

ATTACHMENT A

(Federal Anti-Kickback Statute)

From in and around February 2013 to the present, in Ocean County, in the District of New Jersey and elsewhere, defendant VLADIMIR KLEYMAN knowingly and willfully offered and paid remuneration, directly and indirectly, in cash and in kind to another person, to induce such person to refer individuals to PRESCRIPTIONS R US for the furnishing of an item and service for which payment may be made in whole or in part under a Federal health care program.

In violation of Title 42, United States Code, Section 1320a-7(b) and Title 18, United States Code, Section 2.

ATTACHMENT B

I, Christopher Young, a Special Agent of the Federal Bureau of Investigation (hereinafter "FBI"), having conducted an investigation and having spoken with other individuals and having reviewed reports and documents, have knowledge of the facts provided below. Because this Affidavit is submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known by the government concerning this investigation. Statements attributed to individuals are provided in substance and in part. Where portions of consensually recorded conversations are detailed, a good faith effort has been made to accurately capture the words spoken, and are reflected herein in quotation marks.

Health Care Programs and the Parties

1. MEDICARE is a federal program established by the Social Security Act of 1965 to assist qualified aged, blind and disabled individuals in paying for the cost of health care. The Medicare program works by reimbursing health care providers and suppliers for the costs of health care services and items at fixed rates. The Medicare program provides reimbursement only for those health care services and items that are: (i) medically necessary, (ii) ordered by a physician, and (iii) actually provided as billed. Medicare has an optional Part D program, which, for a monthly premium, provides coverage for the cost of prescription drugs for people on Medicare. This coverage is provided by insurance companies and other private companies approved by Medicare.

2. MEDICAID is a program jointly funded by the federal government and individual states to assist low-income persons and other qualified persons in paying for the costs of health care. The Medicaid program works by reimbursing hospitals, physicians and other health care suppliers, such as pharmacies, for providing health care services and items to qualified individuals at fixed rates in a manner similar to the Medicare program.

3. PRESCRIPTIONS R US ("PRU") is a health care supplier, located in Lakewood, New Jersey, which, among other things, prepares and supplies a certain specialty compound, composed of several different medications and/or components, that is prescribed to treat a variety of pain-related conditions (hereinafter "Pain Cream"). Pharmacy compounding describes the preparation of medication, using different types and dosages of drugs, in order to provide more personalized medications for patients. The Pain Cream contains several components, including ketamine (a Schedule III non-narcotic), lidocaine, and diclofenac.

4. VLADIMIR KLEYMAN ("KLEYMAN") is the President and Pharmacist in Charge of PRU.

5. MD-1 is a physician with a medical office located in Toms River, New Jersey.

The Kickback Arrangement

6. The investigation has revealed that KLEYMAN and PRU paid tens of thousands of dollars to MD-1 to induce MD-1 to refer prescriptions for Pain Cream to PRU. In the last two months alone, the investigation has revealed that KLEYMAN and PRU sought to pay more than \$50,000 to MD-1 to induce MD-1 to continue referring prescriptions of Pain Cream to PRU.

7. An employee of PRU – CW – has acknowledged that, beginning in or around February 2013, he participated in paying bribes to MD-1 on behalf of KLEYMAN and PRU to induce MD-1 to refer prescriptions for Pain Cream to PRU. CW is cooperating with the investigation, and has agreed to plead guilty in this case.

8. Beginning in or around February 2013, KLEYMAN (and at various times, his spouse, who also works at PRU), has provided CW with at least \$50,000 in cash or checks in order for CW to provide bribes to MD-1 to refer prescriptions of Pain Cream to PRU. Medicare records confirm that PRU has obtained reimbursement from Medicare for filling medication prescriptions originating from MD-1. According to Medicare records, PRU has obtained more than \$40,000 since 2013 from Medicare alone – separate and apart from whatever PRU obtained from other health care insurance providers – in connection with filling prescriptions from MD-1.

9. The scheme is confirmed by a number of consensually recorded conversations between KLEYMAN and CW, and between MD-1 and CW.

10. For example, on or about November 21, 2013, CW spoke with KLEYMAN at PRU. During this conversation, which was consensually recorded, KLEYMAN acknowledged the kickback scheme with regard to MD-1 and that he knew that CW was passing along payments to MD-1 in exchange for referring prescriptions to PRU.

CW: Let's talk about [MD-1] for a moment.

KLEYMAN: [MD-1]?

[...]

CW: [W]e haven't gone beyond three months without paying him off.

KLEYMAN: October money you got, right? You paid him through September, right?

CW: No I haven't paid him September.

KLEYMAN: You have the September money?

CW: That's correct.

KLEYMAN: You can pay him September.

11. On or about November 19, 2013, CW received \$8,000 in cash from KLEYMAN's spouse, who works at PRU, for payment to MD-1. This cash was turned over to law enforcement.

12. On or about November 21, 2013, CW received \$9,935 in cash, which was immediately turned over to law enforcement, as well as a check in the amount of \$13,225 from KLEYMAN's spouse. On or about November 26, 2013, CW cashed the check and turned over

\$13,000 in cash to law enforcement.³ Law enforcement provided \$5,000 in cash to CW, which CW paid to MD-1.

13. On or about December 19, 2013, CW received a check in the amount of \$15,302.45, which CW cashed and turned over to law enforcement. Law enforcement provided \$5,000 in cash to CW, which CW brought to a meeting with KLEYMAN and MD-1 at MD-1's office. The meeting was consensually recorded. After KLEYMAN, who was present initially for the meeting, left, CW provided MD-1 with an envelope containing \$5,000 in cash, as a kickback payment in return for MD-1's referral of patients to PRU for the Pain Cream. CW discussed the outstanding kickbacks PRU owed to MD-1 with MD-1:

CW: We're gonna have to do this in smaller increments, more frequently.

MD-1: Okay.

CW: I ran into a problem. They are giving me checks now.

[. . .]

MD-1: Yeah, I'm loyal, I love you guys and don't want to make any changes. But I don't want [KLEYMAN] to know that.

CW: Yeah, we gotta catch up, I realize that.

MD-1: Yeah, but it's going to be harder the longer we go.

[. . .]

MD-1: You can utilize me and say, "Well, the faucet is going to shut off."

14. On or about December 20, 2013, KLEYMAN gave CW \$11,000 in cash, which CW immediately turned over to law enforcement. In addition, CW obtained a computer-generated document from KLEYMAN's spouse, purporting to reflect the names of 63 patients for whom prescriptions for Pain Cream had been sent by MD-1 to PRU for the months of September, October, and November 2013. A review of Medicare records revealed that at least 33 of the patients on the list were Medicare beneficiaries, and confirmed that PRU had received reimbursement from Medicare for prescription referrals from MD-1 relating to those beneficiaries.

15. On or about January 9, 2014, KLEYMAN admitted to law enforcement that he had given CW cash with the intention that CW would give cash to MD-1 in order to induce MD-1's referral of Pain Cream prescriptions to PRU.

³ CW, who was responsible for forwarding payments from KLEYMAN to another person who worked for PRU, used the remaining \$225 to pay this individual.