

FOR IMMEDIATE RELEASE

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**Attorney General James Announces Indictment
and
Arraignment of Owner and Manager of New York
City
Pharmacy for Allegedly Stealing Millions from
Medicaid**

*Owner and Manager of Santiago Pharmacy Allegedly Paid
Kickbacks to Patients and Falsely Billed Medicaid*

for HIV Medications That Were Diverted or Never Dispensed

NEW YORK – New York Attorney General Letitia James today announced the [indictment, arrest, and arraignment of the owner and manager of a Queens County pharmacy](#) for their roles in a multimillion-dollar drug diversion and kickback scheme involving HIV drugs. Juan Poveda, 32, of Nassau County, owner of CSE Drug Corp. doing business as Santiago Pharmacy (Santiago Pharmacy), and Javier Burbano, 32, of Queens, manager of Santiago Pharmacy in Flushing, Queens, allegedly paid kickbacks to Medicaid recipients in exchange for filling their HIV prescriptions at Santiago Pharmacy and submitted false claims for HIV drugs like Biktarvy that they either obtained illegally or never actually purchased.

Poveda, Burbano, and Santiago Pharmacy were indicted by a Queens County Grand Jury for Grand Larceny in the First Degree, Health Care Fraud in the Second Degree, and for violating the New York Social Services Law for unlawfully paying kickbacks to Medicaid beneficiaries. Poveda, Santiago Pharmacy, and B&H Health Distributors, Inc. (a corporation allegedly registered to Juan Poveda) were also charged with Money Laundering in the First Degree, and Poveda, Santiago Pharmacy, Pobal Cargo LLC (a corporation allegedly registered to a relative of Poveda), were indicted for Money Laundering in the Second Degree for allegedly conducting financial transactions designed to conceal the illegally obtained funds. Grand Larceny

in the First Degree and Money Laundering in the First Degree are both class B felonies and carry a maximum sentence of 25 years in prison. Health Care Fraud in the Second Degree is a class C felony and carries a maximum sentence of 15 years in prison. This investigation remains ongoing. In connection with the investigation, the Office of the Attorney General's (OAG) Medicaid Fraud Control Unit (MFCU) executed search warrants at Corona Chemist Pharmacy in Corona and Mi Botica Pharmacy in Flushing, Queens.

"We trust pharmacies to attend to the needs and welfare of their patients, not to take advantage of our most vulnerable neighbors to line their own pockets," said **Attorney General James**.

"People living with HIV are able to live full and healthy lives by taking wholesome medications as prescribed by their doctors. Scams like the one alleged in this indictment cheat New Yorkers out of their health. Stealing from Medicaid is a reprehensible crime, and New Yorkers can count on my office to hold these bad actors accountable."

In the defendants' arraignment on the indictment before New York State Supreme Court Judge Michelle Johnson, and at a prior proceeding, OAG's MFCU outlined a scheme in which Poveda and Burbano allegedly paid or directed others to pay cash kickbacks to Medicaid recipients to encourage them to fill their HIV prescriptions at Santiago Pharmacy. Santiago Pharmacy then billed Medicaid and received millions of dollars for those prescriptions. State law prohibits all medical providers, including pharmacies, from paying or offering to pay anyone for the referral of medical services paid for by Medicaid.

Court papers allege that Poveda and Burbano stole more than \$2.9 million dollars from Amida Care, a Medicaid-funded managed care organization, by billing for drugs, including the expensive HIV retroviral medication Biktarvy, that were either not legally obtained or that never existed. Poveda then allegedly attempted to hide the fraudulently obtained funds by funneling criminal proceeds from Santiago Pharmacy accounts to pass-through bank accounts without any apparent business operations, including B&H Health Distributors Inc. and Pobal Cargo, LLC.

The charges filed in this case are accusations. The defendants are presumed innocent until proven guilty in a court of law. Attorney General James thanks the New York State Department of Health and the Office of the Medicaid Inspector General as well as the United States Department of Health and Human Services Office of the Inspector General for their assistance in this investigation. The Attorney General also thanks Medicaid MCOs Amida Care and VNS Choice, pharmacy benefit managers Express Scripts and Med Impact, pharmacy services administrative organization AlignRx, and pharmaceutical wholesaler AmerisourceBergen for their cooperation with the investigation.

This investigation is being conducted by Detectives Stanislav Tabakov and Anthony Caban with the assistance of Supervising Investigator Dominick DiGennaro and Acting Executive Officer Ronald Lynch of the Investigations Bureau, under the supervision of Commanding Officer Deputy Chief William Falk. The audit investigation is being conducted by Auditor Investigator Anthony Gillette with the assistance of Principal Auditor Investigator Olga Sunitsky, Regional Deputy Chief Auditor Jonathan Romano, and Regional Chief Auditor Thomasina Smith.

The criminal case is being prosecuted by Special Assistant Attorneys General Chase Ruddy and Amy Delfyett with assistance from Deputy Regional Director David Arias and Regional Director Twan Bounds and investigative support provided by Confidential Legal Assistant Natalie Tamblyn. MFCU Chief of Criminal Investigations, Special Assistant Attorney General Thomas O'Hanlon is supervising the case. MFCU is led by Director Amy Held and Assistant Deputy Attorney General Paul J. Mahoney. MFCU and the Investigations Bureau are both part of the Division for Criminal Justice, which is led by Chief Deputy Attorney General José Maldonado and overseen by First Deputy Attorney General Jennifer Levy.

MFCU's total funding for federal fiscal year (FY) 2023 is \$65,717,936. Of that total, 75 percent, or \$49,288,452, is awarded under a grant from the U.S. Department of Health and Human Services. The remaining 25 percent, totaling \$16,429,484 for FY 2023, is funded by New York state. Through MFCU's

recoveries in law enforcement actions, it regularly returns more to the state than it receives in state funding.

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