

FILED

JUL 26 2021 SH

IN THE UNITED STATES DISTRICT COURT THOMAS G. BRUTON
FOR THE NORTHERN DISTRICT OF ILLINOIS CLERK, U.S. DISTRICT COURT
EASTERN DIVISION

UNITED STATES OF AMERICA,

v.

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA

No.

Violations: Title 21, United
States Code, Section 841(a)(1)
and 846; Title 18, United States
Code, Section 1347

21-CR-470

Judge John F. Kness

Magistrate Judge M. David Weisman

COUNT ONE

The SPECIAL NOVEMBER 2020 GRAND JURY charges:

1. At times material to this Indictment:

a. Demorest Consultants LLC was a medical practice located in Melrose Park, Illinois. Demorest Consultants LLC was managed by defendant STANLEY DAVID DEMOREST.

b. Prior to approximately 2012, defendant STANLEY DAVID DEMOREST was a physician licensed to practice medicine in the State of Illinois and was also licensed, registered, and otherwise permitted by the United States and the State of Illinois to distribute, dispense, and administer controlled substances in the course of his professional practice. On or about January 9, 2015, DEMOREST voluntarily surrendered his DEA Registration Number AD2417144. On or about September 27, 2018, the Illinois Department of Financial and Professional Regulation suspended DEMOREST's Illinois Physician and Surgeon License indefinitely.

c. Defendant NICHOLAS RECCHIA was a physician licensed to practice medicine in the State of Illinois. RECCHIA was also licensed, registered, and otherwise permitted by the United States and the State of Illinois to distribute, dispense, and administer controlled substances in the course of his professional practice. Starting no later than March 19, 2015, Demorest Consultants LLC employed RECCHIA as a physician.

d. Hydrocodone was a narcotic pain reliever and Schedule II Controlled Substance.

e. Oxycodone was a narcotic pain reliever and Schedule II Controlled Substance.

f. Fentanyl (N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl]propanamide) was a narcotic pain reliever and Schedule II Controlled Substance.

g. Amphetamine was a Schedule II Controlled Substance, and amphetamine and its non-generic formulation, Adderall, were stimulants used in the treatment of ADHD.

h. Alprazolam was intended for use in the treatment of anxiety and a Schedule IV Controlled Substance.

i. Lorazepam was intended for use in the treatment of anxiety and a Schedule IV Controlled Substance.

j. Clonazepam was an anticonvulsant and sedative and a Schedule IV Controlled Substance.

k. Carisoprodol was a muscle relaxer and a Schedule IV Controlled Substance.

2. Beginning no later than March 2015, and continuing until on or about January 28, 2020, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST, and
NICHOLAS RECCHIA,

defendants herein, did conspire with each other, and with others known and unknown to the Grand Jury, to knowingly and intentionally dispense controlled substances, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of fentanyl [(N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl] propanamide)], a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance; a quantity of a mixture and substance containing a detectable amount of lorazepam, a Schedule IV Controlled Substance; a quantity of a mixture and substance containing a detectable amount of carisoprodol, a Schedule IV Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of clonazepam, a Schedule IV 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).

3. It was part of the conspiracy that defendants RECCHIA and DEMOREST agreed to dispense controlled substances, including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam, through Demorest Consultants LLC, to individuals who defendants RECCHIA and DEMOREST knew did not have legitimate medical need for such controlled substances, including Beneficiaries T.B., A.B., J.B., D.G., J.G., N.G., E.K., J.K., M.K., N.K., Y.L., S.M., V.M., J.Q., and K.T.

4. It was further part of the conspiracy that defendants RECCHIA and DEMOREST, with defendant RECCHIA's agreement, met with individuals who came to Demorest Consulting LLC and who defendants DEMOREST and RECCHIA knew had no legitimate medical need for controlled substances.

5. It was further part of the conspiracy that defendants RECCHIA and DEMOREST dispensed, and caused the dispensing of, thousands of dosage units of controlled substances, including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam, to individuals who visited Demorest Consulting LLC, but received no meaningful physical examination or medical tests, and who defendants RECCHIA and DEMOREST knew had no legitimate medical need for such controlled substances.

6. It was further part of the conspiracy that defendant RECCHIA, at defendant DEMOREST's direction and otherwise, dispensed controlled substances,

including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam to individuals without meeting with the individuals in person and knowing that such prescriptions were issued without a legitimate medical purpose.

7. It was further part of the conspiracy that defendant RECCHIA permitted defendant DEMOREST to use defendant RECCHIA's United States Drug Enforcement Registration Number and State of Illinois Controlled Substance License to dispense controlled substances, including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam. Both RECCHIA and DEMOREST knew that such prescriptions were issued without a legitimate medical purpose.

8. It was further part of the conspiracy that defendant DEMOREST used defendant RECCHIA's United States Drug Enforcement Registration Number and State of Illinois Controlled Substance License to dispense controlled substances, including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam, knowing that such prescriptions were issued without a legitimate medical purpose.

9. It was further part of the conspiracy that defendants RECCHIA and DEMOREST dispensed, and caused to be dispensed, combinations of controlled substances including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam, as well as other controlled substances, to individuals who visited Demorest Consulting LLC when, as both DEMOREST and

RECCHIA knew, such combination of prescriptions were without a legitimate medical purpose.

10. It was further part of the conspiracy that defendants RECCHIA and DEMOREST dispensed and distributed controlled substances, including hydrocodone, oxycodone, fentanyl, amphetamine, alprazolam, lorazepam, carisoprodol, and clonazepam, to individuals who submitted urine drug screens the results of which showed the individuals were using illicit drugs, were using controlled substances for which the individuals did not have a prescription, and were otherwise not taking the controlled substances as prescribed, knowing that such prescriptions were without a legitimate medical purpose.

11. It was further part of the conspiracy that defendants RECCHIA and DEMOREST, and others, misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes and acts done in furtherance of the conspiracy.

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

COUNT TWO

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about September 24, 2015, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary T.B., 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 THREE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about November 16, 2015, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary Y.L., 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 FOUR

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 12, 2016, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary J.Q., 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 FIVE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about December 21, 2016, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of clonazepam, a Schedule IV Controlled Substance, to Beneficiary N.G., 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), and Title 18, United States Code, Section 2.

COUNT SIX

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about April 28, 2017, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance, to Beneficiary S.M., 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 SEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about May 12, 2017, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary N.K., 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 EIGHT

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about July 11, 2017, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of fentanyl (N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl] propanamide), a Schedule II Controlled Substance, to Beneficiary K.T., 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), and Title 18, United States Code, Section 2.

COUNT NINE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 23, 2017, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary T.B., 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 TEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about January 31, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST, and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance, to Beneficiary J.G., 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), and Title 18, United States Code, Section 2.

COUNT ELEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about April 25, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary M.K., 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), and Title 18, United States Code, Section 2.

COUNT TWELVE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about May 19, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance, to Beneficiary V.M., 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 THIRTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about July 9, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance, to Beneficiary J.B., 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 FOURTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about July 26, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of alprazolam, a Schedule IV Controlled Substance, to Beneficiary A.S., 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 FIFTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about August 15, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance, to Beneficiary J.K., 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), and Title 18, United States Code, Section 2.

COUNT SIXTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about August 15, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance, to Beneficiary E.K., 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), and Title 18, United States Code, Section 2.

COUNT SEVENTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 25, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of oxycodone, a Schedule II Controlled Substance, to Beneficiary J.K., 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), and Title 18, United States Code, Section 2.

COUNT EIGHTEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about December 31, 2018, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST and
NICHOLAS RECCHIA,

defendants herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance, to Beneficiary M.K., 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), and Title 18, United States Code, Section 2.

COUNT NINETEEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about April 23, 2019, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance, to Beneficiary J.B., 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 TWENTY

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about September 19, 2019, at Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, did knowingly and intentionally dispense a controlled substance, namely, a quantity of a mixture and substance containing a detectable amount of hydrocodone, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of amphetamine, a Schedule II Controlled Substance; a quantity of a mixture and substance containing a detectable amount of clonazepam, a Schedule IV Controlled Substance; and a quantity of a mixture and substance containing a detectable amount of carisoprodol, a Schedule IV Controlled Substance, to Beneficiary D.G., 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 TWENTY-ONE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. Paragraphs 1(a) through 1(k) of Count One are incorporated here.
2. At times material to this Indictment:

- a. Medicare was a federal health care benefit program, as defined in Title 18, United States Code, Section 24(b), which provided free and below-cost health care benefits to certain eligible beneficiaries. Medicare was administered by the Centers for Medicare and Medicaid Services, a federal agency within the United States Department of Health and Human Services.

- b. Medicare programs covering different types of benefits were separated into different program parts. “Part B” of Medicare covered, among other things, claims for medical services provided by physicians, medical clinics, and outpatient care. “Part D” of Medicare subsidized the cost of certain prescription drugs for Medicare beneficiaries. A beneficiary in a Medicare drug plan could fill a prescription at a pharmacy and use the plan to pay for some or all of the prescription drugs.

- c. Medicaid was a federally assisted health care benefit program, as defined in Title 18, United States Code, Section 24(b), which provided certain medical services, products, and benefits, including prescription drug benefits, for certain individuals and families with low income as outlined in the Social Security Act (Title 42, United States Code, Section 1396 et seq.). Among the specific medical services and products provided by Medicaid were reimbursements to pharmacies for the

provision of prescription drugs. Generally, Medicaid covered these costs if, among other requirements, they were medically necessary and ordered by a physician.

d. Health care providers who enrolled with Medicare and Medicaid were eligible for reimbursement for covered medical services that they provided to Medicare and Medicaid recipients. By becoming a participating provider in Medicare or Medicaid, enrolled providers agreed to abide by the rules, regulations, policies, and procedures governing reimbursement. Medicare and Medicaid required each health care provider who sought reimbursement for services to enroll with Medicaid or Medicare by submitting an application with, among other things, the provider's professional credentials and qualifications.

e. A National Provider Identification number ("NPI") was a unique identification number issued to health care providers that all health care providers were required to use when submitting claims to a health care benefit program for reimbursement for services rendered to a patient covered by the health care benefit program.

f. To receive reimbursement for a covered service or item from Medicare and Medicaid, a provider must submit a claim for payment containing, among other things, information identifying the provider, patient, and services or items rendered. Medicare and Medicaid reimbursed for only those items and services that were medically necessary and ordered by licensed medical doctors or other qualified health care providers.

g. RECCHIA and DEMOREST were enrolled as providers with the Medicare and Medicaid programs and assigned NPI numbers. Demorest Consultants LLC was enrolled as provider with the Medicare program and as a payee with the Medicaid program.

h. The funds Medicare and Medicaid paid to Demorest Consultants LLC were deposited into an account XXXXX8081 held at Bank A under the name Demorest Consultants LLC. Defendant DEMOREST and Individual A were the sole signatories on this account.

i. Pharmacy benefit managers (“PBMs”) were third party administrators of prescription drug plans for health care benefit programs, including Medicare and Medicaid. Claims for reimbursement of items provided by a pharmacy to a beneficiary, including covered medications, were submitted through a PBM to the health care benefit program. Medicare and Medicaid paid for covered items for which a representation had been made that the items provided to the patients were authorized by a prescribing physician and medically necessary.

j. Health care providers used a standardized system of coding to report professional services. The Current Procedural Terminology (“CPT”) Manual contained codes defining the procedural and medical requirements that needed to be met in order for a provider to bill Medicare and Medicaid for a particular service. All claims for reimbursement to Medicare and Medicaid were required to include, among other things, a five-digit CPT code identifying the service provided to a beneficiary on a particular date.

k. Patient visits to a physician's office were billed under a range of CPT codes. New patient visits to a physician's office were billed under CPT codes 99201 through 99205, and established patient visits to a physician's office were billed under CPT codes 99211 through 99215. The higher codes in each range represented visits of a more comprehensive nature, which also had a higher rate of reimbursement from Medicare.

1. For an office visit to be billed properly using CPT code 99214, it was required to have at least two of the three following key components: a detailed history of the patient's present illness; a detailed physical examination of the affected body region or organ system; and medical decision making of moderate complexity. According to the American Medical Association, such a visit usually involved a patient who presented a problem of moderate to high severity, and a physician typically spent 25 minutes face-to-face with the patient or family.

3. Beginning in and around March 2015, and continuing through January 28, 2020, in the Northern District of Illinois, and elsewhere,

STANLEY DAVID DEMOREST, and
NICHOLAS RECCHIA,

defendants herein, and others known and unknown to the Grand Jury, participated in a scheme to defraud a health care benefit program, as described in Title 18, United States Code, Section 24(b), namely, Medicaid and Medicare, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money owned by, and under the custody and control of a health care program, in connection

with the delivery of and payment for health care benefits and services, which scheme is further described below.

4. It was part of the scheme that defendants DEMOREST and RECCHIA, and others, knowingly submitted, and caused to be submitted, fraudulent claims to Medicare and Medicaid that represented that prescriptions of scheduled controlled substances for beneficiaries were medically necessary, and that the beneficiaries' office visits with defendants were for a legitimate medical purpose, when, as defendants knew, the beneficiaries did not have a legitimate medical need for the controlled substances being prescribed, and that the office visits were not for a legitimate medical purpose.

5. It was further part of the scheme that defendants DEMOREST and RECCHIA submitted, and caused to be submitted, false and fraudulent claims to Medicare and Medicaid using CPT codes with higher rates of reimbursement, when as defendants knew, the services actually rendered did not justify the higher-paying codes.

6. It was further part of the scheme that defendants DEMOREST and RECCHIA, knowing that they prescribed medically unnecessary scheduled controlled substances to beneficiaries who would fill the prescriptions at pharmacies, caused the submission of false and fraudulent claims by pharmacies to Medicare and Medicaid for reimbursement of the scheduled controlled substances dispensed by the pharmacies pursuant to the prescriptions authorized by the defendants.

7. It was further part of the scheme that, from at least in or around September 2018 to at least on or about January 28, 2020, defendant DEMOREST and others submitted, and caused to be submitted, fraudulent claims to Medicaid and Medicare that falsely represented that defendant RECCHIA provided services to beneficiaries when defendant DEMOREST knew that he, not RECCHIA, provided the services, and that such services could neither be billed under DEMOREST's NPI nor reimbursed by Medicare and Medicaid because DEMOREST did not have an active Illinois Physician and Surgeon License.

8. It was further part of the scheme that defendant DEMOREST deposited and caused to be deposited, funds from Medicare and Medicaid into bank account XXXXX8081 that defendant DEMOREST controlled.

9. It was further part of the scheme that defendants DEMOREST and RECCHIA misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence, purposes, and acts done in furtherance of the scheme.

10. On or about September 25, 2015, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment from Pharmacy A-1 for scheduled controlled substances prescribed by defendant to Beneficiary T.B. on or about September 24, 2015, that did not qualify for payment because the

prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-TWO

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about September 25, 2015, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment from Pharmacy B-1 for scheduled controlled substances prescribed by defendant to Beneficiary T.B. on or about September 24, 2015, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-THREE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about February 18, 2016, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment from Pharmacy A-2 for scheduled controlled substances prescribed by defendant to Beneficiary A.B. on or about February 12, 2016, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-FOUR

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about August 31, 2017, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicaid a claim seeking payment for Pharmacy C-1 for scheduled controlled substances prescribed by defendant to Beneficiary K.T. on or about July 11, 2017, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-FIVE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 23, 2017, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment for Pharmacy B-2 for scheduled controlled substances prescribed by defendant to Beneficiary T.B. on or about October 23, 2017, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-SIX

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 23, 2017, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment for Pharmacy D for scheduled controlled substances prescribed by defendant to Beneficiary T.B. on or about October 23, 2017, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-SEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about October 26, 2017, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

NICHOLAS RECCHIA,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicare a claim seeking payment for Pharmacy D for scheduled controlled substances prescribed by defendant to Beneficiary T.B. on or about October 23, 2017, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-EIGHT

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about May 17, 2018, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicaid a claim seeking payment for Pharmacy C-2 for scheduled controlled substances prescribed by defendant to Beneficiary M.K. on or about April 25, 2018, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWENTY-NINE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about September 5, 2018, in Melrose Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STANLEY DAVID DEMOREST,

defendant herein, knowingly and willfully executed the scheme, and attempted to do so, by causing to be submitted to Medicaid a claim seeking payment for Pharmacy C-2 for scheduled controlled substances prescribed by defendant to Beneficiary M.K. on or about April 25, 2018, that did not qualify for payment because the prescriptions were issued outside of the usual course of professional practice and without a legitimate medical purpose;

In violation of Title 18, United States Code, Sections 1347 and 2.

FORFEITURE ALLEGATION ONE

The SPECIAL NOVEMBER 2020 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 21, United States Code, Sections 841 and 846, as set forth in this Indictment, defendants NICHOLAS RECCHIA and STANLEY DAVID DEMOREST shall forfeit to the United States of America any property which constitutes and is derived from proceeds obtained, directly and indirectly, as a result of the offense; and any property used, and intended to be used, in any manner and part, to commit and facilitate commission of the offense, as provided in Title 21, United States Code, Section 853(a).

2. If any of the property described above, as a result of any act or omission by a defendant cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with any property which cannot be divided without difficult, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

FORFEITURE ALLEGATION TWO

The SPECIAL NOVEMBER 2020 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1347, as set forth in this Indictment, defendants NICHOLAS RECCHIA and STANLEY DAVID DEMOREST shall forfeit to the United States of America any property that constitutes and is derived, directly and indirectly from the gross proceeds traceable to the commission of the offense, as provided in Title 18, United States Code, Section 982(a)(7).

2. If any of the property described above, as a result of any act or omission by a defendant cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with any property which cannot be divided without difficult, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

FOREPERSON

Signed by Erika Csicsila on behalf of the
UNITED STATES ATTORNEY