

COPY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BEFORE THE STATE BOARD OF MEDICINE

Commonwealth of Pennsylvania
Bureau of Professional and
Occupational Affairs

v.

Clarence R. Verdell, M.D.
Respondent

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Docket No. 1528 -49-14
File No. 14-49-00195

ORDER OF TEMPORARY SUSPENSION AND NOTICE OF HEARING

AND NOW, this 4th day of Sept., 2014, upon review of the Petition for Temporary Suspension of the license to practice as a medical physician and surgeon of **Clarence R. Verdell, M.D.**, (hereinafter "Respondent") License No. MD044437E, filed by the Commonwealth of Pennsylvania Bureau of Professional and Occupational Affairs (hereinafter "Commonwealth"), the State Board of Medicine (hereinafter "Board") makes the following findings and enters the following Order:

SUSPENSION ORDER

The Board finds the Commonwealth has alleged facts in its Petition, which, if taken as true, establish that the continued practice as a medical physician and surgeon by the Respondent presents an immediate danger to the public health and safety. Therefore in accordance with section 40(a) of the Medical Practice Act, Act of December 20, 1985, P.L. 457, No. 112, as amended, 63 P.S. § 422.40(a), the Board **ORDERS** that the license issued to the Respondent to practice as a medical physician and surgeon in the Commonwealth is **TEMPORARILY SUSPENDED** upon the service of this order. Respondent shall surrender his wallet card, registration certificate and wall certificate to representatives of the Bureau of Enforcement and

Investigation, Bureau of Professional and Occupational Affairs, immediately upon service of this order in accordance with the Act at 63 P.S. § 422.40(a).

PRELIMINARY HEARING

A preliminary hearing shall be scheduled and conducted by the Board or Office of Hearing Examiners to be convened within thirty (30) days from the date of issuance of this Order. The preliminary hearing shall be limited to evidence on the issue of whether there is a prima facie case to support temporary suspension of the Respondent's license. The preliminary hearing will be held at a location designated by the Board or a hearing examiner for the Board.

The Respondent is entitled to be present at the preliminary hearing and may be represented by an attorney, cross-examine witnesses, inspect physical evidence, call witnesses, offer evidence and testimony and make a record of the proceedings.

If the Board or hearing examiner finds a prima facie case is not established, Respondent's license will be immediately restored. If a prima facie case is established, the temporary suspension shall remain in effect until vacated by the Board, but in no event longer than 180 days, unless otherwise ordered or agreed to by the participants.

ADDITIONAL FORMAL ACTION

In addition to this temporary suspension proceeding, the prosecuting attorney may commence a separate action to suspend, revoke or otherwise restrict Respondent's license, through the filing of a charging document, an Order to Show Cause. The Order to Show Cause may include, but is not limited to, the facts which were alleged in the Petition for Immediate Temporary Suspension. Any Order to Show Cause filed by the prosecuting attorney will be served upon the Respondent and the Order will direct Respondent to reply to the charges in a written answer within 20 days of the issuance of the Order to Show Cause. A formal hearing on

that Order to Show Cause will then be scheduled and conducted by the Board or the Hearing Examiner for the Board.

PROCEDURES

Continuances will be granted for good cause only. A request for a continuance must be filed with the Prothonotary in writing at least one week prior to the date of the hearing. The requirement of the one-week advance filing of a request for continuance will be waived only upon a showing of good cause. The failure to have an attorney present and a request for continuance to retain an attorney will not be considered a valid reason for the granting of a continuance on the day of the hearing. **A request by the Respondent for an extension of time for a continuance which will delay the preliminary hearing or the formal hearing must be accompanied by the agreement of the Respondent that the 180-day temporary suspension will continue during whatever additional time is necessary to conclude the proceedings.**

All proceedings are conducted in accordance with the Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704; 63 P.S. §§ 2201-2207; and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1-35.251. A record of the hearing will be stenographically prepared by an official reporting service. A copy of the transcript may be secured by personally making arrangements with the reporting service at the time of the hearing.

Any document submitted in this matter must be filed with:

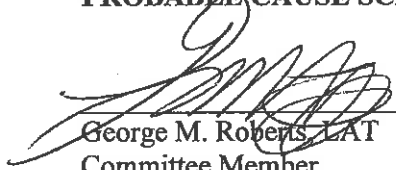
Prothonotary
Bureau of Professional and Occupational Affairs
2601 North Third Street
Harrisburg, PA 17110
(717) 772-2686

Any document filed with the Prothonotary must also be served on the Prosecuting Attorney:


Mark R. Zogby
Prosecuting Attorney
2601 North Third Street
Harrisburg, Pennsylvania 17110
(717) 783-7200

This Order shall take effect immediately upon mailing.

**BY ORDER:
STATE BOARD OF MEDICINE
PROBABLE CAUSE SCREENING COMMITTEE**


George M. Roberts, LAT
Committee Member


Keith Loiselle
Committee Member


Carrie DeLone, M.D.
Committee Member

Respondent's Addresses:

Clarence R. Verdell, M.D.
107 Whitehall Drive
Voorhees, NJ 08043

Prosecuting Attorney:

Mark R. Zogby, Esquire
P.O. Box 2649
Harrisburg, PA 17105-2649

Board Counsel:

Wesley J. Rish, Esquire
Teresa Lazo, Esquire
P.O. Box 2649
Harrisburg, PA 17105-2649

Date of Issuance:

Sept. 4, 2014

COPY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BEFORE THE STATE BOARD OF MEDICINE

Commonwealth of Pennsylvania
Bureau of Professional and
Occupational Affairs

v.

Clarence R. Verdell, M.D.
Respondent

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Docket No. 1528-49-14
File No. 14-49-00195

PETITION FOR IMMEDIATE TEMPORARY SUSPENSION

AND NOW, comes the Commonwealth of Pennsylvania, Bureau of Professional and Occupational Affairs (*hereinafter* "Commonwealth"), by and through its Prosecuting Attorney, Mark R. Zogby, and petitions the State Board of Medicine (*hereinafter* "Board") for the immediate temporary suspension of the license to practice as a medical physician and surgeon issued to **Clarence R. Verdell, M.D.** (*hereinafter* "Respondent"), pursuant to the Medical Practice Act, Act of December 20, 1985, P.L. 457, No. 112, as amended, 63 P.S. §422.1 et seq. (*hereinafter* "Act"), and particularly Section 40(a) of the Act, 63 P.S. § 422.40(a), and in support thereof alleges as follows:

1. Petitioner is the Bureau of Professional and Occupational Affairs, a departmental administrative agency within the Pennsylvania Department of State.

2. At all times relevant hereto, the Respondent, **Clarence R. Verdell, M.D.**, was
licensed to practice as a medical physician and surgeon in the Commonwealth of Pennsylvania,
License No. MD044437E.

3. The Respondent's last known address is 107 Whitehall Drive, Voorhees, NJ 08043.

4. Respondent's license is active through December 31, 2014, and may be continually renewed thereafter upon the filing of the appropriate documentation and the payment of the necessary fees.

5. On or about August 22, 2014, the Drug Enforcement Administration (*hereinafter* "DEA") executed search warrants on the Respondent's residence, located at 107 Whitehall Drive, Voorhees, NJ 08043, on the Respondent's medical practice, located at 4606 Frankford Avenue, Philadelphia, PA 19124, and on the Respondent's motor vehicle.

6. Agents from the Internal Revenue Service (*hereinafter* "IRS"), the Department of Health and Human Services (*hereinafter* "HHS") and an investigator from the Pennsylvania Department of State Bureau of Enforcement and Investigation (*hereinafter* "BEI") were also present at the Respondent's residence and medical practice on August 22, 2014 while the search warrants were executed.

7. The Affidavit of Probable Cause supporting the search warrants set forth the following facts:

a. Respondent's medical practice had been located at 4949 Frankford Avenue, Philadelphia, PA, but during the course of the DEA's investigation, the Respondent moved his medical practice to 4606 Frankford Avenue, Philadelphia, PA 19124;

b. Respondent has obtained a Drug Addiction Treatment Act (*hereinafter* "DATA") waiver from the DEA, which permits him to administer, dispense and prescribe buprenorphine products (e.g. Suboxone) to up to 100 patients;

- c. It appears that Respondent employs other DATA waiver physicians at his medical practice to increase his profits, i.e. Respondent charges \$150.00 cash per month for a prescription, so Respondent can generate an additional \$15,000.00 of revenue per month with each DATA waiver physician hired;

Cooperating Defendant #1

- d. Cooperating Defendant #1 (*hereinafter* "CD1") was a medical professional who had a serious addiction to oxycodone. In early 2013, Respondent completed inpatient treatment for his/her addiction. From early 2013 through July 2014, CD1 was monitored and never tested positive for controlled substances. CD1 has never suffered from any type of anxiety disorder. Therefore, during the period from early 2013 through July 2014 there was no medical necessity for CD1 to be prescribed Suboxone or Klonopin;
- e. On or about February 27, 2014, CD1 visited Respondent's practice posing as a patient. At this visit, CD1 used his/her medical training and experience to fill out the medical paperwork in such a way that Respondent would have no medical reason to prescribe Suboxone and Klonopin. CD1 obtained prescriptions from Respondent for a one (1) month supply of Suboxone (90 dosage units) and for a one (1) month supply of Klonopin (90 dosage units) in exchange for \$150.00 cash. Although CD1 was seen by Respondent for approximately eight (8) minutes, Respondent failed to perform a physical examination on CD1. During the visit, CD1 overheard other patients openly discussing drug dealing and other criminal activity. CD1 did not see any of the standard medical equipment commonly associated with a medical office;

Undercover Agent #1

- f. On March 12, 2014, an undercover law enforcement officer (*hereinafter* "UCA1") visited Respondent's practice posing as a patient. UCA1 obtained a one (1) month supply of Suboxone (90 dosage units) and a one (1) month supply of Klonopin (90 dosage units) from Respondent in exchange for \$150.00 cash. Although UCA1 was seen by Respondent for approximately eight (8) minutes, Respondent failed to perform a medical examination on UCA1. UCA1 told Respondent that he has not taken any drugs recently, but needs Suboxone and Klonopin to make him/her feel good. Respondent asked UCA1 about his drug of choice and UCA1 intentionally did not answer, but told Respondent that he/she was going to the intersection of Kennsington Avenue and Somerset Street (a known recreational drug corner in Philadelphia) to do what he/she had to do to feel good. UCA1 overheard other patients discussing drug dealing and other criminal activity. UCA1 did not see any of the standard medical equipment commonly associated with a medical office;

Undercover Agent #2

- g. On April 24, 2014, a second undercover law enforcement officer (*hereinafter* "UCA2") visited Respondent's practice officer posing as a patient. UCA1 and CD1 accompanied UCA2 on this visit. UCA2 obtained a one (1) month supply of Suboxone (90 dosage units) and a one (1) months supply of Klonopin (90 dosage units) from Respondent in exchange for \$150.00 cash. Although UCA2 was seen by Respondent for approximately thirteen (13)

minutes, Respondent failed to perform a medical examination on UCA2. UCA2 told Respondent that he/she was using Oxycodone tablets and recently tried a Suboxone tablet obtained from a friend. Respondent told UCA2 that he/she should not start out taking too many tablets. Respondent did not discuss the use of Klonopin with UCA2. After UCA2 received his prescriptions, he asked Respondent to see UCA1 and CD1 next since they came together. Respondent told a member of his staff that UCA2, UCA1 and CD1 were busy, so UCA1 and CD1 did not have to come see Respondent. Respondent then wrote prescriptions for UCA1 and CD1 and instructed the staff member to hand the prescriptions to UCA1 and CD1;

- h. On July 24, 2014, UCA2 returned to Respondent's practice. At that visit, UCA2 obtained a one (1) month supply for Suboxone (90 dosage units) and a one (1) month supply for Klonopin (90 dosage units) in exchange for \$150.00 cash. UCA2 was seen by a physician employed by Respondent for approximately five (5) minutes, but did not undergo a medical examination. The physician told UCA2 that taking Suboxone and Klonopin together was a dangerous combination and only wrote a prescription for Suboxone. On the way out, UCA2 went to the reception desk and told the staff member he only received a prescription for Suboxone and did not receive a prescription for Klonopin. The female employee told UCA2 that the physician that treated him does not like to give out prescriptions for Klonopin. Moments later, the staff member brought UCA2 a prescription for Klonopin signed by Respondent. To UCA2's knowledge, the staff member never left the reception desk and no

one approached her. Not only did Respondent fail to perform a medical examination on UCA2, but UCA2 did even not observe Respondent anywhere in the office;

Expert Witness

- i. To receive an independent opinion of Respondent's prescribing practices, the DEA retained Dr. Stephen Thomas as an expert witness. Dr. Thomas has extensive training and experience in legitimate distribution of medically necessary controlled substances, pain management, and treatment for addiction. Dr. Thomas has previously been qualified as an expert witness in state and federal court in Pennsylvania and before the Pennsylvania State Board of Medicine;
- j. Dr. Thomas reviewed relevant case materials including investigation reports, copies of seized evidence, and audio and video recordings made by undercover officers depicting Respondent meeting with them and prescribing Suboxone and Klonopin to them;
- k. Dr. Thomas opined that the Respondent's conduct and the conduct of the other physicians at Respondent's practice in relation to prescribing controlled substances did not fall within the acceptable standard of care. No physician, including the Respondent, performed a physical and/or medical examination at any time. Pennsylvania law requires a physician to perform a physical examination, including an evaluation of the heart, lungs, blood pressure, and body functions related to the patient's specific complaint. See 49 Pa.Code §16.92;

- l. After reviewing the video evidence, Dr. Thomas opined that neither the Respondent nor any of the physicians he employs performed even the most rudimentary examination of the patients. Federal and state law require physicians to have certain information in medical charts when they are prescribing medication. Based upon his observations, Dr. Thomas opined that the Respondent and the physicians he employs lacked sufficient information to render a diagnosis or to determine whether the chosen course of treatment was appropriate. Dr. Thomas opined that, in this case, the patients' courses of treatment were predetermined before they ever saw the doctor;
- m. Dr. Thomas opined that Respondent and the physicians who he employed abandoned any pretense of practicing within the usual course of a professional medical practice because they were prescribing the exact same dosage to every patient. Dr. Thomas explained that a fundamental tenet of medicine is to tailor the prescribed dosage to meet the needs of the patient. Respondent and the physicians he employed prescribed what was essentially the maximum dosage of Suboxone and Klonopin. If this were a legitimate practice, the dosage range should follow a typical bell curve, i.e. a few patients would require the maximum dosage, a few patients would require a low dosage, and most patients would fall somewhere in the middle. Dr. Thomas opined that it is statistically impossible for all of the patients in Respondent's clinic to require the same exact high dosage. Dr. Thomas stated that the fact that the patients' prescriptions were written out before they actually saw the doctor

suggested that there was no attempt to tailor the dosage to the specific medical needs of each patient;

- n. Dr. Thomas opined that it was unusual that all the patients at the Respondent's clinic were prescribed Suboxone and Klonopin because a large percentage of the population is resistant to Suboxone treatment and because a relatively small percentage of the population has anxiety disorders. Dr. Thomas opined that Respondent never performed basic psychiatric tests to diagnose any patient with an anxiety disorder under the Diagnostic and Statistical Manual;
- o. Dr. Thomas opined that it was below the acceptable standard of care to not drug test the patients to assure they were using the Suboxone prescribed and to assure they were not using other opiates. Suboxone has a high risk of diversion, so it is standard practice to test for the presence of Suboxone while a patient is on Suboxone therapy. The Respondent and the physicians he employed were all aware of this as it is part of the training require to become a DATA waiver physician. Testing for other opioids while on Suboxone therapy is standard because if a patient is "high" on opioids and takes Suboxone he will immediately go into withdrawal, which could complicate the patient's tolerance for Suboxone and complicate the course of Suboxone therapy overall;
- p. Dr. Thomas opined that high doses of Suboxone and Klonopin together can be dangerous, i.e. Suboxone slows breathing and Klonopin causes drowsiness especially in maximum doses, as prescribed by Respondent. This combination can cause respiratory arrest. It is below the acceptable standard

of care for patients to pay staff members and tell them what medication they are there to receive prior to seeing a physician. The physician should examine the patient and render a diagnosis before the required medication and treatment plan is determined;

Financial Information

- q. Records received from Wells Fargo Bank concerning Respondent's business account from the three month period of March 2014 to May 2014 show that Respondent or one of his employees made 25 cash deposits totaling \$146,795.99.

Miscellaneous

- r. On August 1, 2014, DEA agents searched the trash from Respondent's home. Agents discovered a prescription pill bottle for 56 units of Klonopin in 2mg dosages. The prescription was filled in the name of a patient whose detailed and sensitive information was found on the bottle. The prescribing physician was listed as Respondent.

(True and correct copies of the Applications for Search Warrants with the Affidavit in Support of Search Warrants are attached and incorporated as **Exhibit "A"**)

8. BEI has been conducting an investigation of Respondent based upon allegation of improper prescribing
-

9. On August 22, 2014, the BEI investigator accompanied agents from the DEA, the IRS and HHS while a federal search warrant was executed on the Respondent's residence located at 300 Arbor Lane, Ambler, PA 19002.

10. On August 22, 2014, Respondent was interviewed at his residence.

11. Respondent stated that he started Verdell Enterprises two (2) to two and one half (2½) years ago. His first clinic was located at 12th and Wolf in Philadelphia, PA. He then moved to 4949 Frankford Avenue, Philadelphia, PA and finally moved to 4606 Frankford Avenue, Philadelphia, PA.

12. Respondent stated that he employs three physicians. He identified them as "Dr. Smith", "Dr. O" and "Dr. Khan." Respondent only knew Dr. O as "Dr. O." He did not know his real name.

13. Respondent stated that patients see a therapist named "Tommy" or "Thomas" at his practice. He did not know "Tommy" last name or his credentials to provide therapy. He thought "Tommy" may have been an addict.

14. Respondent admitted that he did not perform medical and/or physical examinations on his patients. Respondent stated he "eyeballs" the patient and can tell how they are doing.

15. Respondent stated that he typically charges \$150.00 cash per visit, but if a patient cannot afford this he will take what they have. In the past he has accepted anywhere from \$30.00 to \$100.00. Respondent stated that patients typically pay in cash and that he did not know whether his office accepts insurance.

16. Respondent stated that he was treating about 100 patients, and each of the physicians he employs were treating about 100 patients, but he was not sure because his staff keeps patient information. Respondent admitted that he has been notified by Rite Aid Pharmacy that he was "a little over" the maximum of 100 patients.

17. By letter dated March 27, 2014, Rite Aid informed Respondent that between December 28, 2013 and January 28, 2014, Rite Aid stores dispensed buprenorphine products (e.g. Suboxone) to 210 unique patients. (A true and correct copy of the March 27, 2014 letter is attached and incorporated as **Exhibit "B."**)

18. By letter dated August 13, 2014, Rite Aid notified Respondent that Rite Aid pharmacy locations will no longer fill prescriptions from Respondent's office for Schedule II, III, IV, and V controlled substances effective August 26, 2014, due to concerns about increased reports of controlled substance prescription abuse, especially clonazepam (Klonopin) and buprenorphine products (Suboxone). (A true and correct copy of the August 13, 2014 letter is attached and incorporated as **Exhibit "C."**)

19. On August 22, 2014, the BEI investigator accompanied agents from the DEA, the IRS and HHS while a federal search warrant was executed on the Respondent's practice located at 4606 Frankford Avenue, Philadelphia, PA 19124.

20. The BEI investigator searched the individual rooms of the Respondent's office and observed that the practice did not contain medical equipment or instruments that would normally be associated with a doctor's office, with the exception of a scale that had two balloons and a "for sale" sign attached to it.

21. Respondent is presently able to practice as medical physician and surgeon in the Commonwealth of Pennsylvania without limitation.

22. Based upon the foregoing, Respondent's continued practice as a medical physician and surgeon in the Commonwealth of Pennsylvania poses an immediate and clear danger to the public health and safety.

WHEREFORE, the Petitioner respectfully requests that the Board issue an Order immediately suspending the license to practice as a medical physician and surgeon of **Clarence R. Verdell, M.D.**, License No. MD044437E pursuant to Section 40(a) of the Medical Practice Act, Act of December 20, 1985, P.L. 457, No. 112, as amended, 63 P.S. § 422.40(a).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark R. Zogby", is written over a horizontal line.

Mark R. Zogby
Prosecuting Attorney
Commonwealth of Pennsylvania
Department of State
P.O. Box 2649
Harrisburg, PA 17105-2649
(717) 783-7200

DATE:

Sept. 4, 2014

UNITED STATES DISTRICT COURT

for the
Eastern District of Pennsylvania

In the Matter of the Search of
(Briefly describe the property to be searched
or identify the person by name and address)

4606 Frankford Avenue
Philadelphia, PA

Case No. 14-816-M

APPLICATION FOR A SEARCH WARRANT

I, a federal law enforcement officer or an attorney for the government, request a search warrant and state under penalty of perjury that I have reason to believe that on the following person or property (identify the person or describe the property to be searched and give its location):

SEE ATTACHMENT A

located in the Eastern District of Pennsylvania, there is now concealed (identify the person or describe the property to be seized):

SEE ATTACHMENT B

The basis for the search under Fed. R. Crim. P. 41(e) is (check one or more):

- ☒ evidence of a crime;
- ☒ contraband, fruits of crime, or other items illegally possessed;
- ☒ property designed for use, intended for use, or used in committing a crime;
- ☐ a person to be arrested or a person who is unlawfully restrained.

The search is related to a violation of:

Code Section
21 U.S.C. 841(a)(1)
18 U.S.C. 1956

Drug Trafficking
Money Laundering

Offense Description

The application is based on these facts:

SEE ATTACHED AFFIDAVIT

- ☐ Continued on the attached sheet.
- ☐ Delayed notice of _____ days (give exact ending date if more than 30 days: _____) is requested under 18 U.S.C. § 3103a, the basis of which is set forth on the attached sheet.

TRUE COPY CERTIFIED FROM THE RECORDS
 DATED 8-21-14
 ATTEST
 DEPUTY CLERK, UNITED STATES DISTRICT COURT
 EASTERN DISTRICT OF PENNSYLVANIA

(Signature)

Applicant's signature

Matthew Toth, Special Agent, DEA

Printed name and title

Sworn to before me and signed in my presence.

Date: 8-21-14

City and state: Philadelphia, PA

(Signature)

Judge's signature

HON. JACOB P. HART

Printed name and title

EXHIBIT
A

UNITED STATES DISTRICT COURT

for the
Eastern District of PennsylvaniaIn the Matter of the Search of
(Briefly describe the property to be searched
or identify the person by name and address)4606 Frankford Avenue
Philadelphia, PA

Case No.

14-916-M

SEARCH AND SEIZURE WARRANT

To: Any authorized law enforcement officer

An application by a federal law enforcement officer or an attorney for the government requests the search
of the following person or property located in the Eastern District of Pennsylvania
(Identify the person or describe the property to be searched and give its location):

SEE ATTACHMENT A

The person or property to be searched, described above, is believed to conceal (Identify the person or describe the
property to be seized):

SEE ATTACHMENT B

I find that the affidavit(s), or any recorded testimony, establish probable cause to search and seize the person or
property.

YOU ARE COMMANDED to execute this warrant on or before

September 4, 2014

(not to exceed 14 days)

☒ in the daytime 6:00 a.m. to 10 p.m.☐ at any time in the day or night as I find reasonable cause has been
established.Unless delayed notice is authorized below, you must give a copy of the warrant and a receipt for the property
taken to the person from whom, or from whose premises, the property was taken, or leave the copy and receipt at the
place where the property was taken.The officer executing this warrant, or an officer present during the execution of the warrant, must prepare an
inventory as required by law and promptly return this warrant and inventory to United States Magistrate Judge
HON. JACOB P. HART

(name)

☐ I find that immediate notification may have an adverse result listed in 18 U.S.C. § 2705 (except for delay
of trial), and authorize the officer executing this warrant to delay notice to the person who, or whose property, will be
searched or seized (check the appropriate box) ☐ for _____ days (not to exceed 30).☐ until, the facts justifying, the later specific date of _____.Date and time issued: 8-21-14 11:20 am

Judge's signature

City and state: Philadelphia, PA

HON. JACOB P. HART

Printed name and title

*Return**Case No.:**Date and time warrant executed:**Copy of warrant and inventory left with:**Inventory made in the presence of:**Inventory of the property taken and name of any person(s) seized:**Certification*

I declare under penalty of perjury that this inventory is correct and was returned along with the original warrant to the designated judge.

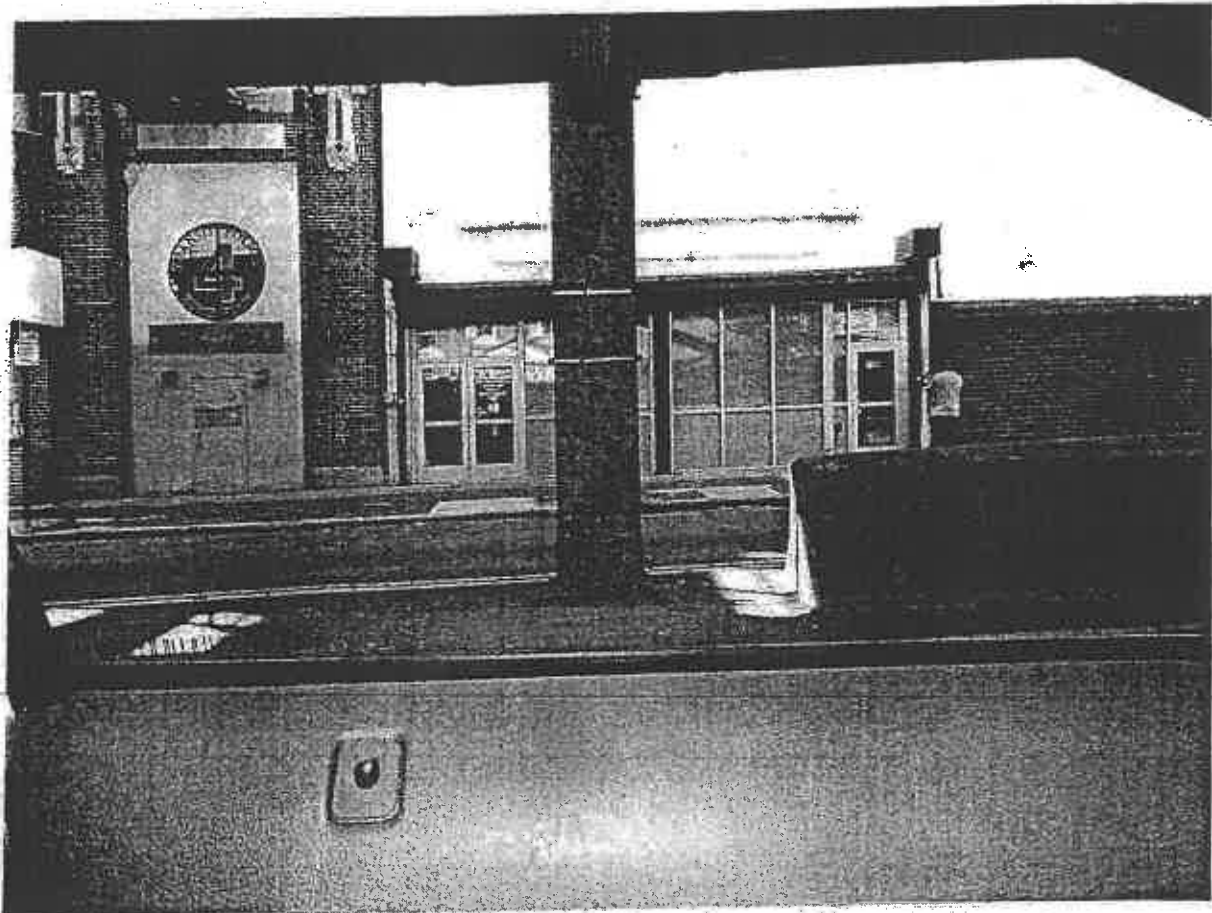
Date: __________
*Executing officer's signature*_____
Printed name and title

Attachment A

DESCRIPTION OF LOCATION TO BE SEARCHED

4606 Frankford Avenue, Philadelphia, PA

The location to be searched is described 2 story office building with double glass doors to the left side and a single glass door to the right side. The door to the far left has "4606" in black numbers on the top of the door and the door immediately next to that door has the words "Solutions," Clarence R. Verdell, M.D., OBOT Behavioral Health Center, 267-736-3097, "Medicine for the Mind, Body & Soul" written in white lettering. There is a light brown wood door inside of the glass doors on the left had side of the building. The second floor of the building is painted white.



Attachment B

All of the following, in whatever form stored (electronic or otherwise):

1. All patient records.
2. All appointment books, calendars, diaries, sign-in logs, ledgers, and/or documentation reflecting appointments/office visits.
3. All items pertaining to doctors employed by Clarence Verdell or prospective employees.
4. All financial and billing records.
5. Any and all receipts, records, ledgers, accounting records, money orders, money order receipts, documentation reflecting payment, and/or correspondence with patients.
6. All communications or drafts of communications between Clarence Verdell and any employee of his medical practice, between employees of his medical practice, and concerning any patient.
7. Any and all receipts, records, ledgers, accounting records, documentation reflecting payment, and/or correspondence to or from Medicaid/Medicare and/or private insurance providers.
8. Any and all documents, books, journals, ledgers, records, files, computer printouts, and any and all other correspondence relating to the income and expenses of Dr. Verdell. The records and materials sought include, but are not limited to: records of taxes paid, general journals, cash receipts journals, cash disbursement journals, sales journals, general ledgers, bank statements, brokerage statements, deposit slips, withdrawal slips, cancelled checks, invoices, receipts, money orders, money order receipts and tax returns.
9. Any and all correspondence to/from pharmacies or other physicians dealing with patients and/or the prescribing of controlled substances.
10. Telephone records, telephone messages, address books, telephone recordings, electronic communication devices including telephone paging devices and the telephone numbers stored within, cellular telephones, records of electronic facsimile or "faxed" transmissions, telexes, or other records of communications with others.
11. All records of documents of domestic and foreign financial institution accounts (such as checking, savings, certificates of deposit, money market, loans, lines of credit, investments, brokerage, credit card, and credit card merchant accounts), including but not limited to periodic statements, deposits, withdrawals, checks, debits, credits, wire transfers, loan applications, loan disbursements and repayment records, official checks, credit card charge documents, and merchant account documents.

12. Records of acquisition, ownership and disposition of stock, bonds, mutual funds, business interests, and other investment vehicles.
13. Empty prescription pill bottles and prescription pill bottle labels.
14. Any completed or partially completed prescriptions with or without signatures.
15. All U.S. currency and all items used to transport U.S. currency.
16. All communications between Clarence Verdell and any government agency.
17. All items related to DATA-waived physicians.
18. The following may be seized and searched offsite for all items listed above: all computer(s), computer hardware, software, related documentation, passwords, data security devices (as described below), and data that may constitute instrumentalities of, or contain, evidence related to, these crimes. The following definitions apply to terms as set out in this affidavit and attachment:

a. Computer Hardware: Computer hardware consists of all equipment, which can receive, capture, collect, analyze, create, display, convert, store, conceal, or transmit electronic, magnetic, or similar computer impulses or data. Hardware includes any data processing devices (including but not limited to central processing units; internal and peripheral storage devices such as fixed disks, external hard drives, floppy disk drives and diskettes, and other memory storage devices); peripheral input/output devices (including but not limited to keyboards, printers, video display monitors, and related communication devices such as cables and connections), as well as any devices, mechanisms, or parts that can be used to restrict access to computer hardware (including but not limited to physical keys and locks), modems, and routers.

b. Computer Software: Computer software is digital information which can be interpreted by a computer and any of its related components to direct the way they work. Software is stored in electronic, magnetic, optical, or other digital form. It commonly includes programs to run operating systems, applications, and utilities.

c. Documentation: Computer-related documentation consists of written, recorded, printed, or electronically stored material which explains or illustrates how to configure or use computer hardware, software, or other related items.

d. Passwords and Data Security Devices: Computer passwords and other data security devices are designed to restrict access to or hide computer software, documentation, or data. Data security devices may consist of hardware, software, or other programming code. A password (a string of alpha-numeric characters) usually operates as a sort of digital key to "unlock" particular data security devices. Data security hardware may include encryption devices, chips, and circuit boards. Data security

software or digital code may include programming code that creates "test" keys or "hot" keys, which perform certain pre-set security functions when touched. Data security software or code may also encrypt, compress, hide, or "booby-trap" protected data to make it inaccessible or unusable, as well as reverse the process to restore it.

AFFIDAVIT IN SUPPORT OF SEARCH WARRANTS

I, Matthew A. Toth, being duly sworn, state:

I. Training and Experience

1. For approximately 16 years, I have been a Special Agent with the Drug Enforcement Administration (DEA). I have investigated crimes in violation of Title 21, United States Code, Sections 846 and 841(a)(1) and others. I am familiar with investigations that focus on licensed doctors illegally selling prescriptions for frequently abused controlled substances, not to legitimate patients, but to cash paying drug dealers and drug addicts. Because these doctors obtain a voluminous amount of cash for their illegal drug-dealing, these investigations have also involved other federal criminal laws related to money laundering, currency structuring, and tax evasion.

II. Purpose of Affidavit

2. I submit this affidavit in support of applications for Search Warrants for: (1) the office of Dr. Clarence VERDELL, located at 4606 Frankford Avenue, Philadelphia, PA 19124 (hereinafter the "Target Office"); (2) Dr. VERDELL's residence and any storage unit, located at 107 Whitehall Drive, Voorhees, New Jersey (hereinafter the "Target Residence;" and (3) Dr. VERDELL's vehicle, a dark blue/black Lincoln Town Car sedan with New Jersey license plates M83-CZN (hereinafter the "Target Vehicle").¹ The investigation has revealed that VERDELL uses the Target Office to sell prescriptions for controlled substances, uses the Target Vehicle to shuttle patient files and proceeds derived from the sale of prescriptions between the Target Office and the Target Residence, and stores cash and receives bank statements, financial documents, and protected patient information at the Target Residence. The locations to be searched are described in more detail in Attachment A.

3. Dr. VERDELL is registered under the provisions of the Controlled Substances Act, U.S.C. § 822(2) and 21 U.S.C. § 823(g) et seq. as a practitioner for the purpose of handling controlled substances in Schedules II through V. Dr. VERDELL is licensed by the Commonwealth of Pennsylvania to practice medicine. The Target Office is a controlled premise within the meaning of 21 U.S.C. § 880(a)(1) and (2), and 21 C.F.R. § 1316.02(c)(1) and (2). Dr. VERDELL is required to keep complete and accurate records of all controlled substances received, sold, delivered, dispensed, or otherwise disposed of by him pursuant to 21 U.S.C. § 827 and 21 C.F.R. § 1304.01 et seq.

3. Evidence gathered in this investigation has shown that Dr. VERDELL operates his medical practices as a prescription "pill mill" at which drug dealers and addicts can buy prescriptions for frequently abused narcotics such as Suboxone and Klonopin without any

¹ The application to search the Target Office will be submitted to the United States District Court for the Eastern District of Pennsylvania while the application to search the Target Residence and Target Vehicle will be submitted to the United States District Court for the District of New Jersey.

medical necessity for these prescription, without a real doctor/patient relationship, and outside the normal course of professional practice, in violation of Title 21, United States Code, Section 841(a)(1). The financial investigation has further shown that Dr. VERDELL has conducted various financial transactions designed in whole and in part to promote such unlawful activity, and that while conducting such financial transactions knew that the funds involved in the financial transaction represented the proceeds of some form of unlawful activity in violation of Title 18, United States Code, Section (a)(1)(A)(i).

4. Based on the evidence described below, there is probable cause to believe that evidence is located in VERDELL's office showing that he has illegally sold prescriptions for frequently-abused prescription drugs and laundered money to hide the illegal source of his money. Furthermore, there is probable cause to believe that evidence is located in the Target Office, Target Residence, and Target Vehicle showing that he has illegally sold prescriptions for frequently-abused prescription drugs and laundered money to hide the illegal source of his money.

5. The information in the Affidavit is based on my own investigation, surveillance, prescription records, undercover recordings, cooperating witnesses and other law enforcement officers. I submit this Affidavit for the limited purpose of establishing probable cause for Search Warrants. Therefore, I have not recited every fact I know about this investigation.

III. Applicable Laws

4. The Controlled Substances Act governs the manufacture, distribution, and dispensing of controlled substances in the United States. See 21 U.S.C. 801-971. Under the law, licensed doctors may issue prescriptions for controlled substances for legitimate patients who have a medical need for the drugs. Title 21, Code of Federal Regulations, Section 1306.04, governing the issuance of prescriptions provides:

[A] prescription for a controlled substance to be effective must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription. An order purporting to be a prescription issued not in the usual course of professional treatment or in legitimate and authorized research is not a prescription within the meaning and intent of section 309 of the Act [21 U.S.C. 829] and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the law relating to controlled substances [Emphasis added].

5. Title 21, United States Code, Section 841(a)(1) makes it a crime to knowingly and intentionally distribute a controlled substance other than in the usual course of professional practice and for a legitimate medical purpose.

6. The Controlled Substances Act categorizes drugs into five schedules based on their medicinal value, potential for abuse and safety. Schedule I drugs (such as heroin, marijuana and LSD) have a high potential for abuse and no currently accepted medical use. Schedule II drugs (such as OxyContin and Percocet) can be used as painkillers but are also frequently abused. Drugs on Schedules III through V, which include Suboxone and Klonopin, also have medical uses and successively lower potentials for abuse and dependence. All scheduled drugs, except those in Schedule I, are legally available to the public with a valid prescription.

7. Pennsylvania state law provides further guidance to physicians on the proper dispensation of controlled substances. The Pennsylvania Code of Professional and Vocational Standards, Title 49, Chapter 16.92, defines the authority of physicians licensed by the Commonwealth of Pennsylvania to prescribe controlled substances. Chapter 16.92 provides in pertinent part:

(a) A person licensed to practice medicine and surgery in this Commonwealth or otherwise licensed or regulated by the Board, when prescribing, administering or dispensing controlled substances, shall carry out, or cause to be carried out, the following minimum standards:

(1) Initial medical history and physical examination. . . . [B]efore commencing treatment that involves prescribing, administering or dispensing a controlled substance, an initial medical history shall be taken and an initial examination will be conducted unless emergency circumstances justify otherwise. Alternatively, medical history and physical examination information recorded by another health care provider may be considered if the medical history was taken and the physical examination was conducted within the immediately preceding thirty days. The physical examination shall include an evaluation of the heart, lungs, blood pressure and body functions that relate to the patient's specific complaint.

(2) Reevaluations. Among the factors to be considered in determining the number and frequency of follow-up evaluations that should be recommended to the patient are the condition diagnosed, the controlled substance involved, expected results and possible side effects. For chronic conditions, periodic follow-up evaluations shall be recommended to monitor the effectiveness of the controlled substance in achieving the intended results.

(3) Patient counseling. Appropriate counseling shall be given to the patient regarding the condition diagnosed and the controlled substance prescribed, administered or dispensed. Unless the patient is in an inpatient setting, the patient shall be specifically counseled about dosage levels, instructions for use, frequency and duration of use and possible side effects.

(4) Medical records. [C]ertain information shall be recorded in the patient's medical record on each occasion a controlled substance is prescribed, administered or dispensed. This information shall include the name of the

controlled substance, its strength, the quantity and the date it was prescribed, administered or dispensed to a patient. The medical record shall also include a specification of the symptoms observed and reported, the diagnosis of the condition for which the controlled substance is being given and the directions given to the patient for the use of the controlled substance. If the same controlled substance continues to be prescribed, administered or dispensed, the medical record shall reflect changes in the symptoms observed and reported, in the diagnosis of the condition for which the controlled substance is being given and in the directions given to the patient.

8. The Pennsylvania Code of Professional and Vocational Standards (49 Pa. Code, Chapter 16.95) requires physicians to maintain timely and complete medical records for at least 7 years from the date of the last medical service for the patient. The Drug Enforcement Administration requires physicians to maintain records at their offices of their purchases, distributions and prescriptions of controlled substances used for maintenance and detoxification for at least two years.

IV. Information on the Controlled Substances

9. The controlled substances at issue in this investigation are Suboxone and Klonopin. Suboxone is an opiate drug which can be used to treat pain or can be used to treat opiate addiction. However, Suboxone can be used recreationally by crushing and snorting the pills to produce a "high". Suboxone also can be dissolved and injected intravenously for a similar euphoric effect. Suboxone can also be used by long-time heroin addicts to increase the euphoric effects of heroin. Over time, the euphoric effect of heroin diminishes as the users' tolerance level increases. For some longtime users, taking heroin only makes them feel "normal" – it does not produce the rush or the euphoric effect they experienced when they began using heroin. One strategy to reproduce that euphoric effect is to take Suboxone for a few weeks and abstain from heroin. This reduces the user's tolerance of heroin. When the user then takes heroin again, the euphoric effect is magnified. Some users call this strategy seeking a "virgin high" as a way to describe the euphoric effect of the high as comparable to the rush they felt when they first tried heroin. Obviously, this strategy is highly dangerous and can easily lead to overdose and death.

10. Klonopin is a drug which is typically orally ingested to treat anxiety and seizure disorders by altering certain chemicals in the brain. When used recreationally, typically in combination with other drugs or alcohol, Klonopin can create euphoria or drowsiness depending on the methods used. Because of the way it alters the brain, Klonopin may also cause suicidal or homicidal thoughts in some people, and it may cause the user to engage in risky or dangerous behaviors. In recent years, law enforcement has seen a large increase in the recreational use of prescription medicine such as Suboxone and Klonopin.

11. The combination of taking large doses of Suboxone and Klonopin, as described below, is highly dangerous. Suboxone is an opioid drug which slows a person's breathing, especially in larger doses. Klonopin can cause a person to be drowsy. According to medical professionals, taking these drugs in combination, especially in large doses or by users not following the appropriate dosages, can result in death if a person stops breathing while asleep or incapacitated.

V. Information on DATA-Waived Physicians

12. As described below, Dr. VERDELL nominally operates a drug treatment center. Most drug treatment centers are highly regulated by federal and state authorities. However, this impacted the ability of family doctors to treat their regular patients who acquired a substance abuse problem. For this reason, on October 17, 2000, Congress passed the Drug Addiction Treatment Act (DATA) which permits qualified physicians to treat a limited number of drug addicts with narcotic controlled substances which have been approved by the Food and Drug Administration (FDA) for that indication. The legislation waives the requirement for obtaining a separate Drug Enforcement Administration (DEA) registration as a Narcotic Treatment Program (NTP) for qualified physicians administering, dispensing, and prescribing these specific FDA approved controlled substances. Physicians registered with the DEA as practitioners who apply and are qualified pursuant to DATA are issued a waiver and are authorized to conduct maintenance and detoxification treatment using specifically approved schedule III, IV, or V narcotic medications. DATA waivers are only granted to qualified physicians. Physicians can initially apply to treat 30 patients and can later apply to treat as many as 100 patients. In order to receive a DATA waiver, physicians must attend a training course which educates them on the dangers involved in treating drug addicts.

13. Dr. VERDELL is a DATA-waived physician and can treat as many as 100 patients. It appears that Dr. VERDELL employs other DATA-waived physicians at his medical practice. With each patient paying \$150 per month for the prescription, the practical effect is that the practice can receive an additional \$15,000 per month in revenue for each additional DATA-waived physician. It appears that Dr. VERDELL and the other physicians typically split the proceeds between them.

IV. Information on Computer Searches

14. The search warrant application seeks to search any computers found in one of the three target locations for relevant evidence. Based upon my training and experience, I know that computer hardware, software, documentation, passwords, and data security devices may be important to a criminal investigation in two distinct and important respects: (a) the objective themselves may be instrumentalities, fruits, or evidence of crime, and/or (b) the objects may have been used to collect and store information about crimes (in the form of electronic data). Rule 41 of the Federal Rules of Criminal Procedure permits that government to search and seize computer hardware, software, documentation, passwords, and data security devices which are (a) instrumentalities, fruits, or evidence of crime; or (b) storage devices for information about a crime.

15. Based upon the facts set forth above, I believe that computer hardware, software, related documentation, passwords, data security devices, and data were integral tools of the crimes discussed in this affidavit and constitute the means of committing those crimes. As such, they are instrumentalities and evidence of the criminal violations discussed in this affidavit. Rule 41 of

the Federal Rules of Criminal Procedure authorizes the government to seize and retain evidence and instrumentalities of a crime for a reasonable time, and to examine, analyze, and test them.

16. Based on my knowledge, training and experience, which includes previous specialized training, I know that searching and seizing information from computers often requires agents to seize most or all electronic storage devices to be searched later by qualified computer expert in a laboratory or other controlled environment. This is true because of the following:

a. The volume of evidence. Computer storage devices (like hard disks, and diskettes), can store the equivalent of thousands of pages of information. Additionally, a suspect may try to conceal criminal evidence; he or she might store in random order with deceptive file names. This may require searching authorities to examine all the stored data to determine which particular files are evidence or instrumentalities of crime. This sorting process can take weeks or months, depending on the volume of data stored, and it would be impractical to attempt this kind of data searching on site, especially at a personal residence.

b. Technical requirements. Searching computer systems for criminal evidence is a highly technical process requiring expert skill and properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert is qualified to analyze the system and its data. In any event, however, data search protocols are exacting scientific procedures designed to protect the integrity of the evidence and to recover even "hidden," erased, compressed, password-protected, or encrypted files. Since computer evidence is extremely vulnerable to inadvertent or intentional modification or destruction (both from external sources or from destructive code imbedded in the system as a "booby trap"), a controlled environment is essential to its complete and accurate analysis.

17. For these reasons, I request court authorization to seize any computers found in the **Target Office, Target Residence, and Target Vehicle** and to conduct an offsite search of the computers by qualified computer forensic specialists to search for the information contained in Attachment B.

V. The Investigation

A. Initial Reports

18. Prior to the commencement of the criminal investigation, DEA received several complaints on Dr. VERDELL's medical practice. At the time, Dr. VERDELL was working out of 4949 Frankford Avenue. In the summer of 2014, Dr. VERDELL moved offices from this location to the **Target Office**. However, his practice remained essentially the same. The following is not an exhaustive list of the complaints, but merely examples.

a. On December 16, 2013, DEA Philadelphia Division Diversion Unit received a call from two persons reporting that one of Dr. VERDELL's office workers was forging prescriptions for Dr. VERDELL and another doctor working out of his office. They further reported that both doctors were aware that the office worker was forging their prescriptions.

b. On December 20, 2013, DEA Diversion Investigator Philip Reed spoke to one of the persons in the previous report regarding the practice of Dr. VERDELL. This person indicated that he/she wanted to remain anonymous. The person stated that he/she and the friend who filed the initial report are patients of Dr. VERDELL and the other doctor and that they both receive Suboxone prescriptions from them for their opioid addictions. The person stated that he/she pays \$75 for a bi-weekly prescription or \$150 in cash for a monthly Suboxone 8mg prescription. The person stated that Dr. VERDELL's employee writes and signs many of the Suboxone prescriptions for Dr. VERDELL and the other doctor working in that office. The person stated that he is neither physically seen nor examined by Dr. VERDELL or any of the other physicians during office visits. The person stated that all of the patients that he/she observed in VERDELL's office paid cash for their Suboxone 8mg prescriptions. The person stated that neither Dr. VERDELL nor the other doctor at his practice accept insurance for the Suboxone prescriptions and accept cash only as payment. The person further reported that neither Dr. VERDELL nor the other doctor at his office do any counseling of patients.

c. Physician #1 is the medical director for a drug treatment center in Philadelphia. The information which Physician #1 has provided to DEA has proved to be very reliable. At this facility, new patients are required to complete detailed medical history which includes a history of their drug abuse. After a complete physical and psychological evaluation of the patient, a physician determines the appropriate course of treatment which may include a prescription for Suboxone for opiate addicts. If Suboxone is prescribed, the patient enters an "induction phase" of 3 to 7 days during which the treating physician determines the minimum required dosage of Suboxone. A typical patient receives 2 to 4 mgs of Suboxone twice per day (which is a fraction of the amount prescribed by Dr. VERDELL for every patient). During Suboxone treatment, patients are required to see a counselor three days per week for a minimum of three hours per session. To ensure the legitimacy of their patients, the center performs random drug tests. In the event that Suboxone is not found in a patient's urinalysis who has been prescribed that drug, the patient is immediately expelled from the program (because this is an unmistakable sign that the patient is selling the Suboxone instead of ingesting it). In addition, patients are required to bring their supply of Suboxone to every appointment so the center can ensure that the patients are taking the prescriptions as indicated.

d. In June 2014, Physician #1 reported to DEA that Dr. VERDELL is well known to him/her and many of his/her patients. Physician #1 opined that Dr. VERDELL is not actually treating patients but rather selling prescriptions to drug addicts, who, in turn, sell those prescriptions on the street. Physician #1 indicated that the current street values for Suboxone is approximately \$15 per strip and Klonopin is approximately \$2 to \$3 per tablet. Physician #1 related that many of his/her patients initially went to Dr. VERDELL so that they could continue to abuse drugs knowing that he would give them the prescription. However, once the patients decide that they want to stop taking drugs, they went to a real drug treatment center, such as the one which Physician #1 directs. Physician #1 stated that it is well known in the community that Dr. VERDELL neither performs medical examinations nor provides clinical treatment for drug addicts. Rather, Dr. VERDELL provides prescriptions for high doses of Suboxone and Klonopin in exchange for cash payments.

B. Undercover Operations

1. Cooperating Defendant #1

19. Cooperating Defendant #1 (CD#1) was a medical professional who pleaded guilty to illegally distributing controlled substances. During his/her offense conduct, CD#1 had a serious addiction to oxycodone. Prior to being arrested, CD#1 went to one doctor who was a former medical partner of Dr. VERDELL in order to obtain Suboxone and Klonopin in exchange for cash. After his/her arrest, CD#1 successfully completed inpatient drug treatment and was regularly tested for controlled substances and continued to receive outpatient treatment. From the time he/she completed inpatient treatment in early 2013 to the time of his/her sentencing in July 2014, CD#1 never tested positive for controlled substances. CD#1 does not suffer from any type of anxiety disorder. Therefore, there was absolutely no medical necessity for CD#1 to be prescribed Suboxone or Klonopin during this time period.

20. After he/she completed inpatient drug treatment, CD#1 began to cooperate with the DEA. The information provided by CD#1 proved to be very reliable and corroborated by other evidence in this case. CD#1 was well qualified to cooperate with the DEA because CD#1 had been both a medical professional responsible for ensuring that controlled substances were properly prescribed and a drug addict who schemed with other drug addicts to illegally procure controlled substances. CD#1 reported to the DEA investigators that Dr. VERDELL's former medical partner was well known in the drug addict community in Philadelphia as someone who would prescribe controlled substances in exchange for cash.

21. Thereafter, operating under the direction of DEA, CD#1 entered the medical practice of Dr. VERDELL's former medical partner and obtained prescriptions for Suboxone and Klonopin for which there was absolutely no medical necessity. This other doctor charged \$200 in cash for a month prescription of Suboxone and Klonopin. This other doctor required his patients to attend an hour long "group therapy" session during which a doctor or other staff member lectured the "patients". During his/her visits to this other doctor, CD#1 talked to some of the "patients" and overheard some of their conversations. These "patients" talked openly about selling the prescription drugs they received. The "patients" also discussed other nearby doctors from whom they could buy prescription drugs without a medical examination. CD#1 learned from the other "patients" that there was another doctor nearby who would write prescriptions for Suboxone and Klonopin without any medical examination, charged only \$150 per month, and did not require his "patients" to sit through the tedious "group therapy" sessions. CD#1 learned that this doctor was Dr. Clarence VERDELL and that he had an office on Frankford Avenue. As a result, many of the "patients" began to purchase their prescriptions from Dr. VERDELL.

22. As a result of the information provided by CD#1 and other sources, on February 11, 2014, the Honorable Stewart Dalzell signed a court order in the Eastern District of Pennsylvania authorizing DEA to place undercover agents and confidential informants into the medical practice of Dr. Clarence VERDELL for the purpose of gathering evidence in the ongoing investigation of Dr. VERDELL for illegally prescribing controlled substances. Since that time, more than one undercover agent or cooperating defendant has entered Dr. VERDELL's medical practice and obtained controlled substances from Dr. VERDELL. Dr. VERDELL provided these controlled substances with no medical examination and without a legitimate medical purpose.

which is a violation of federal law. On one occasion, Dr. VERDELL provided controlled substances to an undercover agent who told Dr. VERDELL that he used them recreationally. Initially, Dr. VERDELL's office was located at 4949 Frankford Avenue in Philadelphia. During the undercover investigation, Dr. VERDELL moved his office to the Target Office and continued his criminal activity in the same manner as he did at the previous office location.

23. On February 27, 2014, at the direction of DEA, CD#1, obtained one prescription for Suboxone (90 dosage units) from Dr. VERDELL, and one prescription for Klonopin (90 dosage units) from Dr. VERDELL without receiving any medical examination at 4949 Frankford Avenue, Philadelphia, PA. During this visit, CD#1 filled out medical related paperwork and provided the paperwork and a urine sample to DR. VERDELL's staff. The office worker placed these documents into CD#1's patient file (which is now maintained at the Target Office). CD#1 used his/her training and experience to answer the questions in such a way so that Dr. VERDELL was have no medical reason for prescribing him/her the controlled substances he/she sought. CD#1 paid cash to the staff requesting a one month supply of Suboxone and Klonopin prior to seeing Dr. VERDELL. After waiting several hours, CD#1 eventually was seen by Dr. VERDELL. CD#1 paid \$150.00 to the staff for a prescription for a one-month supply of Suboxone and Klonopin.

24. CD#1 stated that during this visit, CD#1 observed other workers inside the doctor's office including two females and a security guard. Inside the office, CD#1 did not see any of the standard medical equipment commonly found in medical offices. CD#1 waited amongst several patients for approximately three hours to see Dr. VERDELL. CD#1 stated that he/she overheard other patients openly discussing drug-dealing and other criminal activity in the waiting room.

25. After approximately three hours of waiting, CD#1's name was called and he/she went into an office to see Dr. VERDELL. CD#1 was seen by Dr. VERDELL for approximately eight minutes. Dr. VERDELL performed no physical examination of CD#1 as required by law. Dr. VERDELL told CD#1 that the filmstrips of Suboxone are a better choice than the tablets of Suboxone. Dr. VERDELL explained that the liver eats up 15 to 20 percent of the tablets. Dr. VERDELL discussed with CD#1 some of Dr. VERDELL's personal issues, such as paying money to the IRS and investing in real estate. Dr. VERDELL signed one prescription for Suboxone (90 dosage units/8mg) and one prescription for Klonopin (90 dosage units/2mg) and gave these prescriptions to CD#1 for which there was absolutely no medical necessity. After obtaining the prescriptions from Dr. VERDELL, CD#1 left Dr. VERDELL's office and immediately turned the prescriptions over to the DEA case agents.

2. Undercover Agent #1

26. On March 12, 2014, at the direction of DEA, an undercover law enforcement officer (UCA#1) posing as a patient obtained one prescription for Suboxone (90 dosage units) and one prescription for Klonopin (90 dosage units) from Dr. VERDELL without receiving any medical examination at 4949 Frankford Avenue, Philadelphia, PA. During this visit, UCA#1 filled out medical related paperwork and provided the paperwork and a urine sample to Dr. VERDELL's staff. UCA#1 filled out medical history paperwork providing very minimal information. An office worker placed these documents inside UCA#1's patient file (which is now maintained at

the Target Office). UCA#1 paid \$150.00 cash to the staff requesting a one month supply of Suboxone and Klonopin prior to seeing Dr. VERDELL.

27. Inside Dr. VERDELL's office, UCA#1 observed other workers including two females and three armed security guards. UCA#1 did not see any medical equipment commonly associated with a medical office. UCA#1 waited in the Dr. VERDELL's office with many other patients for approximately five hours before being seen by Dr. VERDELL. While he/she waited, UCA#1 overheard other patients discussing drug-dealing and other criminal activity.

28. After approximately five hours of waiting, UCA#1's name was called. UCA#1 walked into see Dr. VERDELL who was sitting in the very rear of the office building. UCA#1 was seen by Dr. VERDELL for approximately 8 minutes. Dr. VERDELL performed no physical examination of UCA#1. Dr. VERDELL and UCA#1 discussed various other topics. Dr. VERDELL stated that he could not simply hand UCA#1 a prescription without asking him some questions. UCA#1 discussed which doctor he had seen previously and what drugs UCA#1 was currently taking. UCA#1 explained that he picked Dr. VERDELL because Dr. VERDELL sold Suboxone and Klonopin prescriptions for less money than his competitors. UCA#1 told Dr. VERDELL that he/she had not taken any drugs recently but that he/she needs Suboxone and Klonopin to make UCA#1 feel good. Dr. VERDELL repeatedly asked UCA#1 what was his/her drug of choice. UCA#1 intentionally did not answer Dr. VERDELL's questions and told Dr. VERDELL that UCA#1 was going to the intersection of Kensington Avenue and Somerset Street to do what UCA#1 had to do. UCA#1 stated that UCA#1 was doing anything that made UCA#1 feel good (to make it clear that there was no medical necessity for prescribing the Suboxone and Klonopin other than recreational use).

29. UCA#1 told Dr. VERDELL that when UCA#1 brought new patients to his previous doctor, he/she would get paid \$50.00 for each new patient. Dr. VERDELL stated that he was aware of the other doctor's business practices. Dr. VERDELL noted that he used to work for this other doctor. Dr. VERDELL related that when he gets a bigger office, Dr. VERDELL will talk to UCA#1 about a similar commission fee arrangement. Dr. VERDELL said that he was looking to move to a new office building and to hire an additional full-time doctor in the near future. UCA#1 told Dr. VERDELL that UCA#1 could steal customers from the other doctor and bring them to Dr. VERDELL. Dr. VERDELL expressed that he was interested in getting more patients and suggested that they discuss this further when Dr. VERDELL moved to his new office building. Both agreed to talk more about this when UCA#1 returned the following month for UCA#1's next visit.

30. Dr. VERDELL then signed one prescription for Suboxone (90 dosage units/8mg) and one prescription for Klonopin (90 dosage units/2mg) and gave these prescriptions to UCA#1 for which there was absolutely no medical necessity. After obtaining the prescriptions from Dr. VERDELL, UCA#1 left Dr. VERDELL's office and turned over the prescriptions to the DEA case agents.

3. Undercover Agent #2

31. On April 24, 2014, at the direction of DEA, UCA#1, UCA#2, and CD#1 each obtained one prescription for Suboxone (90 dosage units) and one prescription for Klonopin (90 dosage units) from Dr. VERDELL's office without receiving any medical examination at 4949 Frankford Avenue, Philadelphia, PA. During this visit, UCA#1, UCA#2, and CD#1 each filled out medical related paperwork and provided the paperwork and a urine sample to DR. VERDELL's staff. These documents were then placed in their respective patient files (which are now maintained at the Target Office). UCA#1, UCA#2, and CD#1 each paid \$150.00 cash to the staff requesting a one month supply of Suboxone and Klonopin prior to seeing Dr. VERDELL. During this visit, UCA, UCA#2, and CD#1 were told by Dr. VERDELL's staff that Dr. VERDELL's office would be moving to a new location in the upcoming weeks.

32. UCA#2 observed other workers inside the office including two females, Dr. VERDELL, and armed security guards. UCA#2 waited in the doctor's office with many other patients for approximately four hours before being called to see Dr. VERDELL. During the wait, UCA#2 overheard other patients discussing drug-dealing and other criminal activity. UCA#2 observed UCA#1 and CD#1 also sitting inside the doctor's office.

33. After approximately four hours of waiting, UCA#2's name was called. UCA#2 went from the reception area to Dr. VERDELL's inner office. UCA#2 was in the presence of Dr. VERDELL for approximately thirteen minutes. Dr. VERDELL performed no physical examination of UCA#2. Dr. VERDELL and UCA#2 discussed that UCA#2 was new to the treatment program, was brought to the office by a friend, and that UCA#2 was here to get Suboxone pills.

34. Dr. VERDELL asked UCA#2 various questions about drug usage, addiction, cravings, and withdrawal. Upon being asked, UCA#2 told Dr. VERDELL that UCA#2 was using Oxycodone tablets, and recently tried one Suboxone that UCA#2 got from a friend. Dr. VERDELL discussed with UCA#2 that Dr. VERDELL will prescribe Suboxone tablets to UCA#2 and that UCA#2 should not start out taking too many of the tablets. Dr. VERDELL and UCA#2 did not discuss the use or the prescribing of Klonopin.

35. Dr. VERDELL signed one prescription for Suboxone (90 dosage units/8mg) and one prescription for Klonopin (90 dosage units/2mg) and gave these prescriptions to UCA#2. Once UCA#2 obtained the prescriptions, UCA#2 asked Dr. VERDELL if Dr. VERDELL would see patients UCA#1 and CD#1 next because UCA#1 was UCA#2's ride home. UCA#2 told Dr. VERDELL that UCA#2, UCA#1, and CD#1 came together to the office and all three would be traveling home together.

36. Dr. VERDELL then summoned one of the office workers and told her that Dr. VERDELL was going to write out prescriptions for UCA#1 and CD#1 without seeing them that day for a visit. Dr. VERDELL told the office worker that these three patients were in a rush. Dr. VERDELL asked the office worker if UCA#1 and CD#1 were "okay". The office worker replied that they were. Dr. VERDELL then told the office worker that UCA#1 and CD#1 did not have to come in to see Dr. VERDELL. Dr. VERDELL told the office worker that he did not want to

upset the other patients who are in the reception area. Dr. VERDELL told the office worker that he would fill out and sign the prescriptions, and instructed the office worker to hand the prescriptions to UCA#1 and CD#1.

37. After obtaining UCA#2's prescriptions from Dr. VERDELL, UCA#2 headed towards the exit of Dr. VERDELL's office while observing the office worker meeting with CD#1 to give the signed prescriptions to CD#1. UCA#2 left Dr. VERDELL's office and immediately turned over the prescriptions to the DEA case agents. CD#1 was given two signed prescriptions for Suboxone and for Klonopin without ever seeing Dr. VERDELL on this occasion. CD#1 left Dr. VERDELL's office and immediately turned over the prescriptions to the DEA case agents. UCA#1 was given two signed prescriptions for Suboxone and for Klonopin by the office worker while standing inside a hallway located outside of Dr. VERDELL's inner office. UCA#1 spoke very briefly to Dr. VERDELL through the open door of his office. Dr. Verdell was seated inside his office. UCA#1 then left Dr. VERDELL's office with the two prescriptions and immediately turned over the prescriptions to the DEA case agents.

38. On June 23, 2014, SA Gobin observed that several signs were posted in the window of Dr. VERDELL's office located at 4949 Frankford Avenue, Philadelphia, PA. Written on these signs were the words "Our new location is 4606 Frankford Ave." Also, placed on these signs were arrows that pointed to the direction of 4606 Frankford Avenue, Philadelphia, PA (the Target Office). SA Gobin further observed that the office space at 4949 Frankford Avenue was vacated and empty.

39. On July 24, 2014, at the direction of DEA, UCA#2 entered the Target Office and obtained one prescription for Suboxone (90 dosage units) and one prescription for Klonopin (90 dosage units) from Dr. VERDELL's office without receiving any medical examination. During this visit, UCA#2 filled out medical related paperwork and provided the paperwork to Dr. VERDELL's staff. This paperwork was placed into UCA#2's file which is maintained at the Target Office. On this occasion, UCA#2 was not required to provide a urine sample. UCA#2 paid \$150.00 cash to the staff requesting a one month supply of Suboxone and Klonopin prior to seeing a doctor.

40. During this process, Dr. VERDELL's employees asked UCA#2 if UCA#2 was new to this doctor's office. UCA#2 advised the staff members that UCA#2 previously visited the other office location at 4949 Frankford Avenue, and further that UCA#2's chart should be here in the new location. The staff members located UCA#2's medical chart within the Target Office and supplied it to another doctor working for Dr. VERDELL. UCA#2 observed that other patient files had also been transferred to the Target Office.

41. UCA#2 was eventually called into the doctor's office. UCA#2 was seen by the doctor for approximately five minutes. This doctor working for Dr. VERDELL did not perform any physical examination of UCA#2. UCA#2 observed UCA#2's medical chart from the old office location being used by this doctor in the Target Office. UCA#2 and the doctor discussed in question and answer format various medical issues including but not limited to cravings, side effects, relapses, alcohol use, allergies, and other medical matters.

42. This doctor questioned UCA#2 regarding UCA#2's use of Klonopin and Suboxone. UCA#2 initially told the doctor that UCA#2 was not taking Klonopin in conjunction with Suboxone. UCA#2 then switched UCA#2's answer and stated that UCA#2 did take Klonopin. The doctor advised UCA#2 that this was a problem. The doctor told UCA#2 that UCA#2 should not be taking Klonopin when using Suboxone because this is a dangerous combination. UCA#2 explained to the doctor that UCA#2 had not taken Klonopin in a long time. The doctor working for Dr. VERDELL filled out and signed one prescription for Suboxone (90 dosage units) and gave it to UCA#2.

43. UCA#2 left the doctor's inner office and went to the reception desk. At the reception desk, UCA#2 told a female employee that the doctor only gave UCA#2 one prescription for Suboxone. The female employee told UCA#2 that this doctor does not like to give out Klonopin prescriptions. The female employee told UCA#2 to sit down in the waiting room. UCA#2 sat down and continuously watched the female employee who remained seated at the front desk. Moments later, without ever leaving from the front desk and without having anyone approach the female employee, the female employee called UCA#2 back up to her desk and handed to UCA#2 one prescription for Klonopin (90 dosage units).

44. UCA#2 looked at this prescription and saw that it was dated July 24, 2014 and was signed by Dr. VERDELL. However, UCA#2 did not see Dr. VERDELL in the office anywhere on this occasion. UCA#2 could only see that the female employee produced this prescription from behind the front desk as she handed it to UCA#2. UCA#2 left the doctor's office and immediately turned over both prescriptions to the DEA case agents.

C. Expert Witness

45. In order to receive an independent opinion of Dr. VERDELL's prescribing practices, the DEA retained the services of Dr. Stephen Thomas as an expert witness. Dr. Thomas has extensive training and experience in the areas legitimate distribution of medically necessary controlled substances, pain management, treatment of those addicted to pain management medications, and currently accepted standards of medical practice, especially in regards to pain management. Dr. Thomas has previously been qualified as an expert witness in both federal and state court in Pennsylvania. DEA agents provided Dr. Thomas with relevant case material regarding Dr. VERDELL, including reports of investigation copies of seized evidence, and audio and video recordings made by the undercover officers.

46. Dr. Thomas provided the DEA agents with his overall assessment of this investigation and the manner in which physicians involved in this case were dispensing controlled substances. Dr. Thomas opined that, based upon the information which he had been provided, neither Dr. VERDELL nor any of the other doctors prescribed the controlled substances to CD#1 or any of the UCA's within the in the usual course of professional practice and for a legitimate medical purpose. According to Dr. Thomas, the primary factor in this opinion is the lack of any physical or medical examination of the "patient". Dr. Thomas noted that, under Pennsylvania state law, doctors are required to perform a physical examination of the patient prior to prescribing any controlled substance. The law requires that the "physical examination shall include an evaluation of the heart, lungs, blood pressure and body functions that relate to the patient's

specific complaint." Like any medical diagnosis, a physical examination by the doctor is critical to corroborate the symptoms being reported by the patient. Dr. Thomas related that Dr. VERDELL and the other doctors in his office failed to perform even the most rudimentary examinations of the patients. Doctors are required by federal and state law to write certain information in the patients' medical charts when prescribing medication. In this case, Dr. Thomas opined that these doctors lacked the basic information necessary to render a diagnosis and determine whether the chosen course of treatment was appropriate. The course of treatment was predetermined before the "patient" ever saw a doctor.

47. Moreover, Dr. Thomas opined that Dr. VERDELL and the other doctors in his office abandoned any pretense of practicing within the usual course of professional medical practice by prescribing every patient the exact same dosage. Dr. Thomas explained that a fundamental tenet of medicine is to tailor the prescribed dosage to meet the needs of the patient. In this case, Dr. VERDELL and the other doctors he employed prescribed all of their patients what is essentially the maximum dose of Suboxone and Klonopin. Dr. Thomas noted that if this were a legitimate medical practice, he would expect the dosage range to follow the standard medical bell curve. A few patients would require the maximum dosage, a few patients would require a low dosage, while the majority of the patients would fall somewhere in the middle. That all of the hundreds of patients seen by Dr. VERDELL and his associates would require the same exact high dose is a statistical impossibility. Dr. Thomas noted that the fact that the patients' prescriptions were written before even seeing the doctor suggested that the doctor was not tailoring the prescriptions to meet the medical needs of the patient. In addition, a large percentage of the population is resistance to Suboxone treatment. The fact that none of his patients were prescribed different medications is quite unusual. Regarding the Klonopin prescriptions, Dr. Thomas noted that anxiety disorders are found in a relatively small percentage of the population. The fact that virtually all of the hundreds of patients seen by Dr. VERDELL also required Klonopin is extremely unlikely. Moreover, Dr. VERDELL never performed the basic psychiatric tests to diagnose a patient with an anxiety disorder under the Diagnostic and Statistical Manual.

48. Dr. Thomas was surprised that Dr. VERDELL did not drug test his patients to see if they were taking the prescribed medications or whether they presently had opiates in the system. Dr. Thomas noted that a standard office urinalysis test for Suboxone and other opiates cost \$5.00. Due to the risk of diversion, it is standard medical practice to test patients for these drugs. Dr. Thomas related that Dr. VERDELL and the other doctors would have received training on the risk of diversion as part of the process to become a DATA-waived physician. Moreover, there are strong medical reasons for drug testing patients. Suboxone works by blocking opiate receptors. If a patient is currently "high" on oxycodone or another opiate at the time the drug is administered, the Suboxone will cause the patient to immediately experience withdrawal symptoms. The withdrawal symptoms could complicate the patient's tolerance for and treatment with Suboxone. The standard medical practice for prescribing Suboxone is to wait for the patient's opiate high to subside before administering the Suboxone. That can be determined by a physician either through drug testing or physical examination, neither of which was performed in this case.

49. Dr. Thomas took note of two other pertinent factors in this case. First, Dr. Thomas expressed concern that the high doses of Suboxone and Klonopin taken together can be

dangerous. Suboxone slows breathing while Klonopin causes drowsiness, especially at the high doses prescribed by Dr. VERDELL. When taken together, a person could stop breathing while asleep or incapacitated and expire. Second, Dr. Thomas noted that it is outside the standard medical practice for patients to determine which medications they will receive before seeing a doctor. Medical practice requires the doctor to examine the patient and render a diagnosis prior to an appropriate treatment plan being devised.

D. Money Laundering

50. During the course of this investigation, DEA agents and officers, IRS-CI special agents, and others have examined Dr. VERDELL's financial records, including his personal and business bank accounts. These financial records show that Dr. VERDELL has been paying at least one doctor employed at his medical practice out of the proceeds from the illegal sale of controlled substances. It appears that Dr. VERDELL now has a total of three doctors working for him at the Target Office according to information provided by Dr. VERDELL's office. Based upon information received from this investigation and a related investigation, it appears that these DATA-waived physicians were recruited by Dr. VERDELL, specifically to work at the Target Office so that Dr. VERDELL and the DATA-waived physician could profit from using the vacancies on their license. With each patient paying \$150 per month per prescription, each additional doctor could generate up to \$15,000 per month in revenue by using the 100 slots available to DATA-waived physicians.

51. As described above, in exchange for cash payments, the other doctors on Dr. VERDELL's payroll provide prescriptions to "patients" without any medical necessity in violation of 21 U.S.C. § 841(a)(1). In addition, Dr. VERDELL is also making payments from the proceeds of his criminal activity to his office staff who assist Dr. VERDELL in his illegal drug distribution activities. The payments made to these physicians and office staff by Dr. VERDELL promote the underlying drug trafficking activity. In so doing, Dr. VERDELL is re-investing the illicit proceeds garnered from illegally sold prescriptions into the operational activities of his practice in violation of Title 18 U.S.C. § 1956(a)(1)(A)(i).

E. Target Residence and Target Vehicle

52. On August 15, 2014, agents interviewed a Source of Information (SOI) who has intimate knowledge of the daily activities of Dr. VERDELL's business practice. The information provided by the SOI has proved to be reliable and corroborated by independent evidence. Agents asked the SOI for information regarding the manner in which VERDELL departs the practice for the evening. The SOI stated that VERDELL will take physical possession of the daily bulk currency from the sale of prescriptions for controlled substances. VERDELL places the monies in the pocket of his pants and is then escorted by security guards to the Target Vehicle which is generally parked in the front of the practice. VERDELL usually leaves the Target Office between 5:00 p.m. and 7:00 p.m. VERDELL typically will depart in the Target Vehicle with copies of the prescriptions that were written that day as well as several patient files which are kept in a briefcase.

53. On August 20, 2014, DEA agents observed Dr. VERDELL depart the Target Office shortly after 7:00 p.m. and get into the Target Vehicle carrying a briefcase and a black bag. According to the SOI, the briefcase and black bag contained a laptop computer and U.S. currency from the proceeds of Dr. VERDELL's criminal activity for that day. Dr. VERDELL then drove directly to the Target Residence and entered the house with the briefcase and the bag.

54. VERDELL's bank records corroborate the information provided by the SOI. According to bank records received from Wells Fargo Bank concerning VERDELL's business bank account, from March 2014 to May 2014, VERDELL or one of his associates made 25 cash deposits ranging from \$1,150 to \$9,999.99 and totaling \$146,795.99. Most of these deposits were made at Wells Fargo branches in New Jersey. The following chart shows examples of some of VERDELL's cash deposits.

Deposit Date	Time	Branch Location	Cash Deposit Amount	Name	Account Number
01/06/2014	10:56 am	Berlin, NJ	\$30,000.00	Clarence R. Verdell	[REDACTED]
02/27/2014	10:53 am	Mt. Laurel, NJ	\$3,920.00	Clarence R. Verdell	[REDACTED]
03/06/2014	11:41 am	Mt. Laurel, NJ	\$1,532.96	Clarence R. Verdell	[REDACTED]
03/07/2014	10:01 am	Berlin, NJ	\$8,700.00	Clarence R. Verdell	[REDACTED]
03/13/2014	11:17 am	Mt. Laurel, NJ	\$13,000.00	Clarence R. Verdell	[REDACTED]
03/20/2014	11:06 am	Berlin, NJ	\$12,200.00	Clarence R. Verdell	[REDACTED]

As described above, VERDELL usually leaves his office in Philadelphia after common banking hours in the evening. The bank records reflect that VERDELL often makes cash deposits in the morning in New Jersey. Based upon this evidence and my training and experience, I conclude that VERDELL most likely transports the cash proceeds from the Target Office to the Target Residence using the Target Vehicle each evening. VERDELL stores the cash proceeds in the Target Residence at least overnight. VERDELL then uses the Target Vehicle to transport some or all of the cash proceeds to the bank where he deposits them into his account.

55. On May 16, 2014, and again on August 14, 2014, SA Gobin observed a very dark blue or black Lincoln Town Car, bearing NJ Tag #M83-CZN, parked outside of 107 Whitehall Drive, Voorhees, NJ. Department of Motor Vehicle records indicate that NJ Tag #M83-CZN is registered to Clarence R. VERDELL at 2261 Genessee Avenue, Atco, NJ (the Target Vehicle).

56. On June 23, 2014, and again on August 8, 2014, SA Gobin observed the Target Vehicle parked outside of 107 Whitehall Drive, Voorhees, NJ (the Target Residence).

57. According to DEA agents who have conducted surveillance on multiple occasions at the Target Residence and common commercial databases such as Clear and Lexis/Nexis, Dr. VERDELL currently resides at 107 Whitehall Drive, Voorhees, NJ (the Target Residence). Agents have observed vehicles registered to VERDELL at the residence and have acquired items from the refuse of the location indicating that VERDELL is receiving mail at the location. As detailed above, based on my training and experience in drug investigations and illicit diversion investigations, drug-dealing doctors generate large sums of cash which they conceal at home, in a car, office, safes, safe deposit boxes, bank accounts and financial holdings. I also know that corrupt doctors commonly hide records at their residence related to their criminal scheme as well as large sums of money, financial instruments, precious metals, jewelry and other items of value which represent the proceeds from the drug sales. Such doctors also conceal at their residences evidence of financial transactions relating to obtaining, transferring, secreting or spending large sums of money derived from their narcotics trafficking, for example, money orders, wire transfers, cashier's checks, receipts, bank statements, passbooks, checkbooks and check registers.

58. On August 1, 2014, DEA agents searched the trash from the Target Residence. Agents conducted a detailed analysis of the contents of the refuse and discovered an item of evidentiary value. According to commercial databases, United States Postal Service (USPS), and DEA surveillance, VERDELL recently moved from a residence located in Atco, NJ to the Target Address. In fact, when DEA agents recently observed the Target Residence, they observed a portable storage unit commonly used by movers still parked in the driveway. Agents also observed in the refuse, a prescription pill bottle for 56 units of Clonazepam (Klonopin) in 2 mg dosages. The prescription was filled for a patient and the prescription bottle detailed sensitive information for a patient. The prescribing physician listed on the bottle was Dr. Clarence VERDELL.

59. Agents consulted with their counterparts at the USPS regarding the current address of record for Dr. Clarence VERDELL. A query of a USPS database showed a current mailing address for VERDELL to be 107 Whitehall Drive, Voorhees, NJ (the Target Residence). The previous address of record was 2261 Genessee Avenue, Atco, NJ. According to the USPS, mail is currently being forwarded from 2261 Genessee Avenue to 107 Whitehall Drive (the Target Residence).

60. According to bank records and other business records, Dr. VERDELL received mail pertaining to his medical practice (including mail from banking institutions where VERDELL has deposited bulk proceeds derived from the illicit diversion of controlled substances) at his former residence located at 2261 Genessee Avenue, Atco, NJ. As stated above, VERDELL has requested that the USPS forward all correspondence from 2261 Genessee Avenue to 107

Whitehall Drive. Therefore, there is probable cause to believe that business and financial records associated with his medical practice will be found at the Target Residence.

61. According to Wells Fargo Bank, financial records for VERDELL's business bank are currently being mailed to the Target Residence. This suggests that other financial records for VERDELL's business are also being mailed to the Target Residence.

62. As shown in Attachment A, there is currently a white storage unit marked "pods," which is commonly used by movers, parked in VERDELL's driveway. Based upon the evidence that VERDELL recently moved from his Atco, New Jersey residence to the Target Residence, there is probable cause to believe that evidence of VERDELL's criminal activity may be found in this storage unit. VERDELL is required by law to maintain certain records, including patient records, relating to his medical practice for a number of years. According to bank and other business records, VERDELL received mail relating to his business at his former residence in Atco. Based upon my training, experience, and common sense, I believe that the first items that people typically would move into a home are the items that they will use most often. The last items that people typically move into a home are the items that they will use least often — such as records which they do not use but are required by law to maintain. Therefore, there is probable cause to believe that this portable storage unit may contain items listed in Attachment B in the same manner as they may be found in the home and I specifically request authorization to search this white "pods" storage unit parked in the driveway to the Target Residence.

63. Based upon this evidence, there is probable cause to believe that Dr. VERDELL maintains both financial and patients records at the Target Residence. Moreover, there is probable cause to believe that Dr. VERDELL uses the Target Vehicle to transfer financial and patient records from the Target Office to the Target Residence and there is probable cause to believe that such records may be found within the Target Vehicle.

VI. Conclusion

64. Based on the facts set forth herein, I respectfully submit that probable cause exists to believe that violations of federal law have been committed and are currently being committing, to include the violations set forth above, and probable cause exists to believe that the evidence, fruits, and instrumentalities of these violations of federal law are present at and within the locations described in Attachment A, namely the Target Office, Target Residence, and Target Vehicle as those locations have been defined.

65. I further request that the Court order that all papers in support of this application, including the affidavit and search warrant, be sealed until further order of the Court. These documents discuss an ongoing criminal investigation that is neither public nor known to all of the targets of the investigation. Accordingly, there is good cause to seal these documents because their premature disclosure may seriously jeopardize that investigation.

66. I affirm under penalties of perjury that the facts and circumstances recounted in this affidavit are true and accurate to the best of my knowledge and belief.



Matthew T. [unclear]
DEA Special Agent

Sworn and subscribed before me this 21 day of August, 2014.



HON. JACOB F. HART
United States Magistrate Judge

7177307762

RITEAID

08:40:30 a.m. 08-26-2014

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• **MAILING ADDRESS**
P.O. Box 3165
Harrisburg, PA 17105

• **GENERAL OFFICE**
30 Hunter Lane
Camp Hill, PA 17011

• **Telephone (717) 761-2633**

March 27, 2014

Dr. Clarence Verdell
4949 Frankford Avenue
Philadelphia PA 19124
DEA Registration: BV3522035

Dear Dr. Verdell:

The Drug Addiction Treatment Act of 2000 allows qualified physicians to prescribe certain narcotic drugs (Suboxone, Subutex, buprenorphine) for maintenance or detoxification treatment. The Act states that a practitioner can treat a maximum of 30 patients at any one time in the first year. After one year, the practitioner can petition to have the limit raised to not more than 100 patients.

The attached DEA Registration Validation indicates you are not currently able to treat more than 100 patients with buprenorphine products for addiction. For the time frame 12-28-13 to 01-28-2014, Rite Aid stores dispensed to 210 unique patients. Please review your patient base for compliance with DEA rules. Perhaps there is overlap with patients from other prescribers at your practice site.

I can be reached at 717-975-5758 to discuss this matter.

Sincerely,

Rite Aid



Janet G. Hart, RPh

Director, Government Affairs

EXHIBIT
B

7177307762

RITEAID

08:40:15 a.m. 08-26-2014

2/4



• MAILING ADDRESS

P.O. Box 3165
Harrisburg, PA 17105

• GENERAL OFFICE

30 Hunter Lane
Camp Hill, PA 17011

• Telephone (717) 761-2633

August 13, 2014

Dr. Clarence Verdell
4606 Frankford Avenue
Philadelphia, PA 19124
DEA Registration: BV3522035

Dear Dr. Verdell,

This is to notify you that our pharmacy locations will no longer fill prescriptions from your office for Schedule II, III, IV and V controlled substances effective August 26, 2014. Rite Aid has taken this action because of our concern about increased reports of controlled substance prescription drug abuse, especially clonazepam and buprenorphine products. Rite Aid and our pharmacists have a responsibility to take appropriate steps to reduce the potential that drugs we dispense are not diverted or abused. We will continue to review information relevant to this issue and will notify you if our current policies change in the future.

We regret any inconvenience that this action may cause. However, Rite Aid is committed to reducing the potential for diversion and abuse of controlled substances and finds it necessary to take this action at this time. If you have any questions regarding this matter, you may direct those questions to Janet Hart, Director, Government Affairs at jhart@riteaid.com or (717) 975-5758.

Sincerely,

Rite Aid


Janet G. Hart, RPh
Director, Government AffairsA rectangular stamp with rounded corners, containing the word "EXHIBIT" in a bold, sans-serif font, with the letter "C" centered below it.

CC: Karla Palmer, Esquire, Hyman, Phelps and McNamara PC

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BEFORE THE STATE BOARD OF MEDICINE**

**Commonwealth of Pennsylvania
Bureau of Professional and
Occupational Affairs**

v.

**Clarence R. Verdell, M.D.
Respondent**

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:
:
:
: **Docket No.** **-49-14**
: **File No.** **14-49-00195**
:
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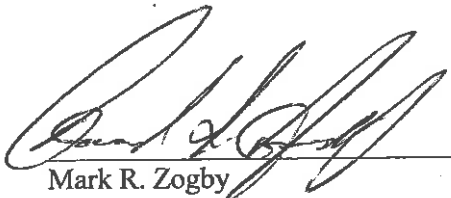
CERTIFICATE OF SERVICE

I, Mark R. Zogby, hereby certify that I have this 4th day of Sept., 2014 served a true and correct copy of the foregoing Petition and Order for Immediate Temporary Suspension upon all parties of record in this proceeding in accordance with the requirements of §33.31 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code §33.31 (relating to service by the agency).

HAND DELIVERY, CERTIFIED MAIL, RETURN RECEIPT REQUESTED and FIRST CLASS MAIL, POSTAGE PREPAID:

Clarence R. Verdell, M.D.
107 Whitehall Drive
Voorhees, NJ 08043

9171 9690 0935 0027 7253 58



Mark R. Zogby
Prosecuting Attorney
Commonwealth of Pennsylvania
Department of State
P. O. Box 2649
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(717) 783-7200