

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Monday, February 10, 2020

Former Pharmacy Employee Admits Role in Multi-Million Dollar Illegal Kickback Scheme

NEWARK, N.J. – A Bergen County, New Jersey, man today admitted participating in a conspiracy to pay and accept kickbacks in exchange for medically unnecessary prescriptions, U.S. Attorney Craig Carpenito announced.

Zachary Ohebshalom, 34, of Fort Lee, New Jersey, pleaded guilty today before U.S. District Judge Susan D. Wigenton in Newark federal court to an information charging him with conspiring to violate the federal anti-kickback statute. The information alleges that he conspired with the following three individuals who have been previously charged by criminal complaint in the District of New Jersey: Mark Filippone M.D., 71, of Wallington, New Jersey; Joseph Vangelas, a/k/a "Joseph Miller," 33, of Fort Lee, New Jersey; and Marlene Vangelas, 58, of River Vale, New Jersey. Criminal charges against Filippone, Joseph Vangelas, and Marlene Vangelas remain pending. Estela Blaustein, 55 of Mahwah, New Jersey, previously pleaded guilty for her role in a related conspiracy to commit health care fraud and is pending sentencing.

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

Beginning in May 2016, Ohebshalom participated in a kickback conspiracy stemming from a scheme to obtain millions of dollars in health benefits from the federal workers' compensation program by prescribing and dispensing expensive, but medically unnecessary, pain creams. Dr. 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 were not, in fact, disabled.

Dr. Filippone also prescribed expensive topical pain creams, which were not needed or wanted by many of his patients. The information alleges that Dr. Filippone steered these prescriptions to a pharmacy in Fair Lawn, New Jersey, where Blaustein was the pharmacist-in-charge. The Fair Lawn Pharmacy was owned and operated by Joseph Vangelas and Marlene Vangelas, who, along with Ohebshalom, directed Blaustein and others 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. Joseph Vangelas, Marlene Vangelas, and Ohebshalom directed Blaustein and others to print prescription labels for Dr. Filippone to use with his patients. Dr. Filippone used the pre-printed labels and sent the prescriptions back to the Fair Lawn Pharmacy. In order to induce Dr. Filippone to prescribe the medically unnecessary pain creams in the exact formulations they wished to obtain, Joseph Vangelas and Marlene Vangelas purchased Dr. Filippone's medical office and then permitted Dr. Filippone to continue to use the premises, for which he routinely failed to pay rent. Joseph Vangelas, Marlene Vangelas, and Ohebshalom conspired to leverage the property to force Dr. Filippone to continue to send prescriptions to their pharmacy. Dr. Filippone continued to feed prescriptions to the pharmacy, so long as Miller and Vangelas permitted him to remain rent-free in the property.

As part of his plea agreement, Ohebshalom agreed that the improper benefit conferred as part of the conspiracy to violate the federal anti-kickback statute was between \$1.5 million and \$3.5 million.

The count of conspiracy to violate the federal anti-kickback statute is punishable by a maximum of 5 years in prison and a fine of \$250,000, or twice the gross gain or loss derived from the offense, whichever is greater. Sentencing is scheduled for May 21, 2020.

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. Modafferi; 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 Investigation, 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 Joshua L. Haber of the Health Care Fraud Unit of the U.S. Attorney's Office in Newark.

The charges against and allegations in the information pertaining to Filippone, Joseph Vangelas, and Marlene Vangelas are merely accusations, and those three defendants are presumed innocent unless and until proven guilty.