

# INDEX

Associated Leasing & Anthony Paduano

Exhibit #	Document
1	United States of America v. Anthony Paduano et al (Case no. 17CR-00077-AG)
2	CA Secretary of State: Statement of Information, 06/18/2007

FILED

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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2017 Grand Jury

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
THOMAS S. POWERS, M.D., and  
ANTHONY PADUANO,  
  
Defendants.

No. SA CR 17

**CR 17 00077**

I N D I C T M E N T

[18 U.S.C. § 1347: Health Care Fraud; 18 U.S.C. § 2: Aiding and Abetting and Causing an Act to be Done; 18 U.S.C. §§ 982(a)(7), 981(a)(1)(C), 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

[18 U.S.C. § 1347; 18 U.S.C. § 2]

I. GENERAL ALLEGATIONS

At times relevant to this Indictment:

A. Defendants and Related Entities

1. Defendant THOMAS S. POWERS, M.D. ("defendant POWERS"), was a medical doctor, licensed to practice medicine in the State of California under Physician's and Surgeon's License Number XX640, with his business address in Santa Ana, California.

1           2. Defendant ANTHONY PADUANO ("defendant PADUANO") was an  
2 individual who resided in Newport Beach, California, and owned  
3 and controlled a purported business entity called Accolade  
4 Equity LLC.

5           3. TC Medical Pharmacy ("TCMP") was a pharmacy located at  
6 760 Washburn Ave., Suite 1, Corona, California 92882. Co-  
7 Schemer #1 was TCMP's pharmacist-in-charge.

8           B. TRICARE

9           4. TRICARE was a federal health benefit program, as  
10 defined by 18 U.S.C. § 24(b), that provided coverage for  
11 Department of Defense beneficiaries world-wide, including active  
12 duty service members, National Guard and Reserve members,  
13 retirees, their families, and survivors.

14           C. Compounded Medications

15           5. In general, "compounding" is a practice by which a  
16 licensed pharmacist, a licensed physician, or, in the case of an  
17 outsourcing facility, a person under the supervision of a  
18 licensed pharmacist, combines, mixes, or alters ingredients of a  
19 drug or multiple drugs to create a drug tailored to the needs of  
20 an individual patient. Compounded drugs are not FDA-approved,  
21 that is, the FDA does not verify the safety, potency,  
22 effectiveness, or manufacturing quality of compounded drugs.  
23 The California State Board of Pharmacy regulates the practice of  
24 compounding in the State of California.

25           6. Compounded drugs may be prescribed by a physician when  
26 an FDA-approved drug does not meet the health needs of a  
27 particular patient. For example, if a patient is allergic to a  
28 specific ingredient in an FDA-approved medication, such as a dye

1 or a preservative, a compounded drug can be prepared excluding  
2 the substance that triggers the allergic reaction. Compounded  
3 drugs may also be prescribed when a patient cannot consume a  
4 medication by traditional means, such as an elderly patient or a  
5 child who cannot swallow an FDA-approved pill and needs the drug  
6 in a liquid form that is not otherwise available.

7 II. THE FRAUDULENT SCHEME

8 7. Beginning on or about a date unknown, and continuing  
9 to in or about June 2015, in Orange and Riverside Counties,  
10 within the Central District of California, and elsewhere,  
11 defendants POWERS and PADUANO, together with Co-Schemer #1, and  
12 others known and unknown to the Grand Jury, knowingly,  
13 willfully, and with the intent to defraud, executed and  
14 attempted to execute a scheme and artifice: (1) to defraud a  
15 federal health care benefit program, namely, TRICARE, as to  
16 material matters in connection with the delivery of and payment  
17 for health care benefits, items, and services; and (b) to obtain  
18 money from a federal health care benefit program, namely,  
19 TRICARE, by means of material false and fraudulent pretenses and  
20 representations and the concealment of material facts in  
21 connection with the delivery of and payment for health care  
22 benefits, items, and services.

23 8. The fraudulent scheme operated, in substance, in the  
24 following manner:

25 a. Defendant PADUANO would, through his purported  
26 business, Accolade Equity LLC, enter into a "Marketing Contract  
27 Agreement" with TCMP whereby Co-Schemer #1 would pay defendant  
28 PADUANO a fee, approximating 40% of the reimbursement that TCMP

1 would receive from TRICARE for filling compounded medications  
2 prescriptions, for referring compounded medications  
3 prescriptions to TCMP.

4 b. Defendant PADUANO would solicit TRICARE  
5 beneficiaries to seek compounded medications in exchange for  
6 payment and to refer other TRICARE beneficiaries to defendant  
7 PADUANO in exchange for payment of a referral fee.

8 c. Defendants POWERS and PADUANO would enter into an  
9 agreement whereby defendant PADUANO would pay defendant POWERS a  
10 fee of \$200 per individual to write a prescription that called  
11 for multiple compounded medications. Defendant PADUANO, who had  
12 no medical training, would complete the compounded medications  
13 prescription forms and select the compounded medications for  
14 each individual. Defendant POWERS would authorize the  
15 prescriptions without examining the individual or otherwise  
16 rendering an independent opinion regarding the medical necessity  
17 for such medications for whom the prescriptions were written.

18 d. Co-Schemer #1, and others known and unknown to  
19 the Grand Jury, would, on behalf of TCMP, fill the compounded  
20 medications prescriptions referred by defendant PADUANO and  
21 would submit claims to TRICARE for reimbursement. Co-Schemer #1  
22 would, in turn, pay defendant PADUANO, and others known and  
23 unknown to the Grand Jury, a referral fee for such  
24 prescriptions.

25 III. EXECUTION OF THE FRAUDULENT SCHEME

26 9. On or about the dates set forth below, within the  
27 Central District of California, and elsewhere, defendants POWERS  
28 and PADUANO, together with others known and unknown to the Grand

1 Jury, knowingly and willfully executed and attempted to execute  
2 the fraudulent scheme described above, by authorizing compounded  
3 medications prescriptions and, in turn, submitting and willfully  
4 causing to be submitted, and aiding and abetting the submission  
5 to TRICARE of, the following false and fraudulent claims:

6 a. On or about April 29, 2015, TCMP submitted  
7 TRICARE claims for filling compounded medication prescriptions,  
8 authorized by defendant POWERS, for A.B., for which TRICARE paid  
9 TCMP approximately \$12,605.

10 b. On or about April 29, 2015, TCMP submitted  
11 TRICARE claims for filling compounded medications prescriptions,  
12 authorized by defendant POWERS, for N.S., for which TRICARE paid  
13 TCMP approximately \$12,753.

FORFEITURE ALLEGATION

[18 U.S.C. §§ 982(a)(7), 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

10. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is hereby given to defendants THOMAS S. POWERS, M.D., and ANTHONY PADUANO that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Sections 982(a)(7) and 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction under this Indictment.

11. Defendants shall forfeit to the United States the following property:

a. all right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of the offense set forth in this Indictment; and

b. a sum of money equal to the total value of the property described in subparagraph a.

12. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), defendants shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as a result of any act or omission of a defendant, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to or deposited with a third party; (c) has been placed beyond the jurisdiction of the Court;

1 (d) has been substantially diminished in value; or (e) has been  
2 commingled with other property that cannot be divided without  
3 difficulty.

4  
5 A TRUE BILL

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7 151  
8 Foreperson

9 SANDRA R. BROWN  
10 Acting United States Attorney

11 

12 LAWRENCE S. MIDDLETON  
13 Assistant United States Attorney  
14 Chief, Criminal Division

15 GEORGE S. CARDONA  
16 Assistant United States Attorney  
17 Chief, Major Frauds Section

18 STEPHEN A. CAZARES  
19 Assistant United States Attorney  
20 Deputy Chief, Major Frauds Section

21 MARK AVEIS  
22 PAUL G. STERN  
23 CASSIE D. PALMER  
24 Assistant United States Attorneys  
25 Major Frauds Section  
26  
27  
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**State of California**  
**Secretary of State**

**F**

**E-421534**

**STATEMENT OF INFORMATION**  
**(Foreign Corporation)**

**FILED**

In the office of the Secretary of State  
of the State of California

**Jun - 18 2007**

This Space For Filing Use Only

**FEES (Filing and Disclosure): \$25.00. If amendment, see instructions.**

**IMPORTANT - READ INSTRUCTIONS BEFORE COMPLETING THIS FORM**

1. **CORPORATE NAME** (Please do not alter if name is preprinted.)

C2855249  
ASSOCIATED LEASING

4729 GOLDEN RIDGE DR  
CORONA CA 92880

**CALIFORNIA CORPORATE DISCLOSURE ACT** (Corporations Code section 2117.1)

A publicly traded corporation must file with the Secretary of State a Corporate Disclosure Statement (Form SI-PT) annually, within 150 days after the end of its fiscal year. Please see reverse for additional information regarding publicly traded corporations.

**NO CHANGE STATEMENT**

2.  If there has been no change in any of the information contained in the last Statement of Information filed with the Secretary of State, check the box and proceed to **Item 11**.

If there have been any changes to the information contained in the last Statement of Information filed with the Secretary of State, or no statement has been previously filed, this form must be completed in its entirety.

**COMPLETE ADDRESSES FOR THE FOLLOWING** (Do not abbreviate the name of the city. Items 3 and 4 cannot be P.O. Boxes.)

3. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE	CITY AND STATE	ZIP CODE
4729 GOLDEN RIDGE DR CORONA, CA 92880		

4. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
17941 MITCHELL SOUTH SUITE B IRVINE, CA 92614			

**NAMES AND COMPLETE ADDRESSES OF THE FOLLOWING OFFICERS** (The corporation must have these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

5. CHIEF EXECUTIVE OFFICER/	ADDRESS	CITY AND STATE	ZIP CODE
ANTHONY PADUANO	17941 MITCHELL SOUTH SUITE B	IRVINE, CA 92614	

6. SECRETARY/	ADDRESS	CITY AND STATE	ZIP CODE
ROBERT PADUANO	17941 MITCHELL SOUTH SUITE B	IRVINE, CA 92614	

7. CHIEF FINANCIAL OFFICER/	ADDRESS	CITY AND STATE	ZIP CODE
ROBERT PADUANO	17941 MITCHELL SOUTH SUITE B	IRVINE, CA 92614	

**AGENT FOR SERVICE OF PROCESS** (If the agent is an individual, the agent must reside in California and Item 9 must be completed with a California address. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 9 must be left blank.)

8. NAME OF AGENT FOR SERVICE OF PROCESS  
ANTHONY PADUANO

9. ADDRESS OF THE AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY	STATE	ZIP CODE
17941 MITCHELL SOUTH SUITE B IRVINE, CA 92614			

**TYPE OF BUSINESS**

10. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION  
LEASING COMPANY

11. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

ROBERT PADUANI

CFO

06/18/2007

TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM

SIGNATURE

TITLE

DATE