

AUG 21 2019

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

David J. Bradley, Clerk of Court

UNITED STATES OF AMERICA

v.

LAUREL OSAZUWA
a/k/a Laurel Wilson,
Defendant.

§
§
§
§
§
§
§

Criminal No. **19CR 604**
UNDER SEAL

Sealed
Public and unofficial staff access
to this instrument are
prohibited by court order.

INDICTMENT

The Grand Jury charges:

GENERAL ALLEGATIONS

At all times material to the Indictment, unless otherwise specified:

1. The Controlled Substances Act ("CSA") governed the manufacture, distribution, and dispensing of controlled substances in the United States. With limited exceptions for medical professionals, the CSA made it unlawful for any person to knowingly or intentionally manufacture, distribute, or dispense a controlled substance or conspire to do so.

2. The CSA and its implementing regulations set forth which drugs and other substances are defined by law as "controlled substances," and assigned those controlled substances to one of five schedules (Schedule I, II, III, IV, or V) depending on their potential for abuse, likelihood of physical or psychological dependency, accepted medical use, and accepted safety for use under medical supervision.

3. A controlled substance assigned to "Schedule II" meant that the drug had a high potential for abuse, the drug had a currently accepted medical use in treatment in the United States, or the drug had a currently accepted medical use with severe restrictions.

4. Pursuant to the CSA and its implementing regulations:

a. Oxycodone was classified as a Schedule II controlled substance. 21 C.F.R. § 1308.12(b)(1)(xiii). Oxycodone, sometimes prescribed under brand names, including Roxicodone, was used to treat severe pain. Oxycodone, as with other opioids, was highly addictive.

b. At all times relevant, and as of October 6, 2014, Hydrocodone was classified as a Schedule II controlled substance. 21 C.F.R. § 1308.12(b)(1)(vi). Prior to October 6, 2014, Hydrocodone was classified as a Schedule III controlled substance. Hydrocodone, sometimes prescribed under brand names including Norco, Lortab, and Vicodin, was used to treat severe pain. Hydrocodone, as with other opioids, was highly addictive.

c. Carisoprodol, was classified as a Schedule IV controlled substance. Carisoprodol, sometimes prescribed under the brand name Soma, was a purported muscle relaxant and was highly addictive. The FDA recommends carisoprodol only for acute treatment for two to three weeks at a time.

5. It was well known that the combination of high-dose opioids, including oxycodone or hydrocodone and carisoprodol significantly increased the risk of patient intoxication and overdose. Moreover, prescribing oxycodone or hydrocodone and carisoprodol often created a significant risk of diversion because the two drugs, prescribed together, were often highly abused and sought for a non-legitimate medical purpose due to the increased “high” a user may experience from taking hydrocodone or oxycodone along with carisoprodol.

6. Accordingly, for a treating physician to prescribe the combination of high-dose opioids and carisoprodol for a legitimate medical purpose, the physician needed to determine, at a minimum, that the benefits of the drugs outweighed the risks to the patient’s life.

7. Medical practitioners, such as pharmacists, physicians, and nurse practitioners, who were authorized to prescribe or distribute controlled substances by the jurisdiction in which they were licensed to practice were authorized under the CSA to prescribe, or otherwise distribute, controlled substances, if they were registered with the Attorney General of the United States.

21 U.S.C. § 822(b). Upon application by the practitioner, the Drug Enforcement Administration (“DEA”) assigned a unique registration number to each qualifying medical practitioner including physicians, pharmacies, and nurse practitioners.

8. Chapter 21 of the Code of Federal Regulations, Section 1306.04 governed the issuance of prescriptions and provided, among other things, that a prescription for a controlled substance “must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of her professional practice.” Moreover, “[a]n order purporting to be a prescription issued not in the usual course of professional treatment . . . is not a prescription within the meaning and intent of [the CSA] and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the provisions of law relating to controlled substances.”

9. Chapter 21 of the Code of Federal Regulations, Section 1306.06 governed the filling of prescriptions and provided: “A prescription for a controlled substance may only be filled by a pharmacist, acting in the usual course of her professional practice and either registered individually or employed in a registered pharmacy, a registered central fill pharmacy, or registered institutional practitioner.”

10. All prescriptions for controlled substances must be “dated as of, and signed on, the day when issued and shall bear the full name and address of the patient, the drug name, strength, dosage form, quantity prescribed, directions for use, and the name, address and registration number of the practitioner.” 21 C.F.R. § 1306.05(a). “The refilling of a prescription for a controlled substance listed in Schedule II is prohibited.” 21 C.F.R. § 1306.12(a); 21 U.S.C. § 829(a).

11. The Texas Prescription Monitoring Program (“PMP”) was a database of all reported prescriptions for controlled substances that were issued and dispensed in Texas. The database was maintained by the Texas Department of Public Safety (“DPS”) up until September 1, 2016, and thereafter by the Texas State Board of Pharmacy (“TSBP”). Pharmacies were required to report to the PMP all controlled substances dispensed, including: the patient’s name, the particular controlled substance and dosage dispensed, the quantity dispensed, the number of days supplied, the prescribing physician’s name, the date the prescription was issued, the dispensing pharmacy’s name, the type of payment, and the date the controlled substances were dispensed.

12. A “crew leader” was someone who found and paid individuals, some of whom were homeless or impoverished, to pose as chronic pain patients; transported them (often in groups) to a clinic; coached the patients to fill out patient intake documentation to support a prescription for pain medication and pays for the “visit with the doctor” (i.e., the illegitimate prescription); took the patient (or just the illegitimate prescription) to the pharmacy; and paid for and took control of the prescription drugs, often to divert and sell them on the street for profit.

13. A “runner” was an individual that worked for a crew leader and “ran,” or coordinated taking the individuals posing as patients to clinics and pharmacies to obtain controlled substances. A runner often transported the patients to the clinics or pharmacies for the crew leader, and often paid the patients, clinics, and pharmacies on the behalf of the crew leader.

ENTITIES AND DEFENDANTS

14. **LAUREL OSAZUWA** was the owner and operator of Houston Medical and Wellness Institute in Houston, Texas (“HMW”), which was located at in Houston, Texas, and

coordinated with doctors, crew leaders, runners, pharmacies, and others, the sale and distribution of illegitimate prescriptions for controlled substances issued under DOCTOR A and DOCTOR B's DEA registration numbers. **OSAZUWA** did not hold a DEA registration number, and was not a medical professional of any kind, and therefore could not prescribe controlled substances.

15. CO-CONSPIRATOR A, was a crew leader who coordinated paying and "running" individuals posing as patients to purchase illegitimate prescriptions at HMW and other clinics affiliated with **OSAZUWA**, and to have the illegitimate prescriptions filled by Houston-area pharmacies. CO-CONSPIRATOR A also directly purchased prescriptions for controlled substances from **OSAZUWA** that were purportedly issued by DOCTOR A and DOCTOR B.

16. DOCTOR A was a Medical Doctor who maintained a DEA registration number. DOCTOR A worked for **OSAZUWA** from in or around December 2018 to on or about January 10, 2019. **OSAZUWA** had access to DOCTOR A's e-prescription program.

17. DOCTOR B was a Medical Doctor who maintained a DEA registration number. **OSAZUWA** had access to DOCTOR B's e-prescription program during the times relevant to the Indictment.

COUNT 1
Conspiracy to Unlawfully Distribute and Dispense Controlled Substances
(21 U.S.C. § 846)

18. Paragraphs 1 through 17 of the Indictment are re-alleged and incorporated by reference as if fully set forth herein.

19. From in or around December 2018 through in or around August 2019, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas and elsewhere, Defendant

LAUREL OSAZUWA

knowingly and intentionally combined, conspired, confederated, and agreed with CO-CONSPIRATOR A, and with others known and unknown to the Grand Jury, to violate Title 21, United States Code, Section 841(a)(1), that is, to knowingly and intentionally unlawfully distribute and dispense, mixtures and substances containing a detectable amount of controlled substances, including oxycodone and hydrocodone, both Schedule II controlled substances, and other controlled substances, outside the usual course of professional practice and not for a legitimate medical purpose.

All in violation of Title 21, United States Code, Section 846.

Purpose of the Conspiracy

20. It was a purpose and object of the conspiracy for the Defendant, her co-conspirators, and others known and unknown to the Grand Jury to unlawfully enrich themselves by, among other things: (a) distributing and dispensing controlled substances outside the usual course of professional practice and not for a legitimate medical purpose; (b) generating large profits from distributing and dispensing those controlled substances; and (c) diverting the proceeds from distributing and dispensing those controlled substances for their personal use and benefit.

Manner and Means of the Conspiracy

The manner and means by which the Defendants sought to accomplish the purpose and object of the conspiracy included, among other things:

21. **OSAZUWA** and co-conspirators known and unknown to the grand jury, used the DOCTOR A and DOCTOR B's DEA registration numbers to knowingly and intentionally distribute and dispense controlled substances, including oxycodone, hydrocodone, and carisoprodol, outside the usual course of professional practice and not for a legitimate medical purpose. **OSAZUWA** often did so knowing that DOCTOR A and DOCTOR B did not treat the patients who were purportedly prescribed the controlled substances under DOCTOR A and DOCTOR B's names.

22. CO-CONSPIRATOR A and other crew leaders and runners often provided only driver's licenses of individuals to **OSAZUWA** in exchange for obtaining prescriptions for controlled substances from **OSAZUWA**.

23. CO-CONSPIRATOR A and other crew leaders and runners often paid individuals to pose as patients in exchange for their obtaining prescriptions for controlled substances at Houston-area clinics, and from **OSAZUWA** at HMW, and for filling those prescriptions at Houston-area pharmacies.

24. **OSAZUWA** accepted cash only, approximately \$350 for hydrocodone with carisoprodol, and approximately \$500 for oxycodone with carisoprodol, from crew leaders and runners, including CO-CONSPIRATOR A, in exchange for illegitimate prescriptions for oxycodone, hydrocodone, carisoprodol.

25. From in or around December 2018 through in or around August 2019, the DEA Registrations of DOCTOR A and DOCTOR B were used by **OSAZUWA** to issue approximately

977,437 controlled substance pills, including approximately 349,748 pills of hydrocodone, 231,299 pills of oxycodone, and approximately 346,060 pills of carisoprodol.

26. During the time of the conspiracy, **OSAZUWA** made approximately \$1.7 million dollars by distributing prescriptions for hydrocodone, oxycodone, and carisoprodol that were outside the usual course of professional practice and without a legitimate medical purpose.

All in violation of Title 21, United States Code, Section 846.

COUNTS 2-7

**Unlawfully Distributing and Dispensing Controlled Substances and Aiding and Abetting
(21 U.S.C. § 841 & 18 U.S.C. § 2)**

27. Paragraphs 1 through 17 and 21 through 26 of the Indictment are re-alleged and incorporated by reference as if fully set forth herein.

28. On or about the dates specified below, in the Houston Division of the Southern District of Texas, Defendant

LAUREL OSAZUWA

aiding and abetting and aided and abetted by others known and unknown to the Grand Jury, did knowingly and intentionally unlawfully distribute and dispense, outside the usual course of professional practice and not for a legitimate medical purpose, the controlled substances alleged below:

Count	Controlled Substance	On Or About Date	"Patient"
2	Hydrocodone 10/325mg	05/30/2019	Patient A
3	Hydrocodone 10/325mg	05/30/2019	Patient B
4	Hydrocodone 10/325mg	05/30/2019	Patient C
5	Oxycodone 30mg	05/30/2019	Patient D
6	Oxycodone 30mg	05/30/2019	Patient E
7	Oxycodone 30mg	05/30/2019	Patient F

All in violation of Title 21, United States Code, Sections 841(a)(1), (b)(1)(C), (b)(2) & Title 18, United States Code, Section 2.

NOTICE OF CRIMINAL FORFEITURE
(21 U.S.C. § 853(a))

29. Pursuant to Title 21, United States Code, Section 853(a), the United States of America gives notice to Defendants, that upon conviction of an offense in violation of Title 21, United States Code, Section 846, the following is subject to forfeiture:

- a. all property constituting, or derived from, any proceeds obtained, directly or indirectly, as the result of such violation; and
- b. all property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, such violation.
- c. approximately \$1.7 million in funds derived from the selling of controlled substances.

(CONTINUED)

Money Judgment and Substitute Assets

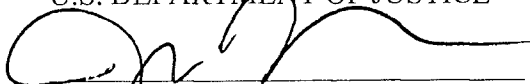
30. The United States will seek the imposition of a money judgment against Defendants upon conviction.

31. Defendant is notified that in the event that one or more conditions listed in Title 21, United States Code, Section 853(p) exists, the United States will seek to forfeit any other property of the defendant up to the amount of the money judgment.

A TRIFFERT
Original Signature on File
FOREPERSON

RYAN K. PATRICK
UNITED STATES ATTORNEY

ALLAN MEDINA
ACTING CHIEF, HEALTH CARE FRAUD UNIT
FRAUD SECTION, CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE



JASON KNUTSON
TRIAL ATTORNEY
FRAUD SECTION, CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE