Count Three of this Indictment, NADEM J. SAYEGH, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(7), any and all property, real or personal, that constitutes or is derived, directly or indirectly,

from gross proceeds traceable to 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 defendant personally obtained.

Substitute Assets Provision

31. 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 18, United States Code, Section 982;  
Title 21, United States Code, Section 853; and  
Title 28, United States Code, Section 2461.)

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GEOFFREY S. BERMAN  
United States Attorney

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18 Cr.

(21 U.S.C. §§ 846 and  
841, 18 U.S.C. §§ 1347,  
1028A, 1001 and 2)

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Geoffrey S. Berman  
United States Attorney

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Foreperson.

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