

# INDEX

Michael S. Sinel M.D., Inc., A Medical Corporation & Michael Steven Sinel

Exhibit #	Document
1	United States of America v. Michael Steven Sinel et al (Case no. CR16-00412)
2	CA Secretary of State: Statement of Information, 09/26/2014

2016 JUN 16 PM 5:12  
FEDERAL DISTRICT COURT  
LOS ANGELES

FILED

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2016 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID MICHAEL JENSEN,  
JOHN PAL SINGH JANDA,  
MICHAEL STEVEN SINEL,  
MICHAEL DAVID ROUB, and  
GARY DEAN SCHOONOVER,

Defendants.

No. CR 16

**CR 16 00412**

I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy to Solicit, Receive, and Pay Illegal Remuneration for Health Care Referrals; 42 U.S.C. §§ 1320a-7b(b)(1)(A), (b)(2)(A): Illegal Remunerations for Health Care Referrals; 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:

COUNT ONE

[18 U.S.C. § 371]

I. GENERAL ALLEGATIONS

At all times relevant to this Indictment:

A. Defendants and Related Entities

1. Valley View Drugs, Inc. ("Valley View") was a pharmacy located at 13966 Valley View Avenue, La Mirada, California 90638, within the Central District of California. Valley View

1 operated primarily as a multi-state mail order pharmacy with the  
2 vast majority of its revenue derived from mail order  
3 prescriptions and prescription refills, primarily consisting of  
4 compounded pain medications. Between September 2011 and June  
5 2015, Valley View billed TRICARE, a health care program of the  
6 United States Department of Defense ("DOD") Military Health  
7 System, for claims involving 1,810 different TRICARE  
8 beneficiaries, of whom only approximately 15 lived within a  
9 twenty-mile radius of the Valley View storefront location.

10 2. Defendant DAVID MICHAEL JENSEN ("defendant JENSEN")  
11 owned and operated Valley View since approximately 2000.

12 3. Pro-Med Marketing, LLC ("Pro-Med Marketing") was a  
13 California Limited Liability Company formed in February 2013  
14 that purported to provide "marketing consulting services" to  
15 pharmacies. Valley View was Pro-Med Marketing's sole client and  
16 funded Pro-Med Marketing to pay "marketers" and physicians to  
17 generate prescriptions for compounded pain medications.  
18 Unindicted Co-Conspirator A and unindicted Co-Conspirator B  
19 formed Pro-Med Marketing with a registered address of 13305 Penn  
20 Street, Suite #150, Whittier, California 90602.

21 4. Western Medical Solutions ("WMS") was a California  
22 corporation formed in or about December 2009. In or about 2011,  
23 WMS began recruiting independent contractors to "market"  
24 compounded pain medications to physicians on behalf of pharmacy  
25 clients. WMS was operated by unindicted Co-Conspirator C and  
26 unindicted Co-Conspirator D at a registered address at 1781 Tara  
27 Way, San Marcos, California 92078.

28

1           5. Defendant GARY DEAN SCHOONOVER ("defendant  
2 SCHOONOVER") was retained as an independent contractor by WMS in  
3 or around early 2011. Between in or about March 2011 and in or  
4 about 2014, defendant SCHOONOVER, working out of his  
5 residence in Clovis, California, "marketed" compounded pain  
6 medications to physicians on behalf of Valley View.

7           6. Samia Solutions, LLC ("Samia") was a California  
8 Limited Liability Company formed by defendants MICHAEL STEVEN  
9 SINEL ("defendant SINEL") and MICHAEL DAVID ROUB ("defendant  
10 ROUB") on March 26, 2012, with a business address at 28310  
11 Roadside Drive, Suite #137 in Agoura Hills, California. On or  
12 about February 1, 2013, Samia entered into a "Marketing Subagent  
13 Agreement" with Pro-Med Marketing designed to generate  
14 prescriptions for compounded pain medications for Valley View.

15           7. Defendant JOHN PAL SINGH JANDA ("defendant JANDA") was  
16 a licensed physician with a medical clinic located at 6045 North  
17 First Street, Suite # 103N in Fresno, California. Between in or  
18 about December 2011 and in or about November 2013, defendant  
19 JANDA referred at least 148 TRICARE beneficiaries (among many  
20 other health care benefit program beneficiaries) to Valley View  
21 with prescriptions for compounded pain medications.

22           8. Between in or about September 2011 and in or about  
23 June 2015, Valley View was paid at least approximately  
24 \$20,000,000 by "health care benefit programs," as defined by 18  
25 U.S.C. § 24(b), including federal health care programs and  
26 private insurers, for claims submitted for compounded pain  
27 medications.

28

1           9.     Between in or about September 2011 and in or about  
2 June 2015, defendant JENSEN, through Valley View and Pro-Med  
3 Marketing, in exchange for compounded medication prescriptions,  
4 paid: (a) defendants SINEL and ROUB, through Samia,  
5 approximately \$4,707,974; (b) WMS approximately \$4,596,897, of  
6 which, defendant SCHOONOVER received at least approximately  
7 \$250,000; and (c) defendant JANDA, through an intermediary-  
8 relative, P.B., approximately \$345,000.

9           B.     TRICARE

10           10.    TRICARE provided health care coverage for DOD  
11 beneficiaries world-wide, including active duty service members,  
12 National Guard and Reserve members, retirees, their families,  
13 and survivors.

14           11.    Individuals who received health care benefits through  
15 TRICARE were referred to as TRICARE beneficiaries. The Defense  
16 Health Agency ("DHA"), an agency of the DOD, was the military  
17 entity responsible for overseeing and administering the TRICARE  
18 program.

19           12.    TRICARE provided coverage for certain prescription  
20 drugs, including certain compounded drugs, that were medically  
21 necessary and prescribed by a licensed physician. Express  
22 Scripts, Inc. ("Express Scripts") administered TRICARE's  
23 prescription drug benefits.

24           13.    TRICARE beneficiaries could fill their prescriptions  
25 through military pharmacies, TRICARE's home delivery program,  
26 network pharmacies, and non-network pharmacies. If a  
27 beneficiary chose a network pharmacy, the pharmacy would collect  
28 any applicable co-pay from the beneficiary, dispense the drug to

1 the beneficiary, and submit a claim for reimbursement to Express  
2 Scripts, which would in turn adjudicate the claim and reimburse  
3 the pharmacy. To become a TRICARE network pharmacy, a pharmacy  
4 agreed to be bound by, and comply with, all applicable State and  
5 Federal laws, specifically including those addressing fraud,  
6 waste, and abuse.

7 14. On or about November 3, 2010, Valley View executed a  
8 network agreement with TRICARE (through Express Scripts), which  
9 authorized Valley View to submit claims for prescription drugs  
10 it dispensed to TRICARE beneficiaries. Valley View updated the  
11 agreement with Express Scripts on or about May 23, 2013.

12 15. Between in or about September 2011, and in or about  
13 June 2015, Valley View submitted approximately \$10,066,090 in  
14 claims to TRICARE, primarily for compounded pain medications,  
15 for which TRICARE paid Valley View approximately \$9,893,040.

16 C. MEDICARE

17 16. Medicare provided benefits to individuals who were 65  
18 years and older or disabled. Medicare was administered  
19 by the Centers for Medicare and Medicaid Services ("CMS"), a  
20 federal agency under the United States Department of Health and  
21 Human Services.

22 17. Individuals who qualified for Medicare benefits were  
23 referred to as Medicare "beneficiaries." Each beneficiary was  
24 given a unique health insurance claim number ("HICN"). Health  
25 care providers who provided medical services that were  
26 reimbursed by Medicare were referred to as Medicare "providers."

27 18. To participate in Medicare, a provider was required to  
28 submit an application in which the provider agreed to comply

1 with all Medicare-related laws and regulations. If Medicare  
2 approved a provider's application, Medicare assigned the  
3 provider a Medicare "provider number," which was used for  
4 processing and payment of claims.

5 19. A health care provider with a Medicare provider number  
6 could submit claims to Medicare to obtain reimbursement for  
7 services and products provided to Medicare beneficiaries.

8 20. Most providers submitted their claims electronically  
9 pursuant to an agreement they executed with Medicare in which  
10 the providers agreed that they: (a) were responsible for all  
11 claims submitted to Medicare by themselves, their employees, and  
12 their agents; (b) would submit claims only on behalf of those  
13 Medicare beneficiaries who had given their written authorization  
14 to do so; and (c) would submit claims that were accurate,  
15 complete, and truthful.

16 21. Medicare Part D provided coverage for outpatient  
17 prescription drugs. Medicare beneficiaries were able to obtain  
18 Part D coverage through: (1) enrollment in one of many  
19 prescription drug plans ("PDP"), which covered only prescription  
20 drugs and were offered by qualified private insurance plans  
21 (often referred to as drug plan "sponsors"), which received  
22 reimbursement from Medicare; or (2) a Medicare Advantage plan  
23 that covered both prescription drugs and medical services. A  
24 beneficiary was responsible for any deductible or co-payment  
25 required under his or her PDP.

26 22. Medicare reimbursed providers for certain compounded  
27 drugs that were medically necessary to the treatment of a  
28 beneficiary's illness or injury, were prescribed by a

1 beneficiary's physician or a qualified physician's assistant  
2 acting under the supervision of a physician, and were provided  
3 in accordance with Medicare regulations and guidelines that  
4 governed whether a particular service or product would be  
5 reimbursed by Medicare.

6 23. A pharmacy provider was required to provide certain  
7 information when filing claims with Medicare. This information  
8 included: identification of the person or entity that provided  
9 the medication, identification of the medication that was  
10 provided, identification of the prescribing physician,  
11 identification of the beneficiary, and the date the prescription  
12 was dispensed.

13 24. Between in or about September 2011 and in or about  
14 June 2015, Valley View, which was a Medicare pharmacy provider,  
15 submitted approximately \$2,504,248 in claims to Medicare for  
16 compounded pain medications, for which Medicare paid Valley View  
17 approximately \$1,108,987.

18 D. DOL-OWCP

19 25. The Federal Employees' Compensation Act, Title 5,  
20 United States Code, Sections 8101, et seq. ("FECA") provided  
21 certain benefits to civilian employees of the United States, for  
22 wage-loss disability due to a traumatic injury or occupational  
23 disease sustained while working as a federal employee (the "FECA  
24 program").

25 26. The Office of Workers' Compensation Programs ("OWCP"),  
26 a component of the Department of Labor ("DOL"), administered the  
27 FECA program, which was a federal workers' compensation program  
28 focused on return to work efforts and was not a medical

1 insurance or a retirement plan.

2 27. When a qualified employee suffered a work-related  
3 injury, the employee filed a claim for coverage with OWCP, which  
4 then assigned the claimant an OWCP claim number.

5 28. To obtain reimbursement for prescription drugs  
6 provided to OWCP claimants (hereinafter referred to as  
7 beneficiaries), a pharmacy had to submit its prescription claims  
8 for payment to OWCP, using the beneficiary's OWCP claim number.  
9 By submitting a claim for reimbursement with OWCP, the pharmacy  
10 provider certified that the service or product for which  
11 reimbursement was sought was medically necessary, appropriate,  
12 and properly billed in accordance with accepted industry  
13 standards.

14 29. OWCP would process the claims submitted by the  
15 provider, and if all required information was included, OWCP  
16 would reimburse the provider in accordance with an established  
17 fee schedule.

18 30. Between in or about September 2011, and in or about  
19 June 2015, Valley View submitted approximately \$3,589,704 in  
20 claims to OWCP under the FECA program for compounded pain  
21 medications, for which OWCP paid Valley View approximately  
22 \$689,521.

23 E. Federal Health Care Programs

24 31. Tricare, Medicare, and the FECA program were "Federal  
25 health care programs," as defined by 42 U.S.C. § 1320a-7b(f),  
26 that affected commerce.

27 32. Pharmacy providers were prohibited from using personal  
28 health care information, which included a patient's name, date

1 of birth, TRICARE number, Medicare HICN, or OWCP claim number,  
2 and other health care information, without the patient's  
3 knowledge and consent.

4 F. Compounded Drugs Background

5 33. In general, "compounding" was a practice in which a  
6 licensed pharmacist, a licensed physician, or, in the case of an  
7 outsourcing facility, a person under the supervision of a  
8 licensed pharmacist, combines, mixes, or alters ingredients of a  
9 drug or multiple drugs to create a drug tailored to the needs of  
10 an individual patient. Compounded drugs were not FDA-approved,  
11 that is, the FDA did not verify the safety, potency,  
12 effectiveness, or manufacturing quality of compounded drugs.  
13 The California State Board of Pharmacy regulated the practice of  
14 compounding in the State of California.

15 34. Compounded drugs were prescribed by a physician when  
16 an FDA-approved drug did not meet the health needs of a  
17 particular patient. For example, if a patient was allergic to a  
18 specific ingredient in an FDA-approved medication, such as a dye  
19 or a preservative, a compounded drug would be prepared excluding  
20 the substance that triggered the allergic reaction. Compounded  
21 drugs would also be prescribed when a patient could not consume  
22 a medication by traditional means, such as an elderly patient or  
23 a child who could not swallow an FDA-approved pill and needed  
24 the drug in a liquid form that was not otherwise available.

25 II. OBJECTS OF THE CONSPIRACY

26 35. Beginning in or about September 2011, and continuing  
27 to in or about June 2015, in Los Angeles and Fresno Counties,  
28 within the Central and Eastern Districts of California, and

1 elsewhere, defendant JENSEN, joined by defendants SINEL and ROUB  
2 from in or about May 2012 to in or about February 2015,  
3 defendant SCHOONOVER from in or about April 2011 to in or about  
4 February 2013, and defendant JANDA from in or about December  
5 2011 to in or about November 2013, together with unindicted Co-  
6 Conspirators A, B, C, and D, and others known and unknown to the  
7 Grand Jury, knowingly combined, conspired, and agreed to commit  
8 the following offenses against the United States:

9 a. Knowingly and willfully soliciting or receiving  
10 remuneration in return for referring an individual to a person  
11 for the furnishing or arranging for the furnishing of any item  
12 or service for which payment may be made in whole or in part  
13 under a Federal health care program, in violation of Title 42,  
14 United States Code, Section 1320a-7b(b) (1) (A); and

15 b. Knowingly and willfully offering to pay or paying  
16 any remuneration to any person to induce such person to refer an  
17 individual to a person for the furnishing or arranging for the  
18 furnishing of any item or service for which payment may be made  
19 in whole or in part under a Federal health care program, in  
20 violation of Title 42, United States Code, Section 1320a-  
21 7b(b) (2) (A).

22 III. THE MANNER AND MEANS OF THE CONSPIRACY

23 36. The objects of the conspiracy were carried out, and to  
24 be carried out, in substance, as follows:

25 a. Valley View, Pro-Med Marketing, defendants  
26 JENSEN, JANDA, SINEL, ROUB, and SCHOONOVER, and their co-  
27 conspirators would make and receive undisclosed payments in  
28 connection with the prescription of compounded pain medications

1 to beneficiaries. These payments would include: (1) payments  
2 from Valley View to "marketers" in exchange for referring  
3 beneficiaries and their prescriptions for compounded pain  
4 medications to Valley View; and (2) payments from Valley View to  
5 physicians in exchange for prescribing certain compounded pain  
6 medications to beneficiaries for dispensing at Valley View.

7 b. In an attempt to disguise the illegal nature of  
8 the payments from Valley View to "marketers" and prescribing  
9 physicians, defendant JENSEN, Co-Conspirator A, Co-Conspirator  
10 B, and other co-conspirators, would form Pro-Med Marketing in  
11 February 2013, and use it as follows:

12 (1) Pro-Med Marketing would be funded entirely by  
13 Valley View to pay "marketers" and prescribing physicians  
14 referral fees for steering compounded pain medication  
15 prescriptions for TRICARE beneficiaries and others to Valley  
16 View.

17 (2) Valley View and Pro-Med Marketing would pay  
18 the referral fees to "marketers" and disguise the payments as  
19 commission fees under sham marketing agreements designated  
20 "Marketing Subagent Agreements."

21 (3) The sham marketing agreements entered into  
22 between Pro-Med Marketing and various "marketers" would:

23 (a) falsely purport to be "for the purpose of providing  
24 information to the community" concerning compounded drugs on  
25 behalf of a group of pharmacies, when, in reality, the  
26 agreements were exclusively for the referral of compounded pain  
27 medication prescriptions to a single pharmacy, namely, Valley  
28 View; (b) provide for prescription-based compensation of

1 approximately 33% to 50% (and occasionally even more) of the  
2 gross revenue received by Valley View (and purportedly other  
3 pharmacies) on claims submitted to health care benefit programs;  
4 (c) contain several provisions specifically identifying  
5 prohibitions against the referral of patients and related health  
6 care laws; and (d) in earlier versions of the agreements,  
7 identify a nominal commission compensation amount of 10% of  
8 total revenue collected for non-insurance beneficiaries (i.e.,  
9 "Cash [walk-in] Patients").

10 c. Based on the referral fees Valley View offered,  
11 "marketers," including defendants SINEL, ROUB, and SCHOONOVER:

12 (1) would solicit physicians to authorize  
13 prescriptions for compounded pain medications for beneficiaries;  
14 and

15 (2) would present prescribing physicians with  
16 pre-printed prescriptions for compounded pain medication  
17 combinations specifically selected to maximize the amount  
18 federal health care benefit programs, particularly TRICARE,  
19 would reimburse for each prescription (based on established  
20 reimbursement schedules), without any regard for the medical  
21 necessity of the prescription.

22 d. The prescribing physicians, including defendant  
23 JANDA, would typically authorize the pre-printed prescriptions:

24 (1) with no prior physician/patient relationship with the  
25 beneficiaries; (2) without the knowledge of the purported  
26 beneficiaries; and/or (3) without considering an FDA-approved  
27 (i.e. non-compounded) prescription drug for the patient.  
28

1 e. The prescribing physicians would typically be  
2 paid either a fixed amount for each prescription authorized, or,  
3 as was the case for defendant JANDA, a percentage of the gross  
4 revenue received by Valley View for each prescription.

5 f. In an effort to conceal the referral payments  
6 they were receiving, prescribing physicians who would receive a  
7 percentage of Valley View's gross revenue for each prescription,  
8 including defendant JANDA, would have Pro-Med Marketing pay  
9 referral fees to loosely related or trusted individuals, instead  
10 of directly to them.

11 g. Instead of providing compounded pain medication  
12 prescriptions directly to beneficiaries, who would then be free  
13 to select a pharmacy, "marketers," including defendants SINEL,  
14 ROUB, and SCHOONER, or prescribing physicians, including  
15 defendant JANDA, would deliver the prescriptions directly to  
16 Valley View for dispensing via facsimile.

17 h. Defendants JENSEN, JANDA, SINEL, ROUB, and  
18 SCHOONOVER, along with other co-conspirators, would prescribe  
19 and cause to be prescribed compounded pain medications to be  
20 dispensed at Valley View for federal health care program  
21 beneficiaries, who typically would fall into one of three  
22 general categories: (1) beneficiaries who had their personally  
23 identifying health information misappropriated and used for  
24 compounded pain medication prescriptions without their  
25 knowledge; (2) beneficiaries who had an existing  
26 patient/physician relationship with a prescribing physician, but  
27 who never discussed or requested a compounded pain medication or  
28 refill from the physician; or (3) beneficiaries who discussed

1 compounded pain medications with their respective physicians,  
2 but who did not have a medical need for such a prescription, as  
3 opposed to an analogous FDA-approved drug.

4 i. In order to track referral fees, defendant  
5 JENSEN, along with other co-conspirators, would make several  
6 arrangements, including: (1) assigning "marketers" unique  
7 identifier codes for tracking purposes; (2) requiring  
8 prescriptions generated by "marketers" to bear the "marketers'"  
9 assigned codes; (3) using computer software programs for billing  
10 and prescription tracking, and giving co-conspirator "marketers"  
11 access to certain software programs to facilitate the tracking  
12 of referral fees; and (4) regularly preparing and emailing co-  
13 conspirators detailed spreadsheets that tracked referral fees  
14 owed to "marketers" and prescribing physicians based on each  
15 prescription dispensed at Valley View. These spreadsheets would  
16 often include the health care benefit program applicable to the  
17 beneficiary and prescription, including TRICARE, Medicare, and  
18 the FECA program.

19 j. Defendant JENSEN, through Valley View, would  
20 direct that payments for compounded prescription claims Valley  
21 View submitted to TRICARE, Medicare, the FECA program, and other  
22 federal health care programs be deposited into Valley View's  
23 business bank account at Bank of the West, account number ending  
24 in 6710 ("the Valley View Bank of the West Account"), which  
25 defendant JENSEN controlled.

26 k. Defendant JENSEN would cause Valley View to  
27 transfer large sums of money to Pro-Med Marketing -- typically  
28 \$500,000 or more per transfer -- to pay referral fees on

1 prescriptions generated by "marketers," including defendants  
2 SINEL, ROUB, and SCHOONOVER, and prescribing physicians,  
3 including defendant JANDA. The funds for these transfers to  
4 Pro-Med Marketing would come from TRICARE, Medicare, the FECA  
5 program, and other federal health care programs, as payment on  
6 compounded pain medication prescription claims.

7           1. Defendant JENSEN, Co-Conspirator A, Co-  
8 Conspirator B, and other co-conspirators would cause Pro-Med  
9 Marketing to pay referral fees on prescriptions generated by  
10 "marketers," including defendants SINEL, ROUB, and SCHOONOVER,  
11 and prescribing physicians, including defendant JANDA, from Pro-  
12 Med Marketing's business bank account at Bank of the West,  
13 account number ending in 294 ("the Pro-Med Marketing Bank of the  
14 West Account").

15           m. Between in or around September 2011 and in or  
16 around June 2015, defendant JENSEN and other co-conspirators  
17 would cause Valley View to bill TRICARE \$10,066,090, and, on the  
18 basis of these claims, TRICARE would pay Valley View a total  
19 amount of approximately \$9,893,040 for compounded pain  
20 medications dispensed to TRICARE beneficiaries.

21           n. Between in or around September 2011 and in or  
22 around June 2015, defendant JENSEN and other co-conspirators  
23 would cause Valley View to bill Medicare \$2,504,248, and, on the  
24 basis of these claims, Medicare would pay Valley View a total  
25 amount of approximately \$1,108,987 for compounded pain  
26 medications dispensed to Medicare beneficiaries.

27           o. Between in or around September 2011 and in or  
28 around June 2015, defendant JENSEN and other co-conspirators

1 would cause Valley View to bill OWCP \$3,589,704, and, on the  
2 basis of these claims, OWCP would pay Valley View a total amount  
3 of approximately \$689,521 for compounded pain medications  
4 dispensed to FECA program beneficiaries.

5 IV. OVERT ACTS

6 37. On or about the following dates, in furtherance of the  
7 conspiracy and to accomplish its objects, defendants JENSEN,  
8 JANDA, SINEL, ROUB, and SCHOONOVER, Unindicted Co-Conspirators  
9 A, B, C, and D, and other co-conspirators, committed and  
10 willfully caused others to commit the following overt acts,  
11 among others, within the Central District of California and  
12 elsewhere:

13 Overt Act No. 1: On or about June 12, 2012, defendant  
14 JENSEN, Co-Conspirator C, and Co-Conspirator D caused an ACH  
15 electronic deposit from WMS to be made to defendant SCHOONOVER  
16 in the amount of \$6,464.57.

17 Overt Act No. 2: On or about January 30, 2012, defendant  
18 JENSEN caused Valley View to issue check number 73461, drawn on  
19 the Valley View Bank of the West Account, in the amount of  
20 \$19,532.13, payable to a relative of defendant JANDA, P.B, for  
21 the ultimate benefit of defendant JANDA.

22 Overt Act No. 3: On or about January 29, 2013, defendant  
23 SCHOONOVER caused a facsimile of a compounded pain medication  
24 prescription for a Medicare beneficiary, M.B., to be sent from  
25 Physician A's medical clinic, located in Fresno, California, to  
26 Valley View, located in La Mirada, California.

27 Overt Act No. 4: On or about February 4, 2013, defendant  
28 JENSEN, Co-Conspirator A, and Co-Conspirator B caused Pro-Med

1 Marketing to file its Articles of Organization with the  
2 California Secretary of State.

3 Overt Act No. 5: On or about September 18, 2013,  
4 defendant JANDA caused a sixteen-page facsimile of compounded  
5 pain medication prescriptions for at least seven different  
6 health care benefit program beneficiaries to be sent from his  
7 medical clinic, located in Fresno, California, to Valley View,  
8 located in La Mirada, California.

9 Overt Act No. 6: On or about November 7, 2013, defendant  
10 JANDA caused a facsimile of a compounded pain medication  
11 prescription for a TRICARE beneficiary, D.H., to be sent from  
12 his medical clinic, located in Fresno, California, to Valley  
13 View, located in La Mirada, California.

14 Overt Act No. 7: On or about August 4, 2014, defendant  
15 JENSEN, Co-Conspirator A, and Co-Conspirator B caused Pro-Med  
16 Marketing to issue check number 0777, drawn on Pro-Med  
17 Marketing's Bank of the West Account, in the amount of  
18 \$55,848.21, payable to "Samia Solutions LLC," for the benefit of  
19 defendants SINEL and ROUB.

20 Overt Act No. 8: On or about October 14, 2014, defendant  
21 JENSEN caused Valley View to issue check number 78090, drawn on  
22 the Valley View Bank of the West Account, in the amount of  
23 \$600,000, payable to Pro-Med Marketing.

24 Overt Act No. 9: On or about January 8, 2015, defendant  
25 JENSEN caused Pro-Med Marketing to email a letter attachment  
26 purporting to be "from Pro-Med Marketing's Legal Counsel  
27 regarding government programs" to various third-party "marketing  
28 representatives." After citing the "Federal Anti-Kickback

1 Statute" and noting the need for "restrictions on marketing  
2 practices" and "methods of compensating marketers," the letter  
3 referenced the creation of a "Professional Employer Organization  
4 ('PEO')" to "safeguard the compensation arrangements amongst  
5 Pro-Med Marketing[], Valley View[], and you" [referring to  
6 recipient "marketers"]. The letter further noted that because  
7 "commission payments to marketing representatives, that are  
8 independent contractors, may be prohibited by Federal and most  
9 State laws," Pro-Med Marketing would be circulating new  
10 marketing agreements that essentially re-characterized the  
11 "marketers" as *bona fide* employees. The email distribution of  
12 the letter included dozens of co-conspirators, including  
13 defendants JENSEN and SCHOONOVER.

14 Overt Act No. 10: In or around April 2015, defendant  
15 JENSEN caused Valley View to submit a claim to TRICARE in the  
16 amount of approximately \$3,000 for a compounded pain medication  
17 prescription, but dispensed the same compounded pain medication  
18 formulary for approximately \$190 to an individual, who defendant  
19 JENSEN and other Valley View employees believed was an actual  
20 walk-in customer, but who was, in fact, an undercover  
21 investigator for the California Department of Insurance.

## COUNTS TWO THROUGH SIX

[42 U.S.C. § 1320a-7b(b) (2) (A); 18 U.S.C. § 2(b)]

38. The Grand Jury hereby repeats and realleges paragraphs 1 through 34, 36, and 37 of this Indictment as if fully set forth herein.

39. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendant JENSEN knowingly and willfully offered and paid, and willfully caused to be offered and paid, remuneration, that is, either checks or wire transfers payable in or about the amounts set forth below, to defendants SINEL, ROUB, JANDA, SCHOONOVER, and others known and unknown to the Grand Jury, for their referrals of patients to Valley View with prescriptions for compounded drugs for which payment could be made in whole and in part under a Federal health care program, including TRICARE, Medicare, and the FECA program:

COUNT	APPROXIMATE DATE	REMUNERATION
TWO	1/3/2012	Check number 73461, drawn on the Valley View Bank of the West Account, in the amount of \$19,532.13, payable to P.B. (for the benefit of defendant JANDA)
THREE	6/12/2012	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$6,464.57

COUNT	APPROXIMATE DATE	REMUNERATION
FOUR	01/15/2013	Check number 75283, drawn on the Valley View Bank of the West Account, in the amount of \$17,256.47, payable to Samia Solutions LLC (for the benefit of defendants SINEL and ROUB)
FIVE	11/04/2013	Check number 260, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$19,317.51, payable to P.B. (for the benefit of defendant JANDA)
SIX	8/4/2014	Check number 0777, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$55,848.21, payable to Samia Solutions LLC (for the benefit of defendants SINEL and ROUB)

## COUNTS SEVEN THROUGH ELEVEN

[42 U.S.C. § 1320a-7b(b) (1) (A); 18 U.S.C. § 2(b)]

40. The Grand Jury hereby repeats and realleges paragraphs 1 through 34, 36, and 37 of this Indictment as if fully set forth herein.

41. On or about the following dates, in Los Angeles and Fresno Counties, within the Central and Eastern Districts of California, and elsewhere, defendant JANDA knowingly and willfully solicited and received, and willfully caused to be solicited and received, remuneration, that is, checks payable in or about the amounts set forth below, in return for referring patients to Valley View with prescriptions for compounded pain medications for which payment could be made in whole and in part under a Federal health care program, including TRICARE, Medicare, and the FECA program:

COUNT	APPROXIMATE DATE	REMUNERATION
SEVEN	12/8/2011	Check number 73355, drawn on the Valley View Bank of the West Account, in the amount of \$18,131.80, payable to P.B. (for the benefit of defendant JANDA)
EIGHT	1/3/2012	Check number 73461, drawn on the Valley View Bank of the West Account, in the amount of \$19,532.13, payable to P.B. (for the benefit of defendant JANDA)

COUNT	APPROXIMATE DATE	REMUNERATION
NINE	5/01/2013	Check number 144, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$19,199.28, payable to P.B. (for the benefit of defendant JANDA)
TEN	8/01/2013	Check number 208, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$24,331.78, payable to P.B. (for the benefit of defendant JANDA)
ELEVEN	11/04/2013	Check number 260, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$19,317.51, payable to P.B. (for the benefit of defendant JANDA)

## COUNTS TWELVE THROUGH SIXTEEN

[42 U.S.C. § 1320a-7b(b) (1) (A); 18 U.S.C. § 2 (b)]

42. The Grand Jury hereby repeats and realleges paragraphs 1 through 34, 36, and 37 of this Indictment as if fully set forth herein.

43. On or about the following dates, in Los Angeles Fresno, and San Diego Counties, within the Central, Eastern, and Southern Districts of California, and elsewhere, defendant SCHOONOVER knowingly and willfully solicited and received, and caused to be solicited and received, remuneration, that is, wire transfers payable in or about the amounts set forth below, in return for referring patients to Valley View with prescriptions for compounded pain medications for which payment could be made in whole and in part under a Federal health care program, including TRICARE, Medicare, and the FECA program:

COUNT	APPROXIMATE DATE	REMUNERATION
TWELVE	6/12/2012	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$6,464.57
THIRTEEN	10/16/2012	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$4,901.80

///

///

///

COUNT	APPROXIMATE DATE	REMUNERATION
FOURTEEN	11/07/2012	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$8,193.68
FIFTEEN	2/25/2013	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$4,810.23
SIXTEEN	2/25/2013	ACH Electronic Deposit, from Western Medical Solutions' JP Morgan Chase account, to defendant SCHOONOVER in the amount of \$2,508.22

## COUNTS SEVENTEEN THROUGH TWENTY

[42 U.S.C. § 1320a-7b(b) (1) (A); 18 U.S.C. § 2]

44. The Grand Jury hereby repeats and realleges paragraphs 1 through 34, 36, and 37 of this Indictment as if fully set forth herein.

45. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendants SINEL and ROUB, each aiding and abetting the other, knowingly and willfully solicited and received, and willfully caused to be solicited and received, remuneration, that is, checks payable in or about the amounts set forth below, in return for referring patients to Valley View with prescriptions for compounded pain medications for which payment could be made in whole and in part under a Federal health care program, including TRICARE, Medicare, and the FECA program:

COUNT	APPROXIMATE DATE	REMUNERATION
SEVENTEEN	10/2/2012	Check number 74722, drawn on the Valley View Bank of the West Account, in the amount of \$37,238.26, payable to Samia Solutions LLC
EIGHTEEN	01/15/2013	Check number 75283, drawn on the Valley View Bank of the West Account, in the amount of \$17,256.47, payable to Samia Solutions LLC

COUNT	APPROXIMATE DATE	REMUNERATION
NINETEEN	01/22/2013	Check number 75342, drawn on the Valley View Bank of the West Account, in the amount of \$17,220.48, payable to Samia Solutions LLC
TWENTY	8/4/2014	Check number 0777, drawn on the Pro-Med Marketing Bank of the West Account, in the amount of \$55,848.21, payable to Samia Solutions LLC

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

FORFEITURE ALLEGATION

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

46. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is hereby given to defendants JENSEN, JANDA, SINEL, ROUB and SCHOONOVER (collectively, the "defendants") 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 any of Counts One through Twenty of this Indictment.

47. 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 any offense set forth in any of Counts One through Twenty of this Indictment including, but not limited to, the following funds seized from bank accounts on or about July 6, 2015, pursuant to federal seizure warrants: (i) approximately \$8,488,673.61 in funds seized from a Bank of the West account with the last four digits ending in 6710; (ii) approximately \$700,000.00 in funds seized from a Friendly Hills Bank account with the last four digits ending in 6648; (iii) approximately \$500,000.00 in funds seized from a Bank of the West account with the last four digits ending in 3294; and (iv) approximately \$271,121.45 in funds seized from a Friendly Hills Bank account with the last four digits ending in 6655; and

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

b. a sum of money equal to the total value of the property described in subparagraph a. For each of Counts one through Twenty of this Indictment for which more than one defendant is found guilty, each such defendant shall be jointly and severally liable for the entire amount forfeited pursuant to that Count.

48. 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), each defendant 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

6  
7 151  
8  
9 Foreperson

10  
11  
12 EILEEN M. DECKER  
13 United States Attorney

14  
15   
16 LAWRENCE S. MIDDLETON  
17 Assistant United States Attorney  
18 Chief, Criminal Division

19  
20 GEORGE S. CARDONA  
21 Assistant United States Attorney  
22 Chief, Major Frauds Section

23  
24 LIZABETH A. RHODES  
25 Assistant United States Attorney  
26 Chief, General Crimes Section

27  
28 STEPHEN A. CAZARES  
Assistant United States Attorney  
Deputy Chief, Major Frauds Section

CATHY J. OSTILLER  
Assistant United States Attorney  
Deputy Chief, General Crimes Section

MARK AVEIS  
Assistant United States Attorney  
Major Frauds Section

ASHWIN JANAKIRAM  
Special Assistant United States Attorney  
General Crimes Section



# State of California Secretary of State

S

## Statement of Information

(Domestic Stock and Agricultural Cooperative Corporations)

FEES (Filing and Disclosure): \$25.00.

If this is an amendment, see instructions.

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

1. CORPORATE NAME

2. CALIFORNIA CORPORATE NUMBER

This Space for Filing Use Only

**No Change Statement** (Not applicable if agent address of record is a P.O. Box address. See instructions.)

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

If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to **Item 17**.

**Complete Addresses for the Following** (Do not abbreviate the name of the city. Items 4 and 5 cannot be P.O. Boxes.)

4. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE CITY STATE ZIP CODE

5. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY CITY STATE ZIP CODE

6. MAILING ADDRESS OF CORPORATION, IF DIFFERENT THAN ITEM 4 CITY STATE ZIP CODE

**Names and Complete Addresses of the Following Officers** (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

7. CHIEF EXECUTIVE OFFICER/ ADDRESS CITY STATE ZIP CODE

8. SECRETARY ADDRESS CITY STATE ZIP CODE

9. CHIEF FINANCIAL OFFICER/ ADDRESS CITY STATE ZIP CODE

**Names and Complete Addresses of All Directors, Including Directors Who are Also Officers** (The corporation must have at least one director. Attach additional pages, if necessary.)

10. NAME ADDRESS CITY STATE ZIP CODE

11. NAME ADDRESS CITY STATE ZIP CODE

12. NAME ADDRESS CITY STATE ZIP CODE

13. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY:

**Agent for Service of Process** If the agent is an individual, the agent must reside in California and Item 15 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 15 must be left blank.

14. NAME OF AGENT FOR SERVICE OF PROCESS

15. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL CITY STATE ZIP CODE

### Type of Business

16. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION

17. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

DATE TYPE/PRINT NAME OF PERSON COMPLETING FORM TITLE SIGNATURE