

THE UNITED STATES ATTORNEY'S OFFICE

SOUTHERN DISTRICT *of* NEW YORK

FOR IMMEDIATE RELEASE

Friday, April 29, 2016

Manhattan U.S. Attorney Announces Arrest Of Black Market Distributor Of Diverted HIV Medications Worth Approximately \$4 Million

Preet Bharara, the United States Attorney for the Southern District of New York, and Russell Hermann, Acting Special Agent in Charge of the Food and Drug Administration, Office of Criminal Investigations, New York Field Office (“FDA-OCI”), announced that ROBIN DELEONROSA, a/k/a “Magic,” a/k/a “Robin Deleon Rosa,” a/k/a “Robin Rosa,” was arrested today for his role in a nationwide black market that distributed millions of dollars’ worth of fraudulently obtained HIV prescription drugs to unsuspecting consumers. DELEONROSA personally obtained and sold more than \$1.9 million worth of second-hand HIV prescription drugs. In addition, a search earlier today of DELEONROSA’s residence in the Bronx resulted in the seizure of over 1,000 bottles of second-hand HIV prescription pills, with an estimated value of \$1.8 million, as well as lighter fluid that was used to remove labels from the pill bottles, and over \$70,000 in United States currency. DELEONROSA will be presented later today in Manhattan federal court before Magistrate Judge Frank Maas.

Manhattan U.S. Attorney Preet Bharara said: “As alleged, Robin Deleonrosa served as a middle-man in a black market scheme to illegally re-sell potentially dangerous or ineffective second-hand HIV medications to unsuspecting patients and pharmacies. As a result of his alleged participation in this scheme, Deleonrosa endangered the health of unsuspecting patients needing these drugs, and defrauded Medicaid of more than an estimated \$1.9 million.”

FDA-OCI Acting Special Agent in Charge Russell Hermann said: “When prescription medications are diverted from the legal supply chain, there is no longer any assurance that the medicines are safe and effective. Our office will pursue and bring to justice individuals who endanger the public’s health in this manner.”

According to the Complaint unsealed today in Manhattan federal court^[1]:

From at least in or about September 2013 until April 2016, DELEONROSA was part of a black market distribution network that distributed bulk quantities of second-hand HIV prescription drugs to unsuspecting consumers. In particular, the members of the black market distribution ring would initially obtain the HIV prescription drugs by purchasing these drugs from patients to whom these medications were originally prescribed. The prescription HIV bottles were then collected and the labels (containing the patients’ names) were removed using dangerous substances, including lighter fluid and other potentially hazardous chemicals. Through this process, the members of the black market distribution network made the bottles appear new in

order to conceal the fact that the bottles had previously been dispensed to patients. This process allowed the bottles eventually to be re-sold to pharmacies and unsuspecting consumers. Consumers who eventually received these second-hand prescription HIV medications were not aware that the prescription bottles had been previously sold, treated with potentially hazardous chemicals, and possibly not stored under conditions sufficient to maintain their medical efficacy.

In addition to placing consumers at significant risk, Medicaid and other health insurers were defrauded in multiple ways by DELEONROSA's scheme. On the front end, health care benefit enrollees, including Medicaid recipients who participated in this scheme, filled their prescriptions for little or no cost with the intention of selling the drugs into the underground black market rather than taking the drugs as prescribed to treat their illnesses. Because health benefits, such as HIV prescription drugs, are for the sole use of the insured, Medicaid and other health care benefit plans would not have paid for such drugs if the beneficiaries had disclosed their intent to sell the medications rather than take them as prescribed. On the back end, Medicaid was further defrauded by reimbursing pharmacies for the cost of prescription HIV drugs as if the drugs were new and obtained from a legitimate stream of commerce, when, in truth and in fact, the drugs were second-hand and came from the black market. Accordingly, as result of this scheme, health care benefit plans, including Medicaid, were defrauded multiple times by paying for the same drugs twice.

As is detailed in the Complaint, DELEONROSA served as a middleman in this scheme – selling hundreds of second-hand prescription HIV medication bottles to a cooperating source (“CS”) on multiple occasions, with a total estimated Medicaid reimbursement value of more than \$1.9 million. DELEONROSA stored these second-hand prescription HIV medication bottles in his residence in the Bronx, and provided the bottles to the CS in suitcases and a duffel bag. Many of the HIV prescription bottles that DELEONROSA sold still bore the labels of the patients to whom the drugs were originally dispensed. In 2014, DELEONROSA also provided the CS with second-hand HIV prescription medication bottles that were to be delivered to addresses in California, but which were intercepted by Federal Express due to the suspicious nature of the packages.

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DELEONROSA, 48, of the Bronx, is charged with one count of conspiracy to commit health care fraud, which carries a maximum potential sentence of 10 years in prison. The maximum potential sentence in this case is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

U.S. Attorney Preet Bharara praised the outstanding work of the FDA's Office of Criminal Investigations.

The case is being prosecuted by the Office's Complex Frauds and Cybercrime Unit. Assistant U.S. Attorneys Noah Solowiejczyk and Patrick Egan are in charge of the prosecution.

[1] As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

16-103

USAO - New York, Southern

Topic:

Healthcare Fraud

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