

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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Doctor And Three Others In Bergen County Charged In \$10 Million Health Care Fraud Scheme

Allegedly Paid and Received Kickbacks in Connection with Medically Unnecessary Prescriptions for Pain Creams

NEWARK, N.J. – A doctor and three people associated with a pharmacy were charged today with their respective roles in defrauding the federal workers' compensation program in a \$10 million scheme involving illegal kickbacks and medically unnecessary prescriptions for pain creams, U.S. Attorney Craig Carpenito announced.

Mark Filippone M.D., 71, of Wallington, New Jersey; Joseph Miller, 33, a/k/a "Joseph Vangelas," of Fort Lee, New Jersey; Marlene Vangelas, 58, of River Vale, New Jersey; and Zachary Ohebshalom, 33, of Edgewater, New Jersey, were each charged by complaint with one count of conspiring to commit health care fraud and one count of violating the federal anti-kickback statute. The defendants are scheduled to appear this afternoon before U.S. Magistrate Judge Michael A. Hammer in Newark federal court.

According to documents filed in this case and statements made in court:

Beginning in November 2015, the defendants conspired to obtain more than \$10 million in health benefits from the federal workers' compensation program by prescribing and dispensing expensive, but medically unnecessary, pain creams. Filippone treated hundreds of now-former U.S. Postal Service employees for injuries they purportedly suffered on the job. He allegedly facilitated their disability claims by submitting forms and medical reports to the Department of Labor, Office of Workers' Compensation Program, for patients who traveled from as far away as Florida and Georgia to see him.

Filippone also prescribed expensive topical pain creams, which were not needed or wanted by many of his patients. The complaint alleges that Filippone steered these prescriptions to a pharmacy in Fairlawn, New Jersey, which was owned and operated by Miller and Vangelas, who, along with Ohebshalom, directed their pharmacists to mine reimbursement rates within the federal workers' compensation program for the ingredients of the pain creams in order to determine the most lucrative formulations. The trio then printed prescription labels for Filippone to use with his patients. Dr. Filippone used the pre-printed labels and sent the prescriptions back to Miller, Vangelas, and Ohebshalom. In order to induce Filippone to prescribe the medically unnecessary pain creams in the exact formulations they wished to obtain, Miller and Vangelas purchased Filippone's medical office for above fair market value, and then permitted Dr. Filippone to continue to use the premises, for which he routinely failed to pay rent. Miller, Vangelas, and Ohebshalom conspired to leverage the property to force Filippone to continue to send prescriptions to their pharmacy. Filippone continued to feed prescriptions to the pharmacy, so long as Miller and Vangelas permitted him to remain rent-free in the property.

The count of conspiracy to commit health care fraud is punishable by a maximum of 10 years in prison; the count of violating the federal anti-kickback statute is punishable by a maximum penalty

of five years in prison. Both counts are also punishable by a fine of \$250,000, or twice the gross gain or loss derived from the offense, whichever is greater.

U.S. Attorney Carpenito credited special agents of the FBI, under the direction of Special Agent in Charge Gregory Ehrie in Newark; the U.S. Postal Service, Office of Inspector General, under the direction of Special Agent in Charge of the Northeast Area Field Office Matthew M. Modaffer; the Department of Labor, Office of Inspector General, New York Region, under the direction of Special Agent in Charge Michael C. Mikulka; and special agents of IRS-Criminal Investigations, under the direction of Special Agent in Charge John R. Tafur, with the investigation leading to the charges.

The government is represented by Assistant U.S. Attorney David M. Eskew, Chief of the Health Care & Government Fraud Unit in the Criminal Division, Newark.

The charges and allegations in the complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.