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U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA
BY

FILED

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
JAMES CHEN,
Defendant.

No. SA CR 17-
SACR17-00061
I N F O R M A T I O N

[18 U.S.C. § 1347: Health Care Fraud; 18 U.S.C. §§ 982(a)(7), 981(a)(1)(C); 28 U.S.C. § 2461(c): Forfeiture]

The Acting United States Attorney charges:

COUNT ONE

[18 U.S.C. § 1347]

I. GENERAL ALLEGATIONS

At all times relevant to this Information:

A. Defendant and Others

1. Defendant JAMES CHEN ("defendant CHEN")\resided in Los Angeles County, California.

2. Clevis Management Inc., doing business as Haeoyou Pharmacy ("HY"), was a corporation owned and controlled by defendant CHEN, with its principal retail pharmacy business located at 38656 Medical Center Drive, Palmdale, California, and its headquarters located in the City of Commerce, both within

1 the Central District of California. From its retail location,
2 HY filled prescriptions for medications, including those
3 compounded medications more fully described below. From its
4 headquarters location, and for the purpose of generating income
5 through submitting claims to TRICARE, as described below, and
6 insurance companies, HY coordinated the work of so-called
7 marketers to obtain prescriptions for medications and owned and
8 operated an Internet-based "telemedicine" site known as
9 "Healtharchy.com," through which individuals could seek
10 prescriptions for medications without actually being examined by
11 a physician or other person authorized to prescribe medications.

12 3. Trestles RX LLC and Trestles Pain Management
13 Specialists LLC (collectively "Trestles RX") were business
14 entities located at 25971 Pala, Suite 120, Mission Viejo,
15 California, in the Central District of California, and were
16 operated by Co-Schemer #1, Co-Schemer #2, Co-Schemer #3, Co-
17 Schemer #4, and others.

18 4. Co-Schemer #5 was the pharmacist-in-charge of HY's
19 retail location in Palmdale, from which he supervised other
20 pharmacists and staff and directed them to fill, or otherwise
21 authorized the filling of, prescriptions, including
22 prescriptions for the compounded medications described below.

23 5. Co-Schemer #6 and Co-Schemer #7 were residents of the
24 State of Florida who negotiated, and received referral fees
25 pursuant to, an agreement between Trestles RX and HY.

26 B. TRICARE

27 6. TRICARE was a health care benefit program, as defined
28 by 18 U.S.C. § 24(b), that provided coverage for Department of

1 Defense beneficiaries world-wide, including active duty service
2 members, National Guard and Reserve members, retirees, their
3 families, and survivors.

4 7. For the calendar year 2013, HY submitted approximately
5 zero claims to TRICARE for reimbursement for filling
6 prescriptions for compounded medications as described below.

7 For the calendar year 2014, HY submitted approximately 31 claims
8 to TRICARE, substantially all of which were submitted in the
9 month of December 2014, for reimbursement for filling

10 prescriptions for compounded medications, as described below,
11 for a total claimed amount of approximately \$81,401. For the
12 period of approximately January 1 through May 31, 2015,

13 inclusive, HY submitted approximately 2,798 claims to TRICARE
14 for reimbursement for filling prescriptions for compounded
15 medications, as described below, for a total claimed amount of
16 approximately \$62,654,938.

17 C Compounded Medications

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

1 9. Compounded medications may be prescribed by a
2 physician when an FDA-approved drug does not meet the health
3 needs of a particular patient. For example, if a patient is
4 allergic to a specific ingredient in an FDA-approved medication,
5 such as a dye or a preservative, a compounded medication can be
6 prepared excluding the substance that triggers the allergic
7 reaction. Compounded medications may also be prescribed when a
8 patient cannot consume a medication by traditional means, such
9 as an elderly patient or a child who cannot swallow an FDA-
10 approved pill and needs the medication in a liquid form that is
11 not otherwise available.

12 II. THE FRAUDULENT SCHEME

13 10. Beginning on or about a date unknown, and continuing
14 to in or about June 2015, in Los Angeles and Orange Counties,
15 within the Central District of California, and elsewhere,
16 defendant JAMES CHEN, Co-Schemer #1, Co-Schemer #2, Co-Schemer
17 #3, Co-Schemer #4, Co-Schemer #5, Co-Schemer #6, and Co-Schemer
18 #7, together with others known and unknown to the Acting United
19 States Attorney, knowingly, willfully, and with the intent to
20 defraud, executed and attempted to execute a scheme and
21 artifice: (1) to defraud TRICARE as to material matters in
22 connection with the delivery of and payment for health care
23 benefits, items, and services; and (2) to obtain money from
24 TRICARE by means of material false and fraudulent pretenses and
25 representations and the concealment of material facts in
26 connection with the delivery of and payment for health care
27 benefits, items, and services.

1 11. The fraudulent scheme operated, in substance, in the
2 following manner:

3 a. Defendant would own and control HY and would
4 cause HY to enter into agreements with Trestles RX, as
5 negotiated by Co-Schemer #6 and Co-Schemer #7, and others, and
6 would cause HY to hire in-house staff, to refer prescriptions
7 for compounded medications ("CM prescriptions") to HY in
8 exchange for huge kickbacks that would be paid from
9 reimbursements from TRICARE.

10 b. Defendant CHEN would cause claims to be made to
11 TRICARE for reimbursements based on the CM prescription
12 referrals, knowing that the CM prescriptions were suspicious, if
13 not fraudulent, because, among other things:

14 (1) None of the CM prescriptions arose from a
15 bona fide physician-patient relationship as required by TRICARE
16 rules;

17 (2) Substantially all of the CM prescriptions
18 were electronically sent to HY from marketers, instead of from
19 the (purported) prescribing physicians or the patients, even
20 though a large number of the CM prescriptions contained a
21 facsimile header or similar information that falsely stated that
22 the sender was a "doctor's office" or similar reference that
23 identified the sender as a health care provider;

24 (3) Substantially all of the CM prescriptions
25 were identified using an identical or nearly identical form with
26 pre-formulated compounds, unlike the typical prescription forms
27 that HY received and acted upon;

28

1 (4) Substantially none of the patients for whom
2 CM prescriptions were provided, and for which HY filled and
3 submitted claims to TRICARE, ever paid, nor did HY attempt, or
4 intend to collect, any copayment, even though HY knew that it
5 was required to collect a copayment for each CM prescription
6 under TRICARE rules;

7 (5) HY mailed substantially all of the filled
8 CM prescriptions to the patients in numerous states where, as
9 was commonly the case, it was clear from the CM prescriptions
10 that the purported prescribing physicians were in different
11 states from the patients;

12 (6) HY conducted substantially no due diligence
13 upon receipt of the CM prescriptions to verify whether, in fact,
14 the patients actually sought the subject CM medications, even
15 though, shortly after HY entered into its agreement with
16 Trestles RX, defendant CHEN and his staff knew that HY had
17 called a random sample of CM patients, each of whom denied
18 seeking the CM prescriptions;

19 (7) The CM prescriptions were of questionable,
20 if any, medical value as all were for generic pain, scarring,
21 stretch marks, erectile dysfunction, or "metabolic general
22 wellness" (vitamins);

23 (8) The compounded formulations for each of the
24 purported maladies were virtually identical from patient-to-
25 patient and none of the CM prescriptions was specifically
26 formulated based on the individualized needs, medical history,
27 allergic reaction potential, contraindications, or conflicts
28

1 with other prescription medications that were unique to the
2 particular patient;

3 (9) HY had filled substantially no similar
4 prescriptions in the two previous calendar years, except for
5 approximately 30 such prescriptions in December 2014 (that
6 resulted from HY's negotiations with Trestles RX);

7 (10) HY intended to submit each of the CM
8 prescriptions to TRICARE for reimbursement because few, if any,
9 insurance carriers or entities would at the relevant time honor
10 claims for reimbursement for similar prescriptions; and

11 (11) The amounts that HY claimed to TRICARE for
12 reimbursement for each CM prescription were astronomical
13 compared to the previous or other claims that HY typically
14 submitted for reimbursement.

15 III. EXECUTION OF THE FRAUDULENT SCHEME

16 12. On or about the dates set forth below, within the
17 Central District of California, and elsewhere, defendant CHEN,
18 together with others known and unknown to the Acting United
19 States Attorney, knowingly and willfully executed and attempted
20 to execute the fraudulent scheme described above, by submitting
21 and causing to be submitted to TRICARE, on behalf of HY, the
22 following false and fraudulent claims:

23 a. On or about March 3, 2015, a claim for filling a
24 CM prescription sent to HY by or through Trestles RX,
25 purportedly authorized by R.M., regarding beneficiary E.G., for
26 which TRICARE paid HY approximately \$46,982;

27 b. On or about March 19, 2015, a claim for filling a
28 CM prescription, purportedly authorized by Dr. H.C., regarding

1 beneficiary K.D., for which TRICARE subsequently paid HY
2 approximately \$194,707; and

3 c. On or about March 24, 2015, a claim for filling a
4 CM prescription, purportedly authorized by Dr. G.E., regarding
5 beneficiary M.R., sent to HY by HY in-house marketer Y.H., for
6 which TRICARE subsequently paid HY approximately \$59,944.

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FORFEITURE ALLEGATION

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

28 U.S.C. § 2461(c)]

13. Pursuant to Federal Rule of Criminal Procedure 32.2(a), notice is hereby given to defendant JAMES CHEN 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 the defendant's conviction of the offense set forth in Count One of this Information.

14. Defendant shall forfeit to the United States the following property:

a. 2016 Lamborghini Huracan Vehicle Identification Number (VIN) ZHWUC1ZF2FLA02145, registered to Clevis Management Corporation or James Chen, 13181 Crossroads Parkway North, Suite 200, City of Industry, CA 91746, with a California license plate of 7LJW395;

b. 2015 Lexus VIN JTHHP5BC1F5002031, registered to Scott Ishikawa, 16338 East Badillo Street, Covina, CA 91722, with a California license plate of 7LJP571;

c. 2012 Toyota VIN JTDKN3DU8C5403966, registered to Scott Ishikawa, 16338 East Badillo Street, Covina, CA 91722, with a California license plate of 7NNR032;

d. 2015 Toyota VIN JTDKN3DU8F0451615, registered to Jonathan Lung or Sum Ka Yun Lse, 712 Padilla Street, Apt 2, San Gabriel, CA 91776 with a California license plate of 7LKF005;

1 e. 2015 Cadillac VIN 1GYS4TKJ0FR639613, registered
2 to Clevis Management Corporation or James Chen, 13181 Crossroads
3 Parkway North, Suite 200, City of Industry, CA 91746, with a
4 California license plate of 7KKD152;

5 f. 2015 Lexus VIN JTJBARBZ6F2027199, registered to
6 Regina Ly, 3436 Twin Avenue, Rosemead, CA 91770, with a
7 California license plate of 7LVR832;

8 g. 2014 Lotus Evora VIN SCCLMDTU0EHA10061,
9 registered to Clevis Management Corporation, 38656 Medical
10 Center Drive, Suite C, Palmdale, CA 93551, with a California
11 license plate of 7KYJ589;

12 h. all right, title, and interest in any and all
13 property, real or personal, that constitutes or is derived,
14 directly or indirectly, from the gross proceeds traceable to the
15 commission of the offense set forth in Count One of this
16 Information; and

17 i. a sum of money equal to the total value of the
18 property described in subparagraph h.


19 15. Pursuant to Title 21, United States Code, Section
20 853(p), as incorporated by Title 28, United States Code, Section
21 2461(c), and Title 18, United States Code, Section 982(b), the
22 defendant shall forfeit substitute property, up to the total
23 value of the property described in the preceding paragraph if,
24 as a result of any act or omission of a defendant, the property
25 described in the preceding paragraph, or any portion thereof:

26 a. cannot be located upon the exercise of due
27 diligence;

28

- 1 b. has been transferred, sold to or deposited with a
2 third party;
3 c. has been placed beyond the jurisdiction of the
4 Court;
5 d. has been substantially diminished in value; or
6 e. has been commingled with other property that
7 cannot be divided without difficulty.

8 SANDRA R. BROWN
9 Acting United States Attorney

10 
11 Scott Ganninger
12 Deputy Chief, Criminal Division For:

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

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

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

22 MARK AVEIS
23 PAUL G. STERN
24 CASSIE D. PALMER
25 Assistant United States Attorneys
26 Major Frauds Section
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CRIMINAL MINUTES - GENERAL

Case No. SA CR 17-0061-DOC Date June 19, 2017

Present: The Honorable DAVID O. CARTER, U.S. District Judge

Interpreter N/A

<u>Deborah Goltz</u>	<u>Debbie Gale</u>	<u>Mark Aveis</u> <u>Paul G. Stern</u>
<i>Deputy Clerk</i>	<i>Court Reporter/Recorder</i>	<i>Assistant U.S. Attorney</i>

<u>U.S.A. v. Defendant(s):</u>	<u>Present</u>	<u>Cust.</u>	<u>Bond</u>	<u>Attorneys for Defendants:</u>	<u>Present</u>	<u>App.</u>	<u>Ret.</u>
James Chen	X		X	Eliot F. Krieger	X		X

PROCEEDINGS: CHANGE OF PLEA

The Hearing and transcript are both SEALED.

PSA Officer Ada O'Neil also present.

Defendant sworn. Defendant enters a plea of GUILTY to the single count Information. The Court orders the preparation of a Presentence Report.

Sentencing set for October 30, 2017 at 7:30 a.m.

: 36
Initials of Deputy Clerk djg

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA (Southern Division - Santa Ana)
CRIMINAL DOCKET FOR CASE #: 8:17-cr-00061-DOC-1**

Case title: USA v. Chen
Other court case number: SACR 16-00100-DOC

Date Filed: 06/16/2017

Assigned to: Judge David O. Carter

Defendant (1)

James Chen

represented by **Eliot F Krieger**
Schuchert Krieger Truong Spagnola and
Klausner LLP
444 West Ocean Boulevard Suite 1700
Long Beach, CA 90802
562-597-7070
Fax: 562-597-7772
Email: ekrieger@sktlawyers.com
ATTORNEY TO BE NOTICED

Pending Counts

18:1347: Health Care Fraud
(1)

Disposition

Highest Offense Level (Opening)

Felony

Terminated Counts

None

Disposition

Highest Offense Level (Terminated)

None

Complaints

None

Disposition

Plaintiff

USA

represented by

Mark Aveis
 AUSA - Office of US Attorney
 Major Frauds Section
 312 North Spring Street Suite 1100
 Los Angeles, CA 90012-4700
 213-894-4477
 Fax: 213-894-6269
 Email: USACAC.Criminal@usdoj.gov
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Assistant US Attorney

Date Filed	#	Docket Text
06/16/2017	<u>1</u>	INFORMATION filed as to James Chen (1) count(s) 1. Offense occurred in OC. (mhe) (Entered: 06/16/2017)
06/16/2017	<u>2</u>	CASE SUMMARY filed by AUSA Mark Aveis as to Defendant James Chen; defendants Year of Birth: 1969 (mhe) (Entered: 06/16/2017)
06/16/2017	<u>3</u>	NOTICE of Related Case(s) filed by Plaintiff USA as to Defendant James Chen Related Case(s): 8:16CR100 (mhe) (Entered: 06/16/2017)
06/16/2017	<u>4</u>	MEMORANDUM filed by Plaintiff USA as to Defendant James Chen. Re Magistrate Judge Jacqueline Chooljian, Magistrate Judge Patrick J. Walsh, Magistrate Judge Sheri Pym, Magistrate Judge Michael Wilner, Magistrate Judge Jean Rosenbluth, Magistrate Judge Alka Sagar, Magistrate Judge Douglas McCormick, and Magistrate Judge Rozella Oliver (mhe) (Entered: 06/16/2017)
06/16/2017	<u>5</u>	MEMORANDUM filed by Plaintiff USA as to Defendant James Chen. This criminal action, being filed on 6/16/17, was not pending in the U. S. Attorneys Office before the date on which Judge Andre Birotte Jr began receiving criminal matters, it was not pending in the U. S. Attorneys Office before the date on which Judge Michael W. Fitzgerald began receiving criminal matters(mhe) (Entered: 06/16/2017)
06/16/2017	<u>6</u>	SEALED DOCUMENT filed under seal by Plaintiff USA as to Defendant James Chen (mhe) (Entered: 06/16/2017)
06/16/2017	<u>7</u>	EX PARTE APPLICATION TO SEAL (Sealed) <u>6</u> as to Defendant James Chen. Filed by Plaintiff USA as to Defendant James Chen. (mhe) (Entered: 06/16/2017)
06/16/2017	<u>8</u>	REQUEST TO DISTRICT COURT FOR HEARING FOR PRE-INDICTMENT DISPOSITION Filed by Plaintiff USA as to Defendant James Chen. (mhe) (Entered: 06/16/2017)
06/16/2017	<u>9</u>	ORDER RE TRANSFER PURSUANT TO GENERAL ORDER 16-05 Related Case filed. Related Case No: 8:16-cr-00100-DOC-1. Case, as to Defendant James Chen, transferred from Judge Cormac J. Carney to Judge David O. Carter for all further proceedings. The case number will now reflect the initials of the

		transferee Judge SACR17-00061-DOC. Signed by Judge David O. Carter. (dv) (Entered: 06/16/2017)
06/16/2017	<u>10</u>	SEALED DOCUMENT RE ORDER ON APPLICATION GOVERNMENT'S EX PARTE APPLICATION FOR ORDER SEALING DOCUMENTS (mt) (Entered: 06/16/2017)
06/17/2017	<u>11</u>	First STIPULATION for Release of Defendant <i>James Chen</i> filed by Defendant James Chen (Attachments: # <u>1</u> Proposed Order)(Attorney Eliot F Krieger added to party James Chen(pty:dft))(Krieger, Eliot) (Entered: 06/17/2017)
06/19/2017	<u>12</u>	SCHEDULING NOTICE by Judge David O. Carter as to Defendant James Chen. Change of Plea Hearing set for 6/19/2017 @ 1:30 PM before Judge David O. Carter. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY.(dgo) TEXT ONLY ENTRY (Entered: 06/19/2017)
06/19/2017	<u>13</u>	SCHEDULING NOTICE by Judge David O. Carter as to Defendant James Chen. Initial Appearance set for 6/19/2017 @ 1:30 PM before Judge David O. Carter. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY.(dgo) TEXT ONLY ENTRY (Entered: 06/19/2017)
06/19/2017	<u>14</u>	MINUTES OF POST-INDICTMENT ARRAIGNMENT: held before Judge David O. Carter as to Defendant James Chen (1) Count 1. The Hearing and transcript are both SEALED. Attorney: Eliot F Krieger, Retained present. Defendant arraigned. Defendant entered not guilty plea to all counts as charged. Case randomly assigned to Judge Cormac J. Carney. Pursuant to the rules of this Court, the case was transferred to District Judge David O. Carter for further proceedings. Refer to Dkt. #9. Court Reporter: Debbie Gale. (mt) (Entered: 06/20/2017)
06/19/2017	<u>15</u>	MINUTES OF INITIAL APPEARANCE ON INFORMATION HEARING held before Judge David O. Carter as to Defendant James Chen. Defendant informed of the charge. Defendant states true name as charged. Attorney: Eliot F Krieger, Retained, present. Court orders bail set as: James Chen (1) \$115,000 (SEE ATTACHED COPY OF CR-1 BOND FORM FOR CONDITIONS). Post-Indictment arraignment set for 6/19/2017 at 1:30 PM in Santa Ana. Defendant self surrendered. See separate PIA Minutes. Court Reporter: Debbie Gale. (mt) (Entered: 06/21/2017)
06/19/2017	<u>16</u>	MINUTES OF Change of Plea Hearing held before Judge David O. Carter as to Defendant James Chen. The Hearing and transcript are both SEALED. Defendant sworn. The Defendant James Chen (1) pleads GUILTY to Count 1. The plea is accepted. The Court ORDERS the preparation of a Presentence Report. Sentencing set for 10/30/2017 07:30 AM before Judge David O. Carter. Court Reporter: Debbie Gale. (mt) (Entered: 06/21/2017)
06/19/2017	<u>17</u>	SEALED DOCUMENT RE DOCUMENT (mt) (Entered: 06/21/2017)
06/19/2017	<u>18</u>	STATEMENT OF CONSTITUTIONAL RIGHTS filed by Defendant James Chen (mt) (Entered: 06/21/2017)
06/19/2017	<u>19</u>	WAIVER OF INDICTMENT by Defendant James Chen before Judge David O. Carter (mt) (Entered: 06/21/2017)

06/19/2017	<u>20</u>	ORDER by Judge David O. Carter as to Defendant James Chen, re Stipulation for Release of Defendant <u>11</u> . (mt) (Entered: 06/21/2017)
06/22/2017	<u>21</u>	Second STIPULATION for Release of Defendant filed by Plaintiff USA as to Defendant James Chen (Attachments: # <u>1</u> Proposed Order)(Aveis, Mark) (Entered: 06/22/2017)
06/22/2017	<u>22</u>	UNREDACTED AFFIDAVIT OF SURETIES (No Justification-Pursuant to Local Criminal Rule 46-5.2.8) in the amount of \$250,000.00 bu surety: James S. Chem for bond filed by Defendant James Chen. (Aveis, Mark) Modified on 6/23/2017 (lwag) (Entered: 06/22/2017)
06/22/2017	<u>23</u>	REDACTED AFFIDAVIT OF SURETIES (No Justification - Pursuant to Local Criminal Rule 46-5.2.8) in the amount of \$\$250,000.00 by surety: James S. Chen for Filed by Defendant James Chen. (lwag) (Entered: 06/23/2017)
06/23/2017	<u>24</u>	ORDER by Judge David O. Carter as to Defendant James Chen, re Stipulation <u>21</u> . It is hereby ORDERED that the property securing the bond that was previously ordered is now to be replaced by that of Yong Ping Huang, 5318 Glickman Ave., Temple City California 91780. Defendant may have up to 14 days from the date of the filing of this stipulation to file and record all necessary paperwork. All other terms and conditions remain the same. (See document for further details.) (mt) (Entered: 06/23/2017)
06/28/2017	<u>25</u>	BOND AND CONDITIONS OF RELEASE filed as to Defendant James Chen conditions of release: \$115,000 Appearance Bond, see approved by Magistrate Judge Paul L. Abrams. (mhe) (Entered: 07/05/2017)
06/28/2017	<u>26</u>	AFFIDAVIT OF SURETIES (Property) in the amount of \$115,000 by surety: Yong Ping Huang for Bond and Conditions (CR-1) <u>25</u> for property located at: 5318 Glickman Ave, Temple City CA 91780; filed by Defendant James Chen. Approved by Magistrate Judge Paul L. Abrams. (mhe) (Entered: 07/05/2017)
06/28/2017	<u>27</u>	BOND REMARK: Original Short Form Deed of Trust filed by Yong Ping Huang and Li Juan Shi located at Temple City, CA 91780 as reflected on instrument number 20170695158 naming the Clerk of Court as Beneficiary therein on the property re defendant James Chen. (mhe) (Entered: 07/05/2017)
08/31/2017	<u>28</u>	Joint STIPULATION to Continue Sentencing Hearing from 10/30/2017 at 7:30am to 04/30/2018 at 7:30am filed by Defendant James Chen (Attachments: # <u>1</u> Proposed Order)(Krieger, Eliot) (Entered: 08/31/2017)
09/01/2017	<u>29</u>	ORDER TO CONTINUE Sentencing by Judge David O. Carter as to Defendant James Chen. Sentencing continued to 4/30/2018 07:30 AM before Judge David O. Carter. (mt) (Entered: 09/01/2017)
02/13/2018	<u>31</u>	ORDER by Judge David O. Carter as to Defendant James Chen: On Stipulation to Continue Sentencing Hearing. Sentencing continued to 9/17/2018 07:30 AM before Judge David O. Carter. (mt) (Entered: 02/15/2018)
02/14/2018	<u>30</u>	STIPULATION to Continue Sentencing Hearing from April 30, 2018 to September 17, 2018 filed by Defendant James Chen (Attachments: # <u>1</u> Proposed Order Re Stipulation to Continue Sentencing Hearing)(Krieger, Eliot) (Entered: 02/14/2018)

PACER Service Center

Transaction Receipt

04/30/2018 13:54:20

PACER Login:	Odlegal94612:2536794:0	Client Code:	
Description:	Docket Report	Search Criteria:	8:17-cr-00061- DOC End date: 4/30/2018
Billable Pages:	3	Cost:	0.30



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

OCT 06 2017

~~James Chen~~
Clevis Management Corporation
dba Haoeyou Pharmacy
38656 Medical Center Drive
Palmdale, CA 93551-4483

**Re: Owner, Clevis Management Corporation dba Haoeyou Pharmacy
Provider No. 1770910465**

Dear Mr. Chen:

The Director of the State Department of Health Care Services (Department) has been notified of your June 19, 2017, conviction in the United States District Court, Central District of California (*U.S. v. James Chen*, No. 17-cr-00061) for violation of 18 United States Code section 1347. This is a conviction involving fraud and that has been determined by the Department to be substantially related to the qualifications, functions, or duties of a provider of service. You are on record as being an owner of Clevis Management Corporation, Inc., dba Haoeyou Pharmacy. Pursuant to Welfare and Institutions Code section 14123, subdivision (a), the Director is required to suspend a provider of service for conviction of any felony or any misdemeanor involving fraud, abuse of the Medi-Cal program or any patient, or otherwise substantially related to the qualifications, functions, or duties of a provider of service. If the provider of service is a clinic, group, corporation, or other association, conviction of any officer, director, or shareholder in that organization of such a crime shall result in the suspension of that organization and the individual convicted if the director believes that suspension would be in the best interest of the Medi-Cal program. (See also 42 C.F.R. § 1001.101(a) & (c); Welf. & Inst. Code, § 14123.25.)

Therefore, pursuant to the authority delegated to me by the Director of the Department, you and Clevis Management Corporation dba Haoeyou Pharmacy are hereby prohibited from participating in the Medi-Cal program for an indefinite period of time, effective twenty days (15 days' statutory notice, plus 5 days for mailing) from the date of this letter. Your name will be posted on the "Medi-Cal Suspended and Ineligible Provider List," available on the Internet. During the period of suspension, no person or entity, including an employer, can submit any claims to the Medi-Cal program for items or services rendered by you or Clevis Management Corporation dba Haoeyou Pharmacy. Additionally, no

James Chen


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provider number may be issued to you or Clevis Management Corporation dba Haoeyou Pharmacy or to any person, entity, or employer on behalf of you and Clevis Management Corporation dba Haoeyou Pharmacy prior to reinstatement by this Department to the Medi-Cal program. Any involvement by you or Clevis Management Corporation dba Haoeyou Pharmacy directly or indirectly will result in nonpayment of the Medi-Cal claim submitted. Any person who presents or causes to be presented a claim for equipment or services rendered by a person or entity suspended from participation in the Medi-Cal program shall be subject to suspension from participation in the Medi-Cal program, the assessment of civil money penalties, and/or criminal prosecution. (See Welf. & Inst. Code, §§ 14043.61, 14107, 14123.2; Cal. Code of Regs., tit. 22, §§ 51458.1, 51484, and 51485.1.) The Department will seek recoupment of any monies paid for claims presented to the Medi-Cal program for services or supplies rendered by you or Clevis Management Corporation dba Haoeyou Pharmacy during the period of suspension.

If you have any questions about this action, please submit your concerns, in writing, to the Office of Legal Services, Mandatory Suspension Desk, at the address above.

Sincerely,



Sara M. Granda
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cc: See Next Page

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