

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS,  
EASTERN DIVISION

**FILED**

FEB 18 2014

FEB 18 2014  
THOMAS G. BRUTON

CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA

v.

CASE NUMBER:  
UNDER SEAL

SATHISH NARAYANAPPA BABU

**14 CR**

**84**

**CRIMINAL COMPLAINT**

**MAGISTRATE JUDGE FINNEGAN**

I, the complainant in this case, state that the following is true to the best of my knowledge and belief:

From in or about November 2012 through in or about December 2013, in the Northern District of Illinois, Eastern Division, and elsewhere, the defendant, SATHISH NARAYANAPPA BABU, violated:

**Count One**

*Code Section*

*Offense Description*

Title 21, United States Code, Section 846

Defendant did conspire with others to knowingly and intentionally dispense a controlled substance, namely, oxycodone, a Schedule II Controlled Substance, outside of the usual course of professional practice and without a legitimate medical purpose, in violation of Title 21, United States Code, Section 841(a)(1).

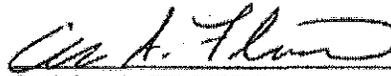
**Count Two**

Title 18, United States Code, Section 1347

Defendant did knowingly and willfully participate in a scheme to defraud a health care benefit program, namely, Medicare, and to obtain money owned by and under the custody and control of Medicare by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits, items, and services, and, on or about December 7, 2012, did execute the scheme by knowingly and willfully submitting and causing to be submitted a false claim, specifically, that he provided services to the UC, using procedure code 99345.

This criminal complaint is based upon these facts:

X Continued on the attached sheet.



CESAR A. FLORES

Task Force Officer, Drug Enforcement  
Administration (DEA)

Sworn to before me and signed in my presence.

Date: February 18, 2014



Judge's signature

City and state: Chicago, Illinois

SHEILA FINNEGAN, U.S. Magistrate Judge

*Printed name and Title*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS

Ss

AFFIDAVIT

I, CESAR A. FLORES, being duly sworn, state as follows:

1. I am a Task Force Officer with the Drug Enforcement Administration. I have been so employed since approximately April 2012 and am currently assigned to the Chicago Field Division. Prior to that date, I was a task force officer with DEA from approximately March 2009 through April 2011. Furthermore, since approximately August 2001, I have been an officer with the North Chicago Police Department. As part of my duties as a DEA Task Force Officer, I investigate criminal violations relating to narcotics trafficking offenses, including the diversion of prescription drugs, and health care fraud.

2. This affidavit is submitted in support of a criminal complaint alleging that SATHISH NARAYANAPPA BABU has violated Title 21, United States Code, Section 846, and Title 18, United States Code, Section 1347. Because this affidavit is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that the defendant committed the offense alleged in the complaint.

3. This affidavit is based on my personal knowledge, information provided to me by other law enforcement personnel and from persons with knowledge regarding the relevant facts.

***Summary of the Investigation***

4. The DEA and United States Department of Health and Human Services conducted a drug diversion and health care fraud investigation of BABU, a physician licensed in the State of Illinois who owns and operates Anik Life Medical Sciences Corp. As described below, the investigation has shown that, from approximately November 2012 through December 2013, BABU knowingly prescribed controlled substances, including oxycodone, a Schedule II controlled substance, to a patient, who was actually an undercover officer ("UC"), despite never having seen or examined this patient. Moreover, BABU permitted unlicensed personnel associated with Anik Life Sciences to issue prescriptions to UC in BABU's name. In addition, BABU billed Medicare, and received a total of approximately \$1,657 from Medicare, for services purportedly provided to UC that were not rendered by BABU or another medical professional licensed in the State of Illinois.

***Background Information Regarding BABU***

5. Based upon a search of records of the Illinois Department of Financial and Professional Regulation, BABU is a licensed physician in the State of Illinois. DEA records reflect that BABU, as a licensed physician, holds DEA controlled substances registration number FB2946816.

6. According to records from the Illinois Secretary of State, Anik Life Sciences is an Illinois corporation and BABU is its registered agent.

7. Anik Life Sciences's public website states that Anik Life Sciences is a healthcare organization. The website further states that BABU is the "medical

director/founder/owner and the president" of Anik Life Sciences, and a practicing physician. The website contains a photograph of BABU, which matches BABU's driver's license photograph. Records from the Illinois Department of Employment Security confirm that BABU is employed by Anik Life Sciences.

8. According to Medicare records, BABU has been enrolled as a physician with the Medicare program since approximately 2010 and was assigned a provider number, under which BABU submits claims to Medicare. In approximately 2010, BABU provided electronic funds transfer paperwork to Medicare so that he could receive Medicare reimbursements directly into a bank account. On this paperwork, which appears to be signed by BABU, BABU stated that he was the chairman and director of Anik Life Sciences, and he listed himself as the contact person for Anik Life Sciences.

#### *The Undercover Investigation*

9. DEA and HHS conducted an investigation into BABU, Anik Life Sciences, and others. As described below, the investigation involved the UC, who was a healthy individual purportedly covered by Medicare and seeking physician services in order to obtain prescription medication, including oxycodone.<sup>1</sup> The UC further purported to have a shoulder pain from a previous shoulder injury and to be on disability.

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<sup>1</sup> At the time of the undercover operation, UC was an active DEA special agent and was able-bodied. Just prior to the undercover operation, UC had a standard DEA physical and was found to be fit for duty. As a part of the undercover investigation, law enforcement obtained a unique undercover Medicare number for UC. Through the use of UC's Medicare number, law enforcement tracked Medicare claims related to UC, including claims submitted by BABU and claims for the controlled substances BABU prescribed to UC.

10. As described below, during the course of the investigation, BABU prescribed controlled substances to UC, including approximately 300 dosages of oxycodone, although BABU never met with or examined UC.<sup>2</sup> Furthermore, BABU caused unlicensed personnel from Anik Life Sciences to provide purported medical care – including prescriptions issued under BABU's name and DEA registration number for controlled substances – to UC, and then billed Medicare for that purported medical care. The controlled substances that BABU prescribed were paid for in large part by Medicare, and to a lesser extent, by a copay provided by UC; BABU did not have to pay for the controlled substances that he prescribed to UC.

11. More specifically, as detailed below, beginning on or about November 20, 2012, and continuing through on or about December 3, 2013, representatives from Anik Life Sciences, none of whom were licensed as physicians, nurses, or other medical professionals in the State of Illinois, visited UC on approximately 10 occasions. Each visit occurred at UC's purported residence in an apartment building in Chicago, Illinois, which was an undercover law enforcement apartment equipped with audio and video recording devices.<sup>3</sup>

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<sup>2</sup> Pursuant to 21 C.F.R. § 1306.04, a prescription for a controlled substance “must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice.”

<sup>3</sup> Each time a representative from BABU's office visited the UC, the visit occurred at the undercover apartment and was audio and video recorded. Furthermore, law enforcement officers performed surveillance of the undercover apartment building during each visit. Law enforcement has not yet transcribed all of the conversations during the visits, and therefore, some of the information contained herein regarding the visits is based on UC reporting and other information is based upon law enforcement review of the recordings and draft transcripts of the recordings. The transcripts of the calls and recordings described in this affidavit remain in draft form; to the extent quotations from the conversations are included, they are preliminary, not final. The summary of the recorded

***BABU Fraudulently Prescribed Medication to UC***

12. According to UC, law enforcement surveillance, and a recording, on or about November 20, 2012, UC received his first visit from a representative of Anik Life Sciences. Specifically, an individual who referred to himself as a doctor and who was identified by law enforcement through a review of a driver's license photograph and will be referred to here as "Anik Representative A," came to UC's purported residence that day. Law enforcement performing surveillance of UC's residence observed Anik Representative A arrive at UC's residence at approximately 3:53 p.m. and exit UC's residence at approximately 4:21 p.m.

13. According to the UC, during the less than 30 minutes that Anik Representative A was at UC's residence, Anik Representative A told UC that he was a doctor. Furthermore, a review of Anik Life Sciences' website reflects that Anik Representative A is purportedly an "MD" working at Anik Life Sciences. Law enforcement officers searched record databases, including the Illinois Department of Financial and Professional Regulation, and found no evidence that Anik

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conversations described in this affidavit do not include all potentially criminal statements or topics covered during the course of the conversations. In certain instances, these conversations are summarized and placed in context. My understanding of these conversations is aided by the contents and context of the conversations, my familiarity with the facts and circumstances of this investigation, my experience as a law enforcement officer, my discussions with other law enforcement officers, including the UC, the experience of other law enforcement agents and officers in this investigation and other evidence developed during the course of the investigation.

Representative A is a licensed physician, nurse, or other medical professional licensed in Illinois.<sup>4</sup>

14. Anik Representative A asked UC if UC had any medical complaints, to which UC responded that he/she had no medical issues other than shoulder pain and just wanted to get medication. UC further told Anik Representative A that a previous doctor had prescribed UC with oxycodone and hydrocodone but that the last time he/she got a prescription was approximately March 2011. Since then, UC stated that he/she had gotten the same medication from friends.

15. According to UC and a recording from the meeting, Anik Representative A told UC that he was going to look UC over and then call Dr. BABU to discuss UC's case and request that Dr. BABU give UC the prescription for oxycodone. Anik Representative A asked UC some questions about his shoulder injury, took UC's blood pressure, and looked at UC's neck, arms, and legs. UC then observed Anik Representative A take out his cellular phone and attempt to make a call, which Anik Representative A stated was to Dr. BABU. Anik Representative A told UC that he was unable to get reception on his cellular phone and said that he was going to step outside to make the call. Approximately one or two minutes later, Anik Representative A came back into UC's residence and told UC that he was unable to reach Dr. BABU. Anik Representative A told UC that he would come back to UC's residence after talking to Dr. BABU. Anik Representative A provided

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<sup>4</sup> In fact, according to IDES records, Anik Representative A was employed by various parking garage companies in 2010 and 2011.

UC with a piece of paper containing Anik Representative A's phone number.<sup>5</sup> At the end of the meeting, Anik Representative A asked UC to sign some paperwork confirming that he had visited UC.

16. According to toll records for Anik Representative A's phone, at approximately 4:16 p.m. on November 20, 2012, Anik Representative A, using the Anik Representative A Phone, called phone number 505-553-XXXX.<sup>6</sup> Subscriber records for the called phone number indicate that this phone is subscribed to by BABU at BABU's home address in Bolingbrook, Illinois, with service provided by Sprint/Nextel. Toll records reflect that Anik Representative A's call to BABU's cell phone lasted approximately one minute. Toll records further indicate that Anik Representative A called Anik Life Sciences at telephone number 847-354-XXXX at approximately 4:33 p.m., and the call lasted approximately two minutes. Toll records reflect that Anik Representative A's telephone number received a telephone call from BABU's cell phone at approximately 4:46 p.m., which lasted one minute. Toll records further reflect that, at approximately 4:57 p.m., Anik Representative A called BABU's cell phone and the call lasted approximately three minutes.

17. At approximately 5:09 p.m. that same day (November 20, 2012), surveillance observed Anik Representative A arrive back at UC's residence. According to UC and a preliminary review of the recording, during this meeting,

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<sup>5</sup>Law enforcement obtained telephone toll records for this phone, which confirmed that it was a cellular phone subscribed to by Anik Representative A at an address in Chicago, Illinois.

<sup>6</sup>This telephone number and others have been partially redacted in this affidavit because this document will be publicly filed.

Anik Representative A told UC that he had talked to Dr. BABU and BABU told him to prescribe a regular pain killer to UC for now, not Oxycodone. Anik Representative A stated that once Dr. BABU went through UC's file and records, it would not be a problem to get the oxycodone. Anik Representative A then pulled out what appeared to be a prescription pad and wrote on the pad. Anik Representative A then handed UC a prescription for the pain killers Tramadol and Naproxene. At approximately 5:19 p.m. on November 20, 2012, surveillance observed Anik Representative A exit UC's residence.

18. UC subsequently provided the prescription that he/she had received from Anik Representative A to law enforcement officers. The prescription was dated November 20, 2012, and was preprinted with "Anik Life Sciences Medical Corporation" and "Narayanappa Sathish Babu, MD, MS, FRCS" as the prescribing physician. The prescription contained BABU's signature and BABU's DEA registration number.

19. According to Medicare records, on or about December 7, 2012, a claim was submitted to Medicare under BABU's provider number for Anik Representative A's visit to UC2's residence on November 20, 2012. The claim was submitted under procedure code "99345." According to the American Medical Association, which provides definitions of procedure codes, procedure code "99345" is to be used when the following conditions are met:

Home visit for the evaluation and management of a new patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is unstable or has developed a significant new problem requiring immediate physician attention. Typically, 75 minutes are spent face-to-face with the patient and/or family.

20. As set forth above, neither BABU nor any medical professional licensed in the State of Illinois was present for the visit to UC. Furthermore, Anik Representative A spent less than 30 minutes with UC. According to Medicare records, as a result of the false claim submitted for the November 20, 2012 visit to UC, Medicare paid BABU approximately \$180.25.

***BABU Fraudulently Prescribed a Schedule III Controlled Substance to UC***

21. According to UC, law enforcement surveillance, and a recording, on or about December 17, 2012, UC was visited at the undercover apartment by another person purporting to be a doctor and Dr. BABU's employee. Law enforcement subsequently identified this individual through a driver's license photograph, who will be referred to here as "Anik Representative B." Law enforcement observed Anik Representative B arrive at the undercover apartment and leave less than approximately 30 minutes later.

22. During the meeting between Anik Representative B and UC, Anik Representative B held himself out to UC as a doctor.<sup>7</sup> Anik Representative B asked

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<sup>7</sup>Law enforcement officers searched record databases, including the Illinois Department of Financial and Professional Regulation, and found no evidence that Anik Representative B

the UC how he/she was doing and UC stated that everything was good, he just needed his medication. Anik Representative B felt UC's neck, looked at UC's wrists, took UC's blood pressure, and used a stethoscope on UC. UC provided Anik Representative B with previous medical records (namely, blood work and MRI results), and previously prescribed pill bottles.<sup>8</sup> UC observed Anik Representative B make a number of telephone calls regarding UC, which based upon Anik Representative B's statements that UC was able to hear, appeared to be to Anik Life Sciences and Anik Representative A. After the telephone calls, Anik Representative B said that UC could pick up his medication the next day at a pharmacy selected by Anik Representative B.

23. According to Medicare records, a claim was submitted to Medicare under BABU's unique provider number for Anik Representative B's visit to UC's residence on December 17, 2012. This claim was billed under BABU's name and was submitted under procedure code "99349" which, according to the American Medical Association, is to be used under the following conditions:

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is a licensed physician, nurse, or other licensed medical professional in Illinois. Anik Life Sciences' publicly available website states that Anik Representative B is an "MD" and "patient evaluator."

<sup>8</sup> The MRI submitted by UC related to the neck and back, not the shoulder (the UC had complained of a shoulder injury).

Home visit for the evaluation and management of a new patient, which requires 2 of these 3 key components: A detailed interval history; A detailed examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presented problems are moderate to high severity. Typically, 40 minutes are spent face-to-face with the patient and/or family.

24. As set forth above, BABU was not present during the December 17, 2012 visit to UC, nor was any medical professional licensed in Illinois. According to Medicare records, Medicare paid \$105.11 to BABU for the visit.

25. On or about December 20, 2012, UC placed a consensually recorded call to BABU's cell phone to ask about obtaining a prescription. During this conversation, BABU told UC to call the office. More specifically, UC asked, "is this Dr. BABU?" To which the person on the line responded, "Yes, speaking." UC then stated his/her name, and BABU responded, "oh yeah, yeah, [UC], what's up?" UC said that the receptionist at Anik Life Sciences said that the UC should call BABU. BABU responded that the receptionist stepped out, and that UC should call her in 10 to 15 minutes. Approximately 15 minutes later, UC received a call from the receptionist at Anik Life Sciences, who said that she was calling in regards to UC's medication. The receptionist further stated, "the doctor that came out to see you said he didn't think you needed the medication [Anik Representative B did not think that UC needed hydrocodone], so Dr. BABU is only going to give you 15 [15 dosage units of medication]." UC asked "15 of what?" The receptionist responded, "hydrocodone."

26. Pursuant to 21 C.F.R. § 1308.13, hydrocodone is a Schedule III controlled substance.

27. On or about January 8, 2013, UC went to the pharmacy and picked up a prescription for 15 doses of hydrocodone. UC subsequently provided the pill bottle to other law enforcement officers and agents. The label on the pill bottle indicated that Dr. BABU was the prescribing physician, and it contained BABU's DEA registration number.

*BABU Fraudulently Prescribed a Schedule II Controlled Substance to UC*

28. After BABU prescribed hydrocodone to the UC, the UC continued to receive periodic visits from representatives of BABU's office.

29. According to the UC, a recording, and law enforcement surveillance, on or about June 13, 2013, at approximately 2:15 p.m., Anik Representative A came to the undercover apartment to meet with the UC. UC told Anik Representative A that he/she wanted oxycodone, and Anik Representative A expressed that he thought UC already was receiving oxycodone. UC told Anik Representative A that he had asked for oxycodone previously and the pharmacist told the UC that BABU had not yet mailed in the prescription. Anik Representative A told the UC that the girls in the office [the women who work at Anik Life Sciences] were in charge of that. Later in the conversation, UC asked Anik Representative A if he could raise the dosage of UC's Xanax prescription from 1mg to 2mg. Anik Representative A responded that, any prescription the UC wanted, he should talk to BABU. UC responded, "I know you guys [Anik Representative A and the other people who

visited from Anik Life Sciences], I don't know him [BABU]." Anik Representative A replied, "that's what makes it better, he [BABU] doesn't know you too." UC reiterated that he did not want to talk to BABU because he did not know him, to which Anik Representative A responded, "you don't have to know him."

30. Oxycodone is the active pharmaceutical ingredient in OxyContin, a brand name prescription drug. Pursuant to 21 C.F.R. § 1308.12, oxycodone is a Schedule II Controlled Substance. Pursuant to 21 C.F.R. § 1306.11, except under certain circumstances, a pharmacist may dispense a Schedule II Controlled Substance, such as oxycodone, only pursuant to a written prescription signed by the physician.

31. According to UC and law enforcement surveillance, UC went to the pharmacy on or about June 18, 2013, and asked the pharmacist about the status of his/her prescription for OxyContin. According to the UC, the pharmacist told UC that he had not yet received the OxyContin prescription in the mail from the doctor's office. The pharmacist further stated that he had called the doctor's office and confirmed that the doctor's office had mailed the prescription. The pharmacist told the UC that he would call the UC when the OxyContin prescription was ready.

32. Following this visit, on or about July 2, 2013, UC went to the pharmacy and picked up a prescription for 60 doses of OxyContin 80mg strength. UC provided the pill bottle to other law enforcements officers and agents. The pill bottle indicated that the OxyContin was prescribed by BABU and contained BABU's DEA number.

33. After July 2013, UC had three additional home visits from BABU's office – on or about August 28, 2013, October 1, 2013, and December 3, 2013. Each of these three visits occurred at the undercover apartment, and was recorded, and each time it was Anik Representative A who visited UC. Based upon UC reporting, the recordings, and law enforcement surveillance, BABU was not present during any of these visits. Nevertheless, according to Medicare records, BABU submitted claims to Medicare, and received payment from Medicare, for each of these visits.

34. Furthermore, after July 2013, BABU continued to prescribe OxyContin to UC through December 2013 although BABU never met with or examined UC. More specifically, BABU issued to UC four additional prescriptions for 60 doses of OxyContin 80mg, which UC picked up from the pharmacy on or about August 7, 2013, September 11, 2013, October 23, 2013, and December 11, 2013. Each time, UC provided the pill bottles to investigators. Each of the pill bottles indicated that the OxyContin was prescribed by BABU and contained BABU's DEA number.<sup>9</sup> In addition, Medicare claims records reflect that Medicare was billed for each prescription and that OxyContin was the prescribed drug.

35. During the December 3, 2013 visit, Anik Representative A gave UC a hard copy of the UC's prescription for OxyContin. UC subsequently provided the prescription to other law enforcement agents and officers. The prescription

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<sup>9</sup> Law enforcement officers have submitted the OxyContin that BABU prescribed to UC to the DEA laboratory for testing, but the results are not yet complete. Based upon my training and experience, I understand that the markings on the OxyContin pills, namely, the marking of "80" on one side of the pill and "OP" on the other side of the pill, are consistent with the controlled substance OxyContin 80mg.

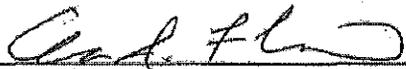
contained printed information at the top with BABU's name as the prescribing physician, and set forth his position as a cardiothoracic surgeon at Anik Life Sciences. Furthermore, the prescription contained what appears to be BABU's signature and BABU's DEA registration number.

36. Thus, from approximately November 2012 through approximately December 2013, BABU issued five prescriptions for OxyContin to UC, each containing 60 dosages of 80mg strength OxyContin, despite never having met with or examined UC. Furthermore, during the same time period, BABU submitted false claims to Medicare under his Medicare provider number for services he purportedly rendered to UC, and as a result, Medicare paid BABU a total of approximately \$1,657.

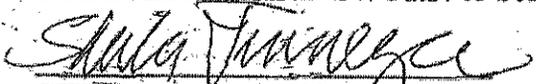
**CONCLUSION**

37. Based on the above information, I respectfully submit that there is probable cause to believe that, from in or about November 2012 through in or about December 2013, BABU conspired with others to knowingly and intentionally distribute oxycodone, a Schedule II Controlled Substance, and knowingly and willfully participated in a scheme to defraud Medicare and to obtain money owned by and under the custody and control of Medicare.

FURTHER AFFIANT SAYETH NOT.

  
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CESAR A. FLORES  
Task Force Officer, Drug Enforcement  
Administration

SUBSCRIBED AND SWORN to before me on February 18, 2014.

  
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SHEILA FINNEGAN  
United States Magistrate Judge

MM-J

**FILED**  
SEP 04 2014  
JUDGE JOHN J. THARP, JR.  
UNITED STATES DISTRICT COURT

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA

No. 14 CR 84

v.

Judge John J. Tharp, Jr.

SATHISH NARAYANAPPA BABU

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, ZACHARY T. FARDON, and defendant SATHISH NARAYANAPPA BABU, and his attorney, MICHAEL MONICO, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The information in this case charges defendant with health care fraud, in violation of Title 18, United State Code, Section 1347 (Count One), and acquiring oxycodone, a Schedule II Controlled Substance, by fraud and misrepresentation, in violation of Title 21, United States Code, Section 843(a)(3) (Count Two).

3. Defendant has read the charges against him contained in the information, and those charges have been fully explained to him by his attorney.

4. Defendant fully understands the nature and elements of the crimes with which he has been charged.

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**Charges to Which Defendant Is Pleading Guilty**

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the following counts of the information: Count One, which charges defendant with knowingly and willfully participating in a scheme to defraud a health care benefit program, namely, Medicare, and to obtain money owned by and under the custody and control of Medicare by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347; and Count Two, which charges defendant with knowingly and intentionally acquiring and obtaining possession of a controlled substance, namely, a quantity of a mixture and substance containing oxycodone, a Schedule II Controlled Substance, by misrepresentation, fraud, and deception, in violation of Title 21, United States Code, Section 843(a)(3). In addition, as further provided below, defendant agrees to the entry of a forfeiture judgment.

**Factual Basis**

6. Defendant will plead guilty because he is in fact guilty of the charges contained in Counts One and Two of the information. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt and constitute relevant conduct pursuant to Guideline § 1B1.3, and establish a basis for forfeiture of the property described elsewhere in this Plea Agreement:

As charged in Count One, beginning in approximately November 2011, and continuing through in or about February 2014, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant SATHISTH NARAYANAPPA BABU did knowingly and willfully participate in a scheme to defraud a health care benefit program, namely, Medicare, and to obtain money owned by and under the custody and control of Medicare by means of materially false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits and services, in violation of Title 18, United States Code, Section 1347. For the purposes of executing this scheme, on or about December 7, 2012, BABU knowingly and willfully submitted and caused to be submitted to Medicare a materially false and fraudulent claim, namely a claim seeking payment for a physician home visit to Patient KJ on or about November 20, 2012, using CPT code 99345.

As charged in Count Two, on or about July 2, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere, BABU did knowingly and intentionally acquire and obtain possession of a controlled substance, namely, a quantity of a mixture and substance containing oxycodone, a Schedule II Controlled Substance, by misrepresentation, fraud, and deception, in that BABU issued a prescription for Oxycontin 80mg to Patient KJ without regard to whether the prescription was medically necessary and knowing that neither he nor any licensed medical professional had met with or examined Patient KJ, in violation of Title 21, United States Code, Section 843(a)(3).

BABU was a physician licensed in Illinois and held DEA controlled substances registration number FBXXXX816, under which he was authorized to prescribe medically necessary controlled substances. BABU was enrolled as a physician provider with the Medicare program and was assigned a provider number, under which BABU submitted claims to Medicare.

Anik Life Sciences Medical Corporation was a home-visiting physician's office. BABU was the owner, chairman, and manager of Anik Life Sciences, and the only licensed physician working at Anik Life Sciences. BABU certified patients of Anik Life Sciences for home health services under Medicare and submitted and caused to be submitted to Medicare claims for services he purportedly provided to patients, including home visits, diagnostic testing and review, and certifying and recertifying patients for home health services. All of the funds that Medicare paid as a result of these claims were deposited into account XXXXX7326 held at JPMorgan Chase Bank under the name of Anik Life Sciences. BABU was the sole signatory on this account.

BABU knowingly submitted and caused to be submitted to Medicare under his provider number claims for patient services that he did not provide and without regard to whether such services were medically necessary. More specifically, BABU hired unlicensed individuals, including approximately three foreign medical school graduates who were not licensed to practice medicine in the United States, to conduct patient home visits on behalf of Anik Life Sciences. On the Anik Life Sciences website and to patients, BABU advertised these individuals as "MDs" or

doctors. BABU later submitted and caused to be submitted claims to Medicare seeking reimbursement for these home visits using procedure codes (referred to as "CPT codes") indicating that BABU conducted the patient visit himself and the visit involved a comprehensive medical evaluation, when BABU knew that the visits were conducted by an unlicensed individual without BABU being present and any treatment provided was not comprehensive as reflected in the CPT code BABU used to bill Medicare.

BABU hired at least approximately three individuals to work as office staff at Anik Life Sciences who were tasked with, among other things, scheduling home visits with patients each month, handling the patient files, performing certain diagnostic testing, and preparing billing-related materials and submitting those materials to BABU's Medicare billing service. BABU instructed his staff at Anik Life Sciences to order certain diagnostic testing for every patient, including ultrasound and autonomic nervous system testing, without regard to whether the testing was medically necessary. BABU caused to be submitted claims to Medicare under BABU's provider number requesting payment for these diagnostic tests and his review of the diagnostic tests without regard to medical necessity and, on certain occasions when BABU knew he had not provided the diagnostic testing and had not reviewed the results of the diagnostic testing. In addition, BABU instructed his employees to place his signature on patient records and billing materials maintained by Anik Life Sciences to make it falsely appear as if BABU

had personally provided the patient care and to conceal the fact that unlicensed individuals had actually performed the patient care.

BABU signed and caused to be signed Form 485s in which BABU falsely certified and recertified that patients of Anik Life Sciences were under his care, confined to their homes, and required home health services from a home health agency, when BABU had never met with the patients and had insufficient information about the patients' health to determine whether they were actually confined to the home. BABU then caused to be submitted under his provider number claims to Medicare seeking payment for BABU's purported certification and recertification of patients for home health services.

BABU knowingly prescribed controlled substances to patients of Anik Life Sciences who he had never seen or examined, and who he knew had never been examined by a licensed medical professional. At times, BABU pre-signed blank prescriptions and permitted unlicensed individual workings at Anik Life Sciences to fill out the prescriptions and order prescription refills for patients who BABU knew were not seen by a licensed medical professional. BABU understood that Medicare covered a significant portion of the costs associated with these prescription medications that he ordered for patients of Anik Life Sciences.

As a result of BABU's scheme to defraud Medicare, BABU submitted and caused to be submitted to Medicare under his provider number false and fraudulent claims seeking payments from Medicare totaling at least approximately \$500,000.

As a result of these false and fraudulent claims, BABU fraudulently obtained at least approximately \$216,000 from Medicare.

Patient KJ was a patient of BABU and Anik Life Sciences from November 2012 through approximately December 2013. Unbeknownst to BABU and the staff at Anik Life Sciences, Patient KJ was an undercover law enforcement agent. BABU never saw or examined Patient KJ. Instead, BABU caused unlicensed individuals employed by Anik Life Sciences to conduct home visits to Patient KJ on approximately ten occasions without regard to whether such visits were medically necessary. BABU then knowingly submitted and caused to be submitted to Medicare under BABU's provider number claims for physician home visits to Patient KJ under CPT codes 99345 and 99349, understanding that any care provided to Patient KJ was not consistent with the requirements of these procedure codes. For example, on or about December 7, 2012, BABU submitted and caused to be submitted to Medicare a false claim seeking payment for the first home visit to Patient KJ, which was actually performed by an unlicensed employee of Anik Life Sciences and not BABU, using CPT code 99345. The CPT code indicated that the visit was comprehensive, when it was actually routine and superficial.

In addition, BABU falsely and without regard to medical necessity certified and twice recertified Patient KJ as confined to the home and in need of home health services by signing Form 485s and a face-to-face encounter form related to Patient KJ, when BABU had never met or examined Patient KJ. BABU then caused to be

submitted to Medicare false and fraudulent claims for the time BABU purportedly spent certifying and recertifying Patient KJ.

Furthermore, knowing that he had never examined Patient KJ, and without regard to medical necessity, BABU prescribed Schedule II, Schedule III, and Schedule IV controlled substances to Patient KJ. Specifically, from approximately November 2012 through approximately December 2013, BABU issued multiple prescriptions to Patient KJ for the following controlled substances:

Approximately 300 pills of OxyContin 80mg strength, a mixture and substance containing oxycodone, a Schedule II Controlled Substance;

Approximately 180 pills of Hydrocodone/APAP 5-325mg strength, a mixture and substance containing hydrocodone, a Schedule III Controlled Substance; and

Approximately 120 pills of Alprazolam 1mg strength, a mixture and substance containing alprazolam, a Schedule IV Controlled Substance.

BABU understood that Medicare and its contractor covered the cost of these prescriptions, which totaled approximately \$4,000.

#### Maximum Statutory Penalties

7. Defendant understands that the charges to which he is pleading guilty carry the following statutory penalties:

a. Count One carries a maximum sentence of 10 years' imprisonment. Count One also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant

further understands that with respect to Count One the judge also may impose a term of supervised release of not more than three years.

b. Count Two carries a maximum sentence of 4 years' imprisonment. Count Two also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that with respect to Count Two, the judge also may impose a term of supervised release of not more than one year.

c. Defendant further understands that the Court must order restitution to the victims of the offense in an amount determined by the Court.

d. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on each count to which he has pled guilty, in addition to any other penalty or restitution imposed.

e. Therefore, under the counts to which defendant is pleading guilty, the total maximum sentence is 14 years' imprisonment. In addition, defendant is subject to a total maximum fine of \$500,000, or twice the gross gain or gross loss resulting from the offenses of conviction, whichever is greater, a period of supervised release, and special assessments totaling \$200, in addition to any restitution ordered by the Court.

#### Sentencing Guidelines Calculations

8. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that

the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points, except as otherwise noted:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2013 Guidelines Manual.

b. **Offense Level Calculations.**

Count One

i. With respect to Count One, the base offense level is six, pursuant to Guideline § 2B1.1(a)(2).

ii. Pursuant to Guideline § 2B1.1(b)(1)(H), the offense level is increased by 14 levels because the amount of intended loss resulting from the offense conduct is at least approximately \$500,000, which is greater than \$400,000 but less than \$1,000,000.

iii. It is the government's position that, pursuant to Guideline § 2B1.1(b)(10)(C), the offense level is increased by two levels because the offense involved sophisticated means. It is the defendant's position that the enhancement pursuant to Guideline § 2B1.1(b)(10)(C) does not apply. Each party is free to present evidence and argument to the Court on this issue.

iv. Pursuant to Guideline § 3B1.1(a), the offense level is increased by four levels because defendant was the organizer and leader of the scheme to defraud Medicare which involved five or more participants and was otherwise extensive, in that defendant was the owner and manager of Anik Life Sciences and directed his employees to carry out tasks associated with the offense, such as visiting patients and submitting Medicare claims information.

v. Pursuant to Guideline § 3B1.3, the offense level is increased by two levels because the offense involved an abuse of position of public and private trust, namely, defendant's position as a licensed physician and Medicare provider, which significantly facilitated the commission and concealment of the offense.

Count Two

vi. With respect to Count Two, the base offense level is eight, pursuant to Guideline § 2D2.2.

vii. Pursuant to Guideline § 3B1.1(a), the offense level is increased by four levels because defendant was the organizer and leader of the scheme to acquire controlled substances by fraud and misrepresentation, which involved five or more participants and was otherwise extensive, in that defendant was the owner and manager of Anik Life Sciences and directed his employees to carry out tasks associated with the offense and relevant conduct, including visiting and issuing prescriptions to patients.

Combined Offense Level

viii. Pursuant to Guideline § 3D1.2, Count One (Group One) and Count Two (Group Two) are not grouped because they do not involve substantially the same harm.

ix. Pursuant to Guideline § 3D1.4(a), one unit is assigned to Group One because it is the group with the highest offense level. Pursuant to Guideline § 3D1.4(c), no units are assigned to Group Two because it is more than nine levels less serious than Group One. Consequently, pursuant to Guideline § 3D1.4, there is no increase in offense level.

x. Thus, it is the government's position that the combined offense level is 28.

xi. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline § 3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

xii. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its

resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, it is the government's position that, based on the facts now known to the government, the anticipated offense level is 25, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 57 to 71 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and his attorney and the government acknowledge that the above guidelines calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional guidelines provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final guideline

calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

10. Both parties expressly acknowledge that this Agreement is not governed by Fed. R. Crim. P. 11(c)(1)(B), and that errors in applying or interpreting any of the sentencing guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the guidelines. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Agreement, on the basis of such corrections.

#### **Agreements Relating to Sentencing**

11. Each party is free to recommend whatever sentence it deems appropriate.

12. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

13. Regarding restitution, defendant acknowledges that restitution is owed to Medicare in an exact amount to be determined by the Court at sentencing, minus any credit for funds repaid prior to sentencing, and that pursuant to Title 18, United States Code, Section 3663A, the Court must order defendant to make full restitution in the amount outstanding at the time of sentencing.

14. Restitution shall be due immediately, and paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that pursuant to Title 18, United States Code, Section 3664(k), he is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect his ability to pay restitution.

15. Defendant agrees to pay the special assessment of \$200 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

16. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to Title 18, United States Code, Sections 3572, 3613, and 3664(m), notwithstanding any payment schedule set by the Court.

17. Defendant agrees to relinquish his DEA controlled substances license (registration number FBXXXX816) at the time of sentencing.

#### Forfeiture

18. The information charges that defendant has subjected real and personal property to forfeiture, namely funds in the amount of \$126,200 seized from

JPMorgan Chase bank accounts, because those funds represent proceeds of the fraud charged in Count One, and the 2013 BMW sedan, model 535XI, VIN #WBAFU7C53DDU66323, registered to defendant, which constitutes and is derived from proceeds traceable to the offense charged in Count One. By entry of a guilty plea to Count One of the information, defendant acknowledges that the property identified above is subject to forfeiture.

19. Defendant agrees to the entry of a forfeiture judgment against the funds and property identified above, in that these funds and property are subject to forfeiture. Prior to sentencing, defendant agrees to the entry of a preliminary order of forfeiture relinquishing any right of ownership he has in the above-described funds and property and further agrees to the seizure of these funds and property so that these funds and property may be disposed of according to law.

20. Defendant understands that forfeiture of this property typically shall not be treated as satisfaction of any fine, restitution, cost of imprisonment, or any other penalty the Court may impose upon defendant in addition to the forfeiture judgment. In this case, however, the United States Attorney's Office will recommend to the Attorney General that any net proceeds derived from the forfeited assets be remitted or restored to eligible victims of the offense and credited to any outstanding restitution obligation pursuant to Title 18, United States Code, Section 981(e), Title 28, Code of Federal Regulations, Part 9, and other applicable law.

21. In addition, defendant agrees to DEA administratively seizing and proceeding with administrative forfeiture against the following property: (a) the 2010 Lexus sedan, model HS250H, VIN #JTHBB1BA7A2022712, registered to defendant; and (2) the 2001 BMW Z3, VIN # WBACN53401LL47223, registered to defendant. Defendant acknowledges that he will receive notice of the administrative forfeiture proceedings and agrees that he will not file a claim in the administrative forfeiture proceedings. Defendant understands that declarations of forfeiture will be entered, extinguishing any claims he may have had in the seized property. Furthermore, defendant affirmatively relinquishes all right, title, and interest he may have had in the seized property. Defendant understands that administrative forfeiture of this property shall not be treated as satisfaction of any restitution, fine, cost of imprisonment, or any other penalty the Court may impose upon defendant. Defendant will cooperate with the United States during the ancillary stages of any forfeiture proceedings to defeat the claim of a third party in the event the third party files a claim with regard to this property.

**Acknowledgments and Waivers Regarding Plea of Guilty**

**Nature of Agreement**

22. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 14 CR 84.

23. This Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver, or

release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Agreement.

24. Defendant understands that nothing in this Agreement shall limit the Internal Revenue Service in its collection of any taxes, interest or penalties from defendant or defendant's partnership or corporations.

#### Waiver of Rights

25. Defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. **Right to be charged by indictment.** Defendant understands that he has a right to have the charges prosecuted by an indictment returned by a concurrence of twelve or more members of a grand jury consisting of not less than sixteen and not more than twenty-three members. By signing this Agreement, defendant knowingly waives his right to be prosecuted by indictment and to assert at trial or on appeal any defects or errors arising from the information, the information process, or the fact that he has been prosecuted by way of information.

b. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and his attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it was persuaded of his guilt beyond a reasonable doubt and that it was to consider each count of the information separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant.

Defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

viii. With respect to forfeiture, defendant understands that if the case were tried before a jury, he would have a right to retain the jury to determine whether the government had established the requisite nexus between defendant's offense and any specific property alleged to be subject to forfeiture.

c. **Waiver of appellate and collateral rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial. Defendant is aware that Title 28, United States Code, Section 1291, and Title 18, United States Code, Section 3742, afford a defendant the right to appeal his conviction and the sentence imposed. Acknowledging this, defendant knowingly waives the right to appeal his conviction, any pre-trial rulings by the Court, and any part of the sentence (or the manner in which that sentence was determined), including any term of imprisonment and fine

within the maximums provided by law, and including any order of restitution or forfeiture, in exchange for the concessions made by the United States in this Agreement. In addition, defendant also waives his right to challenge his conviction and sentence, and the manner in which the sentence was determined, and (in any case in which the term of imprisonment and fine are within the maximums provided by statute) his attorney's alleged failure or refusal to file a notice of appeal, in any collateral attack or future challenge, including but not limited to a motion brought under Title 28, United States Code, Section 2255. The waiver in this paragraph does not apply to a claim of involuntariness, or ineffective assistance of counsel, which relates directly to this agreement or to its negotiation, nor does it prohibit defendant from seeking a reduction of sentence based directly on a change in the law that is applicable to defendant and that, prior to the filing of defendant's request for relief, has been expressly made retroactive by an Act of Congress, the Supreme Court, or the United States Sentencing Commission.

26. Defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs. Defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

**Presentence Investigation Report/Post-Sentence Supervision**

27. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope, and extent of defendant's conduct regarding the charges against him,

and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

28. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of his sentence for obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

29. For the purpose of monitoring defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Agreement shall be sufficient evidence of defendant's request to the IRS

to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

#### Other Terms

30. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

31. Defendant understands that, if convicted, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

#### Conclusion

32. Defendant understands that this Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

33. Defendant understands that his compliance with each part of this Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or

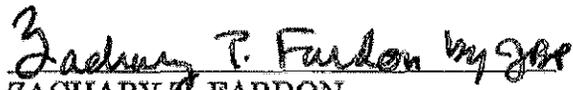
defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

34. Should the judge refuse to accept defendant's plea of guilty, this Agreement shall become null and void and neither party will be bound to it.

35. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement, to cause defendant to plead guilty.

36. Defendant acknowledges that he has read this Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: 9-4-14

  
ZACHARY T. FARDON  
United States Attorney

  
SARAH STREICKER  
Assistant U.S. Attorney

  
SATHISH NARAYANAPPA BABU  
Defendant

  
MICHAEL MONICO  
Attorney for Defendant

um

UNITED STATES DISTRICT COURT

Northern District of Illinois

UNITED STATES OF AMERICA

v.

Sathish Narayanappa Babu

JUDGMENT IN A CRIMINAL CASE

Case Number: 14-CR-00084-1

USM Number: 47094-424

Jacqueline Sharon Jacobson

Defendant's Attorney

THE DEFENDANT:

- pleaded guilty to count(s) Counts 1 and 2 of the Information
- pleaded nolo contendere to count(s) \_\_\_\_\_ which was accepted by the court.
- was found guilty on count(s) \_\_\_\_\_ after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

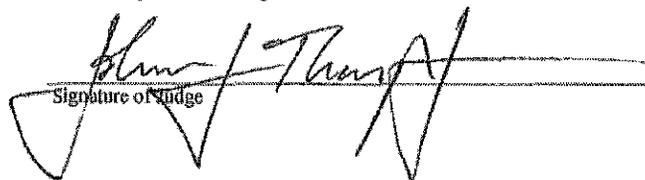
Title & Section	Nature of Offense	Offense Ended	Count
18 U.S.C. § 1347	Medicare Fraud	2/1/2014	1
21 U.S.C. § 843(a)(3),	Obtain Controlled Substance by Fraud or Misrepresentation		2
21 U.S.C. 841(b)			

The defendant is sentenced as provided in pages 2 through 7 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- The defendant has been found not guilty on count(s) \_\_\_\_\_
- Count(s) \_\_\_\_\_  is  are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.

2/24/2015  
Date of Imposition of Judgment

  
Signature of Judge

John J. Tharp, Jr., U.S. District Court Judge  
Name and Title of Judge

2/24/2015  
Date

DEFENDANT: Sathish Narayanappa Babu  
CASE NUMBER: 14-CR-00084-1

### IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of:

18 months on Count 1; 18 months on Count 2 concurrent to Count 1.

The court makes the following recommendations to the Bureau of Prisons:

The Court recommends that the defendant be placed at the Oxford Federal Prison Camp in Wisconsin.

The defendant is remanded to the custody of the United States Marshal.

The defendant shall surrender to the United States Marshal for this district:

at \_\_\_\_\_  a.m.  p.m. on \_\_\_\_\_

as notified by the United States Marshal.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

before 2 p.m. on 5/13/2015

as notified by the United States Marshal.

as notified by the Probation or Pretrial Services Office.

### RETURN

I have executed this judgment as follows:

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_

a \_\_\_\_\_, with a certified copy of this judgment.

UNITED STATES MARSHAL

By \_\_\_\_\_  
DEPUTY UNITED STATES MARSHAL

DEFENDANT: Sathish Narayanappa Babu  
CASE NUMBER: 14 CR 00084

Judgment- Page 3 of 7

**MANDATORY CONDITIONS OF SUPERVISED RELEASE PURSUANT TO 18 U.S.C § 3583(d)**

Upon release from imprisonment, the defendant shall be on supervised release for a term of 3 years.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

- (1) The defendant shall not commit another Federal, State, or local crime during the term of supervision.
- (2) The defendant shall not unlawfully possess a controlled substance.
- (3) For a first conviction of a domestic violence crime, as defined in § 3561(b), the defendant shall attend a public, private, or private nonprofit offender rehabilitation program that has been approved by the court, if an approved program is readily available within a 50-mile radius of the legal residence of the defendant.
- (4) The defendant shall register and comply with all requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16913).
- (5) The defendant shall cooperate in the collection of a DNA sample if the collection of such a sample is authorized pursuant to section 3 of the DNA Analysis Backlog Elimination Act of 2000.
- (6) The defendant shall refrain from any unlawful use of a controlled substance AND submit to one drug test within 15 days of release on supervised release and at least two periodic tests thereafter, up to 104 periodic drug tests for use of a controlled substance during each year of supervised release. (This mandatory condition may be ameliorated or suspended by the court for any defendant if reliable sentencing information indicates a low risk of future substance abuse by the defendant.)

**DISCRETIONARY CONDITIONS OF SUPERVISED RELEASE PURSUANT TO 18 U.S.C § 3563(b) AND 18 U.S.C § 3583(d)**

Discretionary Conditions — The court may provide, as further conditions of a sentence of supervised release, to the extent that: (i) such conditions are reasonably related to the factors set forth in section 3553(a)(1) and (a)(2)(B), (C), and (D); (ii) such conditions involve only such deprivations of liberty or property as are reasonably necessary for the purposes indicated in section 3553 (a)(2) (B), (C), and (D); and such conditions are consistent with any pertinent policy statement issued by the Sentencing Commission pursuant to 28 U.S.C. 994a, that the defendant abide by the following conditions during the term of supervised release.

The defendant shall, during the period of supervised release:

- | Yes                                 | No                                  |   |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (1) provide financial support to dependents if financially able;  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (2) make restitution to a victim of the offense under section 3556 (but not subject to the limitation of § 3663(a) or § 3663A(c)(1)(A));  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (3) give to the victims of the offense notice pursuant to the provisions of § 3555; if yes, include text of order:  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (4) work conscientiously at lawful employment or pursue conscientiously a course of study or vocational training that will equip him for employment;  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (5) refrain, in the case of an individual, from engaging in a specified occupation, business, or profession bearing a reasonably direct relationship to the conduct constituting the offense, or engage in such a specified occupation, business, or profession only to a stated degree or under stated circumstances; (if checked yes, please indicate restriction(s):   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (6) refrain from knowingly meeting or communicating with any person whom he knows to be engaged, or planning to be engaged, in criminal activity; and refrain from: <ul style="list-style-type: none"> <li><input type="checkbox"/> frequenting the following type of places: ;</li> <li><input type="checkbox"/> knowingly meeting or communicating with the following persons: ;</li> </ul>   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (7) refrain from excessive use of alcohol (defined as having a blood alcohol concentration greater than 0.08), or any use of a narcotic drug or other controlled substance, as defined in § 102 of the Controlled Substances Act (21 U.S.C. § 802), without a prescription by a licensed medical practitioner;  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (8) refrain from possessing a firearm, destructive device, or other dangerous weapon;   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (9) <input type="checkbox"/> The defendant shall participate, at the discretion of a probation officer, in a substance abuse treatment program, which may include urine testing. <ul style="list-style-type: none"> <li><input type="checkbox"/> The defendant shall participate, at the discretion of a probation officer, in a mental health treatment program, which may include the use of prescription medications.</li> <li><input type="checkbox"/> The defendant shall participate, at the discretion of a probation officer, in medical care; (if checked yes please specify: )</li> </ul> |

- (10) (intermittent confinement): remain in the custody of the Bureau of Prisons during nights, weekends, or other intervals of time, totaling no more than the lesser of one year or the term of imprisonment authorized for the offense, during the first year of the term of supervised release provided however that a condition set forth in § 3563(b)(10) shall be imposed only for a violation of a condition of supervised release in accordance with § 3583(c)(2) and only when facilities are available, for the following period ;
- (11) (community confinement): reside at, or participate in the program of a community corrections facility (including a facility maintained or under contract to the Bureau of Prisons) for all or part of the term of supervised release, for a period of \_\_\_\_\_ months;
- (12) work in community service for \_\_\_\_\_ hours as directed by the court;
- (13) reside in the following place or area: \_\_\_\_\_, or refrain from residing in a specified place or area: \_\_\_\_\_ ;
- (14) remain within the district of supervision, unless granted permission to leave by the court or a probation officer;
- (15) report to a probation officer as directed by the court or a probation officer;
- (16)  permit a probation officer to visit him at his home or elsewhere;  
 and shall permit confiscation of any contraband observed in plain view of the probation officer;
- (17) notify a probation officer promptly as soon as known but at least within 72 hours, of any change in address or employer and, absent constitutional or other legal privilege, answer inquiries by a probation officer;
- (18) notify a probation officer promptly, within 72 hours, if arrested or questioned by a law enforcement officer;
- (19) (home confinement): remain at his place of residence during nonworking hours.  insert \_\_\_\_\_ Compliance with this condition shall be monitored by telephonic or electronic signaling devices (the selection of which shall be determined by a probation officer).  
 The defendant shall pay the cost of electronic monitoring or voice identification at the daily contractual rate.  
 The Court waives the electronic/location monitoring component of this condition.
- (20) comply with the terms of any court order or order of an administrative process pursuant to the law of a State, the District of Columbia, or any other possession or territory of the United States, requiring payments by the defendant for the support and maintenance of a child or of a child and the parent with whom the child is living;
- (21) be surrendered to a duly authorized official of the Homeland Security Department for a determination on the issue of deportability by the appropriate authority in accordance with the laws under the Immigration and Nationality Act and the established implementing regulations. If ordered deported, the defendant shall not reenter the United States without obtaining, in advance, the express written consent of the Attorney General or the Secretary of the Department of Homeland Security.
- (22) satisfy such other special conditions as ordered below;
- (23) if required to register under the Sex Offender Registration and Notification Act, submit his person, and any property, house, residence, vehicle, papers, computer, other electronic communication or data storage devices or media, and effects to search at any time, with or without a warrant, by any law enforcement or probation officer with reasonable suspicion concerning a violation of a condition of supervised release or unlawful conduct by the person, and by any probation officer in the lawful discharge of the officer's supervision functions (see special conditions section).

**SPECIAL CONDITIONS OF SUPERVISED RELEASE PURSUANT TO 18 U.S.C. 3563(b)(22) and 3583(d)**

- (1) If the defendant has not obtained a high school diploma or equivalent, the defendant shall participate in a General Educational Development (GED) preparation course and seek to obtain a GED within the first year of supervision.
- (2) The defendant shall participate in an approved job skill-training program at the discretion of a probation officer within the first 60 days of placement on supervision.
- (3) If the defendant is unemployed after the first 60 days of supervision, or if unemployed for 60 days after termination or lay-off from employment, the defendant shall perform at least 20 hours of community service per week at the direction of and in the discretion of the U.S. Probation Office until gainfully employed.  
 The amount of community service shall not exceed 400 hours.
- (4) The defendant shall not maintain employment where he/she has access to other individual's personal information, including, but not limited to, Social Security numbers and credit card numbers (or money) unless approved by a probation officer.
- (5) The defendant shall not incur new credit charges or open additional lines of credit without the approval of a probation officer unless the defendant is in compliance with the financial obligations imposed by this judgment.
- (6) The defendant shall provide a probation officer with access to any requested financial information necessary to monitor compliance with other conditions of supervised release.
- (7) The defendant shall provide documentation to the IRS and pay taxes as required by law.
- (8) The defendant shall participate in a mental health sex offender treatment program. The specific program and provider will be determined by a probation officer. The defendant shall comply with all recommended treatment which may include psychological and physiological testing. The defendant shall maintain use of all prescribed medications.

- The defendant shall comply with the requirements of the Computer and Internet Monitoring Program as administered by the United States Probation Office. The defendant shall consent to the installation of computer monitoring software on all identified computers to which the defendant has access. The software may restrict and/or record any and all activity on the computer, including the capture of keystrokes, application information, Internet use history, email correspondence, and chat conversations. A notice will be placed on the computer at the time of installation to warn others of the existence of the monitoring software. The defendant shall not remove, tamper with, reverse engineer, or in any way circumvent the software.
- The cost of the monitoring shall be paid by the defendant at the monthly contractual rate, if the defendant is financially able, subject to satisfaction of other financial obligations imposed by this judgment.
- The defendant shall not possess or use any device with access to any "online computer service" at any location (including place of employment) without the prior approval of a probation officer. This includes any Internet service provider, bulletin board system, or any other public or private network or email system.
- The defendant shall not possess any device that could be used for covert photography without the prior approval of a probation officer.
- The defendant shall not possess or have under his control any pornographic or sexually-oriented material including visual, auditory, or electronic media. The defendant shall not patronize, for the purpose of accessing such material, any place where such material or entertainment is available. The defendant shall not use any sex-related telephone numbers.
- The defendant shall not, without the approval of a probation officer and treatment provider, engage in activities that will put him or her in unsupervised private contact with any person under the age of 18, or frequent locations where children regularly congregate (e.g., locations specified in the Sex Offender Registration and Notification Act.)
  - This condition does not apply to the defendant's family members:
- The defendant's employment shall be restricted to the district and division where he resides and/or is supervised, unless approval is granted by a probation officer. Prior to accepting any form of employment, the defendant shall seek the approval of a probation officer, in order to allow the probation officer the opportunity to assess the level of risk to the community the defendant will pose if employed in a particular capacity. The defendant shall not participate in any volunteer activity that may cause the defendant to come into direct contact with children except under circumstances approved in advance by a probation officer and treatment provider.
- The defendant shall provide the probation officer with copies of his telephone bills, all credit card statements/receipts, and any other financial information requested.
- The defendant shall comply with all provisions of state and local law, including any more severe restrictions imposed by such law(s).
- (9) The defendant shall pay any financial penalty that is imposed by this judgment that remains unpaid at the commencement of the term of supervised release. The defendant's monthly payment schedule shall be an amount that is 10 % of his net monthly income, defined as income net of reasonable expenses for basic necessities such as food, shelter, utilities, insurance, and employment-related expenses.
- (10) not enter into any agreement to act as an informer or special agent of a law enforcement agency without the permission of the court;
- (11) Other:

DEFENDANT: Sathish Narayanappa Babu  
 CASE NUMBER: 14-CR-00084-1

**CRIMINAL MONETARY PENALTIES**

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 200.00	\$ 0.00	\$ 221,012.00

- The determination of restitution is deferred until \_\_\_\_\_. An Amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

Name of Payee	Total Loss*	Restitution Ordered	Priority or Percentage
Medicare	\$221,012.00	\$221,012.00	

TOTALS                                    \$                                    221,012.00                                    \$                                    221,012.00

- Restitution amount ordered pursuant to plea agreement \$ \_\_\_\_\_
- The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).
- The court determined that the defendant does not have the ability to pay interest and it is ordered that:
  - the interest requirement is waived for the     fine     restitution.
  - the interest requirement for the     fine     restitution is modified as follows:

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: Sathish Narayanappa Babu  
CASE NUMBER: 14-CR-00084-1

### SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A  Lump sum payment of \$ 221,212.00 due immediately, balance due
  - not later than \_\_\_\_\_, or
  - in accordance  C,  D,  E, or  F below; or
- B  Payment to begin immediately (may be combined with  C,  D, or  F below); or
- C  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or
- D  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E  Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F  Special instructions regarding the payment of criminal monetary penalties:

The defendant shall pay any financial penalty that is imposed by this judgment that remains unpaid at the commencement of the term of supervised release or probation. The defendant's monthly payment schedule shall be an amount that is at least ten percent of his net monthly income.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:  
The terms of the Preliminary Order of Forfeiture, attached, are made a part of this Judgment. Forfeited proceeds to be applied against the restitution balance.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA            )  
  )  
  )        No. 14 CR 84  
  )        Judge John J. Tharp, Jr.  
SATHISH NARAYANAPPA BABU         )

**PRELIMINARY ORDER OF FORFEITURE**

This cause comes before the Court on motion of the United States for entry of a preliminary order of forfeiture as to specific property pursuant to the provisions of Title 18, United States Code, Section 982(a)(7) and Fed. R. Crim. P. 32.2, and the Court being fully informed hereby finds as follows:

(a) On August 26, 2014, an information was filed charging defendant SATHISH NARAYANAPPA BABU with health care fraud, in violation of 18 U.S.C. § 1347, and a controlled substances violation;

(b) The information sought forfeiture to the United States of certain property pursuant to the provisions of 18 U.S.C. § 982(a)(7) including but not limited to funds in the amount of \$126,200 seized on or about February 19, 2014 and a 2013 BMW sedan, model 535XI, VIN: WBAFU7C53DDU66323 registered to BABU;

(c) On September 4, 2014, pursuant to Fed R. Crim. P. 11, defendant SATHISH NARAYANAPPA BABU entered a voluntary plea of guilty to Counts One and Two of the information charging him with violations of 18 U.S.C. § 1347 and 21 U.S.C. § 843(a)(3);

(d) Pursuant to the terms of the plea agreement, as a result of his violation of 18 U.S.C. § 1347, defendant SATHISH NARAYANAPPA BABU agreed that the foregoing funds

and vehicle are subject to forfeiture to the United States pursuant to the provisions of 18 U.S.C. § 982(a)(7), as property, real or personal, that constitutes or is derived from proceeds traceable to the defendant's violation of Count One;

(e) Pursuant to Fed. R. Crim. P. 32.2(b)(2)(B) as amended on December 1, 2009, unless doing so is impractical, the court must enter the preliminary order of forfeiture sufficiently in advance of sentencing to allow the parties to suggest revisions or modifications before the order becomes final as to the defendant at sentencing;

(f) In accordance with this provision, the United States requests that this Court enter a preliminary order forfeiting all right, title, and interest defendant SATHISH NARAYANAPPA BABU has in the foregoing property for disposition according to law;

(g) The United States further requests that the terms and conditions of this preliminary order of forfeiture entered by the Court be made part of the sentence imposed against defendant SATHISH NARAYANAPPA BABU and included in any judgment and commitment order entered in this case against him.

Accordingly, it is hereby ORDERED, ADJUDGED and DECREED:

1. That, pursuant to the provisions of 18 U.S.C. § 982(a)(7) and Fed. R. Crim. P. 32.2, all right, title, and interest of defendant SATHISH NARAYANAPPA BABU in funds in the amount of a \$126,200 seized on or about February 19, 2014 and a 2013 BMW sedan, model 535XI, VIN: WBAFU7C53DDU66323 is hereby forfeit to the United States of America for disposition according to law;

2. That, pursuant to the provisions of 21 U.S.C. § 853(g), as incorporated by 18 U.S.C. § 982(b)(1), the United States Marshal Service shall seize and take custody of the

foregoing property for disposition as the according to law;

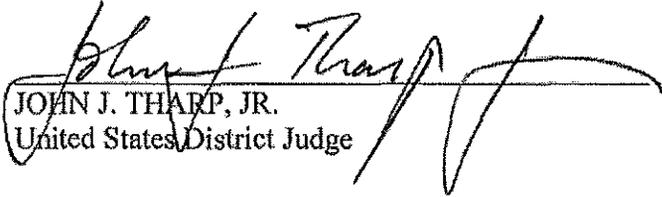
3. That, pursuant to the provisions of 21 U.S.C. § 853(n)(1), as incorporated by 18 U.S.C. § 982(b)(1), the United States shall publish notice of this order and of its intent to dispose of the property according to law. The government may also, pursuant to statute, to the extent practicable, provide written notice to any person known to have alleged an interest in the property that is the subject of the preliminary order of forfeiture. The government is unaware, at this time, of anyone who qualifies for such notice;

4. That, pursuant to the provisions of 21 U.S.C. § 853(n)(2), as incorporated by 18 U.S.C. § 982(b)(1), if following notice as directed by the court and 21 U.S.C. § 853(n)(1), any person other than the defendant, asserts a legal claim in the property which has been ordered forfeited to the United States, within thirty days of the final publication of notice or this receipt of notice under paragraph three (3), whichever is earlier and petitions this Court for a hearing to adjudicate the validity of this alleged interest in the property the government shall request a hearing. The hearing shall be held before the Court alone, without a jury;

5. Following the Court's disposition of all third parties interests, the Court shall, if appropriate, enter a final order of forfeiture, as to the property which is the subject of this preliminary order of forfeiture, vesting clear title in the United States of America;

6. The terms and conditions of this preliminary order of forfeiture are part of the sentence imposed against defendant SATHISH NARAYANAPPA BABU and shall be included in any judgment and commitment order entered in this case against him;

7. This Court shall retain jurisdiction in this matter to take additional action and enter further orders as necessary to implement and enforce this forfeiture order.

  
JOHN J. THARP, JR.  
United States District Judge

DATED: 2/24/15

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**BEFORE THE  
MEDICAL BOARD OF CALIFORNIA  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the First Amended Accusation  
Against:

**NARAYANAPPA S. BABU, M.D.**  
209 LILAC STREET  
BOLINGBROOK, IL 60490

PHYSICIAN'S AND SURGEON'S CERTIFICATE NO. A105876

RESPONDENT.

Case No. 800-2014-004139

**DEFAULT DECISION  
AND ORDER**

[Gov. Code, §11520]

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On June 20, 2014, an employee of the Medical Board of California (Board) sent by certified mail a copy of Accusation No. 800-2014-004139, Statement to Respondent, Notice of Defense in blank, copies of the relevant sections of the California Administrative Procedure Act as required by sections 11503 and 11505 of the Government Code, and a request for discovery, to Narayanappa S. Babu, M.D. (Respondent) at what was then his address of record with the Board. (Exhibit Package, Exhibit 1<sup>1</sup>, Accusation package, proof of service, return receipt). Respondent thereafter submitted a Notice of Defense and request for a hearing, and identified his address as 209 Lilac Street, Bolingbrook, IL 60490. (Exhibit Package, Exhibit 2, Notice of Defense). On February 17, 2015, a First Amended Accusation was filed and served on Respondent at his address of record in Bolingbrook, Illinois. (Exhibit Package, Exhibit 3, First Amended Accusation, proof of service, return receipt).

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On February 9, 2015, a Notice of Continued Hearing was served by certified mail on Respondent, informing him that an administrative hearing in this matter was scheduled for April 2, 2015. The certified mail receipt was signed and returned. (Exhibit Package, Exhibit 4, Notice of Hearing, proof of service, return receipt). Respondent did not appear at the April 2, 2015

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<sup>1</sup> The evidence in support of this Default Decision and Order is submitted herewith as the "Exhibit Package."

1 hearing. Supervising Deputy Attorney General Jane Zack Simon appeared on behalf of  
2 Complainant. The Administrative Law Judge found that proper notice of the hearing had been  
3 provided, and declared Respondent to be in default.

#### 4 FINDINGS OF FACT

##### 5 I.

6 Kimberly Kirchmeyer is the Executive Director of the Board. The charges and allegations  
7 in the First Amended Accusation were at all times brought and made solely in the official  
8 capacity of the Board's Executive Director.

##### 9 II.

10 On October 24, 2008, Physician's and Surgeon's Certificate No. A105876 was issued by  
11 the Board to Narayanappa S. Babu, M.D. The certificate is in delinquent status, having expired  
12 on July 31, 2010, and is SUSPENDED based on an order issued on May 14, 2014 pursuant to  
13 Business and Professions Code section 2310(a). (Exhibit Package, Exhibit 5, license  
14 certification).

##### 15 III.

16 On February 17, 2015, Respondent was duly served with a First Amended Accusation,  
17 alleging causes for discipline against Respondent. Respondent had previously filed a Notice of  
18 Defense to contest the Board's action against him. Respondent failed to appear at a properly  
19 noticed hearing, and was declared to be in default.

##### 20 IV.

21 The allegations of the First Amended Accusation are true as follows:

22 On February 28, 2014, the Illinois Department of Financial and Professional Regulation  
23 Division of Professional Regulation (Illinois Division) issued an Order suspending Respondent's  
24 license to practice medicine in Indiana. The Order was based on a Petition for Temporary  
25 Suspension alleging that Respondent conspired with others to dispense controlled substances,  
26 including Oxycontin, Vicodin and Xanax, outside the usual course of professional practice and  
27 without legitimate medical purpose, and that Respondent allowed unlicensed employees and/or  
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1 personnel of his medical corporation to hold themselves out to the public as medical doctors,  
2 evaluate and examine patients, and provide prescriptions for controlled substances to patients  
3 signed and approved by Respondent. In addition, on February 18, 2014, Respondent was  
4 criminally charged with violations of federal drug laws and Medicare fraud. (Copies of the Order  
5 and the Petition for Temporary Suspension issued by the Illinois Division are attached to the First  
6 Amended Accusation, Exhibit Package, Exhibit 3).

7 In 2014, Respondent was indicted in the United States District Court, Northern District of  
8 Illinois on numerous charges that between November 2011 and February 2014, he participated in  
9 a scheme to defraud the Medicare health care benefit program. As part of the scheme, Respondent  
10 hired unlicensed individuals to conduct patient home visits, then caused Medicare to pay  
11 hundreds of thousands of dollars for these visits. Respondent represented that he conducted the  
12 patient visits himself and that the visits involved a comprehensive medical evaluation when  
13 Respondent knew that the visits were conducted by unlicensed individuals and that the treatment  
14 provided was not comprehensive. Respondent was also charged with creating false medical  
15 records, hiring foreign medical school graduates who were not licensed to practice medicine in  
16 the United States, and causing them to see patients. Respondent submitted false billing  
17 information to Medicare. He also ordered and billed for medically unnecessary diagnostic  
18 testing, and prescribed controlled substances to patients without a legitimate medical purpose.

19 On September 4, 2014, Respondent pled guilty to charges of knowingly and willfully  
20 executing and attempting to execute the above-described scheme, by submitting and causing to be  
21 submitted materially false and fraudulent claims to Medicare in violation of Title 18, United  
22 States Code, Section 1347, and knowingly and intentionally acquiring and obtaining possession  
23 of a schedule II controlled substance by misrepresentation, fraud and deception, in violation of  
24 Title 21, United States Code, Section 843(a)(3). A Judgment was entered by the Court on that  
25 date. (Exhibit Package, Exhibit 6, Judgment in a Criminal Case; Plea Agreement; Information.)

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1 **DETERMINATION OF ISSUES**

2 I.

3 Pursuant to the foregoing Findings of Fact, Respondent's conduct and the action of  
4 the Illinois Department of Financial and Professional Regulation Division of Professional  
5 Regulation constitute cause for discipline within the meaning of Business and Professions Code  
6 sections 2305 and 141(a).

7 II.

8 Respondent's criminal conviction constitutes unprofessional conduct and the  
9 conviction of crimes substantially related to the qualifications, functions or duties of a physician  
10 and surgeon, and conviction of criminal charges involving dangerous drugs or controlled  
11 substances, and are cause for discipline pursuant to Business and Professions Code sections 2234  
12 and/or 2236 and/or 2237.

13 **DISCIPLINARY ORDER**

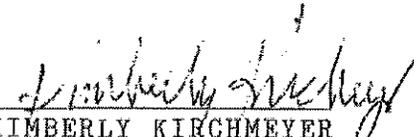
14 Physician's and Surgeon's certificate number A105876 issued to Narayanappa S. Babu,  
15 M.D. is hereby **REVOKED**.

16 Respondent shall not be deprived of making a request for relief from default as set forth in  
17 Government Code section 11520(c) for good cause shown. However, such showing must be  
18 made in writing by way of a motion to vacate the default decision and directed to the Medical  
19 Board of California at 2005 Evergreen Street, Suite 1200, Sacramento, CA 95815 within seven  
20 (7) days of the service of this Decision.

21 This Decision will become effective May 28, 2015

22 It is so ordered on April 28, 2015.

23  
24 MEDICAL BOARD OF CALIFORNIA  
25 DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA

26 By   
27 KIMBERLY KIRCHMEYER  
28 EXECUTIVE DIRECTOR

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*Attorneys for Complainant*

FILED  
STATE OF CALIFORNIA  
MEDICAL BOARD OF CALIFORNIA  
SACRAMENTO February 17 20 15  
BY D. FIRDAUS ANALYST

BEFORE THE  
MEDICAL BOARD OF CALIFORNIA  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA

In the Matter of the First Amended Accusation  
Against:  
  
NARAYANAPPA S. BABU, M.D.  
209 Lilac Street  
Bolingbrook, IL 60490  
  
Physician's and Surgeon's  
Certificate No. A105876  
  
Respondent.

Case No. 800-2014-004139  
  
FIRST AMENDED ACCUSATION

The Complainant alleges:

1. Kimberly Kirchmeyer (Complainant) is the Executive Director of the Medical Board of California, Department of Consumer Affairs, and brings this First Amended Accusation solely in her official capacity.

2. On October 24, 2008, Physician's and Surgeon's Certificate No. A105876 was issued by the Medical Board of California to Narayanappa S. Babu, M.D. (Respondent.) The certificate is delinquent, having expired on July 31, 2010, and was SUSPENDED on May 14, 2014 pursuant to Section 2310(a) of the Business and Professions Code.

JURISDICTION

3. This First Amended Accusation is brought before the Medical Board of California (Board) under the authority of the following sections of the California Business and Professions Code (Code) and/or other relevant statutory enactment:

1           A.     Section 2227 of the Code provides in part that the Board may revoke,  
2 suspend for a period not to exceed one year, or place on probation, the license of any  
3 licensee who has been found guilty under the Medical Practice Act, and may recover the  
4 costs of probation monitoring.

5           B.     Section 2305 of the Code provides, in part, that the revocation, suspension,  
6 or other discipline, restriction or limitation imposed by another state upon a license to  
7 practice medicine issued by that state, that would have been grounds for discipline in  
8 California under the Medical Practice Act, constitutes grounds for discipline for  
9 unprofessional conduct.

10          C.     Section 141 of the Code provides:

11               “(a) For any licensee holding a license issued by a board under the  
12 jurisdiction of a department, a disciplinary action taken by another state, by any  
13 agency of the federal government, or by another country for any act substantially  
14 related to the practice regulated by the California license, may be ground for  
15 disciplinary action by the respective state licensing board. A certified copy of the  
16 record of the disciplinary action taken against the licensee by another state, an  
17 agency of the federal government, or by another country shall be conclusive  
18 evidence of the events related therein.

15               “(b) Nothing in this section shall preclude a board from applying a  
16 specific statutory provision in the licensing act administered by the board that  
17 provides for discipline based upon a disciplinary action taken against the licensee  
18 by another state, an agency of the federal government, or another country.”

18          D.     Business and Professions Code section 2236 provides that the conviction of  
19 any offense substantially related to the qualifications, functions or duties of a physician  
20 and surgeon constitutes unprofessional conduct.

21          E.     Business and Professions Code section 2237 provides that the conviction of  
22 a charge of violating any federal statutes or regulations or any statute or regulation of this  
23 state, regulating dangerous drugs or controlled substances, constitutes unprofessional  
24 conduct.

25                               **FIRST CAUSE FOR DISCIPLINE**

26                               (Discipline, Restriction, or Limitation Imposed by Another State)

27           4.     On February 28, 2014, the Illinois Department of Financial and Professional  
28 Regulation Division of Professional Regulation (Illinois Division) issued an Order suspending

1 Respondent's license to practice medicine in Indiana. The Order was based on a Petition for  
2 Temporary Suspension alleging that Respondent conspired with others to dispense controlled  
3 substances, including Oxycontin, Vicodin and Xanax, outside the usual course of professional  
4 practice and without legitimate medical purpose, and that Respondent allowed unlicensed  
5 employees and/or personnel of his medical corporation to hold themselves out to the public as  
6 medical doctors, evaluate and examine patients, and provide prescriptions for controlled  
7 substances to patients signed and approved by Respondent. In addition, on February 18, 2014,  
8 Respondent was criminally charged with violations of federal drug laws and Medicare fraud.  
9 Copies of the Order and the Petition for Temporary Suspension issued by the Illinois Division are  
10 attached as Exhibit A.

11 5. Respondent's conduct and the actions of the Illinois Department of Financial and  
12 Professional Regulation Division of Professional Regulation as set forth in paragraph 4, above,  
13 constitute unprofessional conduct within the meaning of section 2305 and conduct subject to  
14 discipline within the meaning of section 141(a).

15 **SECOND CAUSE FOR DISCIPLINE**

16 (Conviction of a Crime)

17 6. In 2014, Respondent was indicted in the United States District Court, Northern  
18 District of Illinois on numerous charges that between November 2011 and February 2014, he  
19 participated in a scheme to defraud the Medicare health care benefit program. The Indictment  
20 charged that as part of the scheme, Respondent hired unlicensed individuals to conduct patient  
21 home visits, then caused Medicare to pay hundreds of thousands of dollars for these visits.  
22 Respondent represented that he conducted the patient visits himself and that the visits involved a  
23 comprehensive medical evaluation when Respondent knew that the visits were conducted by  
24 unlicensed individuals and that the treatment provided was not comprehensive. Respondent was  
25 also charged with creating false medical records, hiring foreign medical school graduates who  
26 were not licensed to practice medicine in the United States, and causing them to see patients.  
27 Respondent submitted false billing information to Medicare. He also ordered and billed for  
28 medically unnecessary diagnostic testing, and prescribed controlled substances to patients without

1 a legitimate medical purpose.

2 7. On September 4, 2014, an Order was issued, under which Respondent pled guilty  
3 to charges of knowingly and willfully executing and attempting to execute the scheme described  
4 in paragraph 6, by submitting and causing to be submitted materially false and fraudulent claims  
5 to Medicare in violation of Title 18, United States Code, Section 1347, and knowingly and  
6 intentionally acquiring and obtaining possession of a schedule II controlled substance by  
7 misrepresentation, fraud and deception, in violation of Title 21, United States Code, Section  
8 843(a)(3). Judgment of guilty was entered by the Court on that date.

9 8. Respondent's criminal convictions constitute unprofessional conduct and the  
10 conviction of crimes substantially related to the qualifications, functions or duties of a physician  
11 and surgeon, as well as a conviction involving violation of federal drug laws, and are cause for  
12 discipline pursuant to Business and Professions Code sections 2234 and/or 2236 and/or 2237.

13 **PRAYER**

14 **WHEREFORE**, Complainant requests that a hearing be held on the matters herein  
15 alleged, and that following the hearing, the Board issue a decision:

- 16 1. Revoking or suspending Physician's and Surgeon's Certificate Number A105876  
17 issued to respondent Narayanappa S. Babu, M.D.;
- 18 2. Revoking, suspending or denying approval of Respondent's authority to supervise  
19 physician assistants;
- 20 3. Ordering Respondent, if placed on probation, to pay the costs of probation  
21 monitoring; and
- 22 4. Taking such other and further action as the Board deems necessary and proper.

23 DATED: February 17, 2015

24   
25 **KIMBERLY KIRCHMEYER**  
26 Executive Director  
27 Medical Board of California  
28 Department of Consumer Affairs  
State of California

Complainant

SF2014408436

Exhibit A

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF PROFESSIONAL REGULATION

DEPARTMENT OF FINANCIAL AND )  
PROFESSIONAL REGULATION )  
of the State of Illinois, ) Complainant, )  
v. ) No. 2014-01501 )  
NARAYANAPPA SATHISH BABU, M.D. )  
License Nos. 036-122098/336-083527, ) Respondent. )

14 FEB 29 AM 10:16  
CLERK OF THE COURT

ILL. DEPT. OF FINANCIAL AND  
PROFESSIONAL REGULATION

ORDER

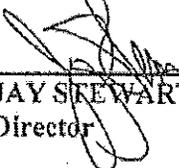
This matter having come before the Director of the Division of Professional Regulation of the State of Illinois, on a Petition filed by the Chief of Medical Prosecutions of the Division, which requested Temporary Suspension of the Illinois Physician and Surgeon License No. 036-122098 and the Illinois Controlled Substance License No. 336-083527 of Respondent, Narayanappa Sathish Babu, M.D., and the Director, having examined the Petition, finds that the public interest, safety and welfare imperatively require emergency action to prevent the continued practice of Narayanappa Sathish Babu, M.D., Respondent, in that Respondent's actions constitute an immediate danger to the public.

NOW, THEREFORE, I, JAY STEWART, DIRECTOR OF THE DIVISION OF PROFESSIONAL REGULATION of the State of Illinois, hereby ORDER that the Illinois Physician and Surgeon License No. 036-122098 and the Illinois Controlled Substance License No. 336-083527 of Respondent, Narayanappa Sathish Babu M.D., to practice medicine as a Physician and Surgeon in the State of Illinois be SUSPENDED, pending proceedings before an Administrative Law Judge at the Department of Financial and Professional Regulation and the Medical Disciplinary Board of the State of Illinois.

I FURTHER ORDER that Respondent shall immediately surrender all indicia of licensure to the Department.

DATED THIS 28<sup>th</sup> DAY OF February, 2014.

DEPARTMENT OF FINANCIAL AND  
PROFESSIONAL REGULATION of the State of  
Illinois  
Division of Professional Regulation

  
\_\_\_\_\_  
JAY STEWART  
Director

Ref: IDFPR Case No. 2014-01501/License No. 036-122098 and CS License No. 336-083527

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF PROFESSIONAL REGULATION

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION of the State of Illinois,	)	
v.	)	
NARAYANAPPA SATHISH BABU, M.D. License No. 036-122098/336-083527,	)	Complainant, ) No. 2014-01501
	)	Respondent. )

14 FEB 28 AM 10:16  
CLERK OF THE COURT  
ILL. DEPT. OF FINANCIAL AND PROFESSIONAL REGULATION

PETITION FOR TEMPORARY SUSPENSION

NOW COMES the Complainant, by its Chief of Medical Prosecutions, Laura E. Forester, and Petitions JAY STEWART, Director of the Division of Professional Regulation, Department of Financial and Professional Regulation of the State of Illinois, pursuant to 225 ILCS 60/37 to issue an Order for Temporary Suspension of the Illinois Physician and Surgeon License and the Illinois Controlled Substance License of NARAYANAPPA SATHISH BABU, M.D., Respondent. In support of said Petition, Petitioner alleges as follows:

1. Respondent is presently the holder of a Certificate of Registration as a Physician and Surgeon in the State of Illinois, License No. 036-122098, and Controlled Substance License No. 336-083527 issued by the Department of Financial and Professional Regulation of the State of Illinois. Said Licenses are presently in active status.
2. Information has come to the Department's attention that Respondent allegedly conspired with others to dispense various Schedule II to IV Controlled Substances, including Oxycontin, Vicodin and Xanax, outside the usual course of professional practice and without legitimate medical purpose.

3. In addition, information has come to the Department's attention that Respondent, who is a registered agent, medical director, founder, owner and president of Anik Life Science Medical Corporation ("Anik"), allowed unlicensed employees and/or personnel of Anik to hold themselves out to the public as medical doctors, evaluate and examine patients, and provide prescriptions for Controlled Substances to the patients signed and approved by Respondent.
4. On February 18, 2014, in the United States District Court, Northern District of Illinois, Respondent was charged with the following in *United States of America v. Sathish Narayanappa Babu*, Case No. 14 CR 84:
  - a. Count One: Respondent did conspire with others to knowingly and intentionally dispense a controlled substance, namely Oxycodone, a Schedule II Controlled Substance, outside of the usual course of professional practice and without legitimate medical purpose, in violation of Title 21, United States Code, Section 841(a)(1);
  - b. Count Two: Respondent did knowingly and willfully participate in a scheme to defraud a health care benefit program, namely Medicare, and to obtain money owed by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits, items, and services, and on or about December 7, 2012, did execute the scheme by knowingly and willfully submitting and causing to be submitted a false claim, specifically, that he provided services to the UC (undercover officer), using procedure code

99345, in violation of Title 18, United States Code, Section 1347. See

Department Exhibit A, attached hereto and made a part of this Petition.

5. Specifically, the DEA and United States Department of Health and Human Services conducted a drug diversion and health care fraud investigation of Respondent, who owns and operates Anik. Said investigation has shown that, from approximately November 2012 through December 2013, Respondent knowingly prescribed controlled substances, including oxycodone, a Schedule II controlled substance to a patient who was actually an undercover officer ("UC") despite never having seen or examined this patient.
6. Moreover, Respondent permitted unlicensed personnel associated with Anik to issue prescriptions to the UC in Respondent's name. In addition, Respondent billed Medicare and received money from Medicare for services purportedly provided to the UC that were not rendered by Respondent or another medical professional licensed in the State of Illinois. See Department's Exhibit A, attached hereto and made a part of this Petition.
7. On or about February 19, 2014, Respondent was taken into custody by federal law enforcement agents. On February 19, 2014, Respondent appeared in the United States District Court, Northern District of Illinois, and was released from custody with the following conditions of release: (i) Respondent is prohibited from writing any prescriptions and (ii) Respondent is prohibited from submitting any claims to Medicare.
8. Brian Zachariah, M.D., Chief Medical Coordinator of the Illinois Department of Financial and Professional Regulations, Division of Professional Regulation, has

been consulted in this matter and believes that the continued practice of medicine by Respondent, Narayanappa Sathish Babu, M.D., presents an immediate danger to the safety of the public in the State of Illinois. See Department's Exhibit B, attached hereto and made a part of this Petition.

Petitioner further alleges that the public interest, safety and welfare imperatively require emergency action, in that Respondent's continued practice of medicine constitutes an immediate danger to the public.

WHEREFORE, Petitioner prays that the Illinois Physician and Surgeon License and the Illinois Controlled Substance License of Narayanappa Sathish Babu, M.D., be Temporarily Suspended pending proceedings before the Medical Disciplinary Board of the State of Illinois.

DEPARTMENT OF FINANCIAL AND PROFESSIONAL  
REGULATION of the State of Illinois, Division of Professional  
Regulation

By: 

Laura E. Forester  
Chief of Medical Prosecutions

Vladimir Lozovskiy  
Staff Attorney, Medical Prosecutions Unit  
Illinois Department of Financial and Professional Regulation  
Division of Professional Regulation  
100 West Randolph, Suite 9-300  
Chicago, Illinois 60601  
312/814-1691

Ref: IDFPR Case No. 2014-01501/License No. 036-122098  
and CS License No. 336-083527