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

PROTHONOTARY  
2016 AUG 29 PM 3:44  
Department of State

Commonwealth of Pennsylvania,  
Bureau of Professional and  
Occupational Affairs  
v.

File No.: 16-49-01425

Stephen Charles Padnes, M.D.  
Respondent

Docket No: 1644 -49-16

**ORDER OF TEMPORARY SUSPENSION AND NOTICE OF HEARING**

AND NOW, this 29<sup>th</sup> day of August, 2016, upon review of the Petition for Temporary Suspension of the license to practice as a medical physician and surgeon held by Stephen Charles Padnes, M.D. (*hereinafter* "Respondent"), license number MD010322E, filed by the Prosecuting Attorney for the Commonwealth of Pennsylvania, the State Board of Medicine (*hereinafter* "Board") makes the following findings and enters the following Order:

**SUSPENSION ORDER**

The Board finds the Prosecuting Attorney has alleged facts in the Petition, which, if taken as true, establish at each and every count that the Respondent's continued practice as a medical physician and surgeon within the Commonwealth of Pennsylvania, along with the exercise of any other licenses, registrations, certificates, approvals, authorizations, or permits (*hereinafter referred to collectively as* "authorizations to practice the profession") issued by the Board, makes Respondent an immediate and clear 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, ("Act"), 63 P.S. § 422.40(a), the Board **ORDERS** that the license to practice as a medical physician and surgeon issued to the Respondent, license number MD010322E, along with any



other authorizations to practice the profession issued by the Board to Respondent, are **TEMPORARILY SUSPENDED** upon the service of this Order. Respondent shall surrender his wall certificate(s), biennial renewal certificate(s) and wallet card(s) (or notarized affidavit of their loss or destruction) to representatives of the Bureau of Enforcement and Investigation or the Bureau of Professional and Occupational Affairs, immediately upon service of this Order in accordance with Section 44 of the Act, 63 P.S. § 422.44.

### **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 the temporary suspension of the Respondent's license and other authorizations to practice the profession issued by the Board. 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 and other authorizations to practice the profession issued by the Board 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 will commence a separate action to suspend, revoke or otherwise restrict Respondent's license and other authorizations to practice the profession issued by the Board through the filing of a charging document, an Order to Show Cause. The Order to Show Cause may include, but not be 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 twenty (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 (1) week prior to the date of the hearing. The requirement of the one (1) 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 or 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  
Department of State  
2601 North Third Street  
P.O. Box 2649  
Harrisburg, PA 17105  
717-772-2686

Also, you must send a separate copy of any documents submitted in this matter to the prosecuting attorney named below at:

Mark R. Zogby  
Prosecuting Attorney  
Commonwealth of Pennsylvania  
Department of State  
P.O. Box 69521  
Harrisburg, PA 17106-9521

**BY ORDER:  
BEFORE THE STATE BOARD OF  
MEDICINE PROBABLE CAUSE  
SCREENING PANEL**

**Bruce A. Brod,  
M.D.**  
Committee Member



*APPROVE Immediate Temporary  
Suspension of Stephen Charles Padnes*

*DENY Immediate Temporary  
Suspension of Stephen Charles Padnes*

*RECUSE FROM DECISION*

**Keith E. Loiselle**  
Committee Member

*APPROVE Immediate Temporary  
Suspension of Stephen Charles Padnes*

*DENY Immediate Temporary  
Suspension of Stephen Charles Padnes*

*RECUSE FROM DECISION*

**Charles A. Castle,  
M.D.**  
Committee Member

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*RECUSE FROM DECISION*

Board Counsel:

Peter D. Kovach or Wesley J. Rish

For the Commonwealth:

Mark R. Zogby  
Prosecuting Attorney  
Commonwealth of Pennsylvania  
Bureau of Professional and Occupational Affairs  
P.O. Box 69521  
Harrisburg, PA 17106-9521

Respondent:

Stephen Charles Padnes, M.D.  
504 Edann Road  
Glenside, PA 19038

File No.:

16-49-01425

Date of Issuance:

August 29, 2016

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**For the Commonwealth:**

**Mark R. Zogby  
Prosecuting Attorney  
Commonwealth of Pennsylvania  
Bureau of Professional and Occupational Affairs  
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DEPARTMENT OF STATE  
BEFORE THE STATE BOARD OF MEDICINE

PROHIBITORY  
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Dept of State

Commonwealth of Pennsylvania,  
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File No.: 16-49-01425

Stephen Charles Padnes, M.D.  
Respondent

Docket No: 1644 -49-16

PETITION FOR IMMEDIATE TEMPORARY SUSPENSION

AND NOW, the Commonwealth of Pennsylvania, Bureau of Professional and Occupational Affairs, by and through its Prosecuting Attorney, Mark R. Zogby, 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 **Stephen Charles Padnes, M.D.** (*hereinafter* "Respondent"), along with any other licenses, registrations, certificates, approvals, authorizations, or permits (*hereinafter referred to collectively as* "authorizations to practice the profession") issued by the Board to Respondent at the time this Petition is Granted, pursuant to Section 40(a) of the Medical Practice Act, Act of December 20, 1985, P.L. 457, No. 112, as amended, (*hereinafter* "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. Respondent holds a license to practice as a medical physician and surgeon in the Commonwealth of Pennsylvania, license no. MD010322E.
3. Respondent's license is active through December 31, 2016, and, absent further Board action, may be renewed, reactivated or reinstated thereafter upon the filing of the appropriate documentation and payment of the necessary fees.

4. At all times pertinent to the Factual Allegations, Respondent held a license to practice as a medical physician and surgeon in the Commonwealth of Pennsylvania.

5. Respondent's last known address on file with the Board is 504 Edann Road, Glenside, PA 19038.

6. The Drug Enforcement Administration (*hereinafter* "DEA") has been investigating the Respondent in connection with his prescribing of controlled substances; through this investigation, the DEA has gathered sufficient information to support search warrants, for the Respondent's medical office and residence, based upon probable cause to believe that the Respondent committed violations of 21 U.S.C. §841 (illegal distribution of controlled substances).

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

a. The Respondent is the owner and sole physician at The Psychosomatic Medicine and Rehabilitation Center, Inc., which is located at 1326 Spruce Street, #501, Philadelphia, Pennsylvania;

b. The DEA Tactical Diversion Squad (*hereinafter* "TDS") conducted an undercover investigation using cooperating witnesses and undercover agents, who visited the Respondent as "patients." During several of these office visits, the Respondent was recorded, on both audio and video. During said office visits, the Respondent performed only cursory physical examinations or no physical examinations at all, performed little medical care and/or treatment, offered little discussion of risk, and failed to obtain medical records to verify prior history of pain or prescribed opioid medications;



c. Despite the above, over the sixteen month period preceding late June 2016, the Respondent prescribed over 16,000 pills of addictive Schedule II controlled substances, including oxycodone and methadone, in exchange for cash payments. Additionally, the Respondent made statements that suggest he determined which drugs and which quantities to prescribe based, not on medical need, but on avoiding detection by the DEA;

d. Cooperating Witness #1 (*hereinafter* "CW1") is a patient of the Respondent. Over at least a three year period, the Respondent prescribed 150 tablets of oxycodone 30 mg to CW1, monthly. During the same time period, CW1 simultaneously received prescriptions for oxycodone from other pain management physicians. CW1 sold his/her extra oxycodone tablets to a third party distributor in Delaware. CW1 was eventually arrested in Delaware for theft by deception;

e. CW1's first office visit with the Respondent lasted seven and a half hours, and each subsequent visit lasted approximately an hour. The first visit cost \$450.00 cash, and each subsequent visit cost \$400.00 cash. During CW1's office visits, the Respondent talked primarily about himself. The Respondent never performed a physical examination or drug test on CW1. During some office visits, CW1 merely picked up his/her prescriptions without seeing the Respondent. The Respondent was hospitalized for a period of time, but his patients would still come to the office to pick up prescriptions. On three occasions CW1 received prescriptions without the Respondent being present in the office. At one point, CW1 started attending his/her appointments with a friend, who was also a patient of the Respondent, to save gas money. The Respondent offered CW1 and the

friend a \$100.00 discount each if they allowed him to see them together. During these office visits, CW1 and the friend sat at a desk and talked to the Respondent simultaneously;

f. The Respondent told CW1 that he does not prescribe more than 150 tablets of oxycodone 30 mg specifically to avoid detection by the DEA. The Respondent also stated that he likes to prescribe methadone because “nobody looks at methadone like that;”

g. Cooperating Witness #2 (CW2) has been a patient of the Respondent for over three years. CW2 received prescriptions for oxycodone simultaneously from the Respondent and other pain management physicians. CW2 identifies himself/herself as an addict and realizes that “doctor shopping” is illegal. CW2 fills his/her prescriptions in Delaware and was arrested by Delaware state police for theft by deception, as a result;

h. At each office visit, CW2 received prescriptions from the Respondent for oxycodone 30 mg, oxycodone 15 mg, methadone 10 mg, and unknown dosages of Klonopin and Neurontin. CW2’s first office visit lasted approximately four hours. However, Respondent did not perform a physician examination, and talked little about CW2’s medical/mental issues. Subsequently, the Respondent never performed a physical examination on CW2. CW2 and CW1 are close associates. On a number of occasions, they attended office visits together, and the Respondent saw them simultaneously. On occasion, CW2 has picked up prescriptions at the Respondent’s office without seeing the Respondent, and CW2 has witnessed this

behavior with other patients. When the Respondent is not in the office, his secretary hands out prescriptions to patients;

i. Under the direction of the DEA TDS, CW2 participated in controlled purchases of prescriptions from the Respondent. On February 5, 2015, the Respondent provided prescriptions, for oxycodone 30 mg, methadone 10 mg, to CW2 in exchange for cash. On March 4, 2015, the Respondent provided prescriptions, for oxycodone 30 mg, methadone 10 mg and other drugs, to CW 2, in exchange for cash. On both occasions, the Respondent failed to perform a physical examination and spent the majority of the time talking about non-medical/non-psychological issues;

j. Cooperating Witness #3 (*hereinafter* "CW3") was introduced to the Respondent by CW2, at the direction of DEA TDS. CW3's first office visit with the Respondent was on May 13, 2015. During this visit, the Respondent saw CW2 and CW3 simultaneously. The Respondent failed to perform a physical examination on either CW2 or CW3, and talked mostly about non-medical/non-psychological issues. CW3 provided falsified medical records to the Respondent showing a minor disc herniation. The office telephone number on the falsified medical records went to an undercover cellular phone maintained by a DEA TDS agent. The Respondent failed to call said telephone number to confirm the information contained in the falsified records. At this visit, the Respondent prescribed oxycodone 30 mg to CW2 and prescribed oxycodone 30 mg, methadone 10 mg and another drug to CW3, in exchange for cash;

k. CW3 participated in two other controlled purchases of prescriptions from the Respondent on June 23, 2015 and June 19, 2015. During both meetings, the Respondent failed to perform a physical examination on CW3, but the Respondent prescribed oxycodone 30 mg and methadone 10 mg to CW3, in exchange for cash. CW3 paid \$700.00 collectively for both visits.

l. Cooperating Witness #4 (*hereinafter* "CW4") is a patient of the Respondent. Approximately five years ago a friend suggested that CW4 go to the Respondent for pain management. CW4 entered into an arrangement with this friend to split the oxycodone pills that CW4 received from the Respondent, for later sale. On September 15, 2015, DEA TDS arrested CW4 directly after he/she sold his/her prescription pain medication, prescribed by the Respondent, to a local street drug dealer;

m. The Respondent usually prescribes 1200 tablets of methadone 10 mg, 150 tablets of oxycodone 30 mg, and 75 tablets of Xanax to CW4, monthly, in exchange for \$400.00 cash. CW4 reported diagnoses of back pain associated with a fracture of the L4/L5 vertebrae, emphysema and chronic pulmonary obstructive disease (*hereinafter* "COPD") to the Respondent, but CW4 has never provided prior medical records to confirm these diagnoses. The Respondent has never performed a physical examination on CW4. The Respondent has never taken CW4's blood pressure. The Respondent has never requested blood tests from CW4. The Respondent has never performed pill counts or urinalyses on CW4. The Respondent has never ordered further testing on CW4. The Respondent writes prescriptions consistent with CW4's requests, and has never denied CW4's requests

for increases in his/her prescriptions. In fact, The Respondent asked CW4 if he/she wanted him to split the prescriptions because the Respondent was aware that patients were having trouble filling the amounts he was prescribing;

n. On at least five occasions, CW4 sent friends and relatives to the Respondent's office to pick up his/her prescriptions for oxycodone, methadone, and Xanax, and would later partially or fully reimburse the Respondent for the \$400.00 office visit fee. At times, the Respondent lost track of the amount CW4 owed for office visit fees;

o. On October 27, 2015, CW4 engaged in telephone conversation with the staff at the Respondent's office, which was monitored by DEA TDS. During said telephone call, CW4 informed the Respondent's office manager/receptionist that he/she could not come in to pick up his/her prescriptions and requested that his/her son be able to pick them up. The office manager/receptionist replied that CW4's son could pick up CW4's prescriptions, and she would either leave them downstairs or he could come up to the office. The Respondent does not have staff downstairs, so it is believed that the office manager/receptionist intended to leave the prescriptions with the building door man in the first floor lobby;

p. On October 29, 2015, an undercover employee (*hereinafter* "UCE1") posing as CW4's son entered the Respondent's office, and obtained five prescriptions made out in the name of CW4, two prescriptions for 75 tablets of oxycodone, 30 mg, one prescription for 90 tablets of Xanax 1 mg, and two prescriptions for 600 tablets of methadone 10 mg, in exchange for \$400.00 cash.

The Respondent never met with UCE1, and UCE1's identification was never verified;

q. On November 24, 2015, at the instruction of DEA TDS, CW4 introduced UCE1 to the Respondent during CW4's office visit. At the visit CW4 introduced UCE1 as his/her brother (UCE1 was previously introduced as CW4's son). The Respondent saw CW4 and UCE1 simultaneously. The Respondent never performed a physical examination of either CW4 or UCE1. The Respondent accepted UCE1 conditioned upon receipt of an MRI at the next visit. The Respondent wrote five prescriptions for CW4 at this visit, two prescriptions for 75 tablets of oxycodone 30 mg, one prescription for 90 tablets of Xanax 1 mg, and two prescriptions for 600 tablets of methadone 10 mg.

r. On December 21, 2015, at the request of DEA TDS, UCE1 and CW4 went to an office visit with the Respondent. The Respondent provided UCE1 with prescriptions for 120 tablets of oxycodone 15 mg, 90 tablets of cyclobenzaprine, and 180 tablets of methadone 10 mg, in exchange for \$500.00 cash. The Respondent provided CW4 with prescriptions for 150 tablets of oxycodone 30 mg, 1200 tablets of methadone 10 mg, and 90 tablets of Xanax 1 mg. The Respondent did not perform any sort of examination on either UCE1 or CW4.

s. On January 20, 2016, at the request of DEA TDS, UCE1 and CW4 went to an office visit with the Respondent. The Respondent failed to perform a physical examination on either UCE1 or CW4. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 had no such documentation to verify

UCE1's story of a work accident and an actual back injury. The Respondent prescribed 120 tablets of oxycodone 15 mg, 440 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine, to UCE1, in exchange for \$400.00 cash. The Respondent prescribed 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg, to CW4, in exchange for \$400.00 cash. The Respondent told UCE1 that he did not want to increase his dosage of oxycodone from 15 mg to 30 mg because, "one they are more addictive, two the DEA looks at them all the time, three the pharmacists call about it all the time because the DEA bothers them."

t. On February 22, 2016, at the request of DEA TDS, UCE1 went to an office visit with the Respondent. The Respondent failed to perform a physical examination on UCE1. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 once again had no such documentation to verify UCE1's story of a work accident and an actual back injury. During the office visit, the Respondent told UCE1 sensitive medical information about a patient waiting in the lobby. The Respondent prescribed 120 tablets of oxycodone 15 mg, 400 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine 10 mg, to UCE1, in exchange for \$400.00 cash. The Respondent also gave UCE1 prescriptions for 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg, for CW4 (who was not present at the office visit), in exchange for \$400.00 cash.

u. On March 23, 2016, at the request of DEA TDS, UCE1 and an additional FBI undercover employee (*hereinafter* "FBI UCE") went to an office visit with the Respondent. The Respondent failed to perform a physical examination on UCE1. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 once again had no such documentation to verify UCE1's story of a work accident and an actual back injury. The Respondent prescribed 120 tablets of oxycodone 15 mg, 720 tablets of methadone 10 mg, 60 tablets of Naproxen 500 mg, and 90 tablets of cyclobenzaprine, to UCE1, in exchange for \$400.00 cash. The Respondent also gave UCE1 prescriptions for 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg, for CW4 (who was not present at the office visit), in exchange for \$400.00 cash. At this office visit, the FBI UCE told the Respondent a fictional story about being in a car accident with a friend and hurting his/her back. The Respondent asked for medical documentation before he would treat the FBI UCE. Later in the appointment, the Respondent whispered to UCE1, "How do put this? It's like the monkey that sees no evil. If she [FBI UCE] needs something and you feel like giving her anything then you can try to give her one of the anti-inflammatories." Later, near the end of the appointment, the Respondent told the FBI UCE, "So you have my...uh unspoken consent to try the anti-inflammatories. It might be enough to take the edge off." While reviewing the prescriptions with UCE1, the Respondent identified the anti-inflammatory medication that he



recommended for the FBI UCE, it an apparent open attempt to tell UCE1 to give the FBI UCE some of his/her prescribed medication to treat the FBI UCE's pain.

v. On April 21, 2016, at the request of DEA TDS, UCE1 and the FBI UCE went to an office visit with the Respondent. The Respondent failed to perform a physical examination on UCE1 and failed to order any additional testing. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 once again had no such documentation to verify UCE1's story of a work accident and an actual back injury. The Respondent prescribed 120 tablets of oxycodone 15 mg, 720 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine, 1 box of Flector patches (30 day supply), and 60 tablets of Naproxen 500 mg, to UCE1, in exchange for \$400.00 cash. The Respondent also gave UCE1 prescriptions for 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg, for CW4 (who was not present at the office visit), in exchange for \$400.00 cash. The FBI UCE was denied any prescriptions because of the lack of documentation of his/her injuries. During the office visit, the Respondent reminded UCE1 that he needed to provide medical documentation to confirm his stated injury, and to UCE1 that he needed CW4 to come into the office for a periodic urinalysis. However, despite this conversation, the Respondent still gave UCE1 eight prescriptions for both UCE1 and CW2, some of which were for Schedule II controlled substances.

w. On May 23, 2016, at the request of DEA TDS, UCE1 and CW4 went to an office visit with the Respondent. The Respondent failed to perform a physical examination on UCE1 or CW4. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 once again had no such documentation to verify UCE1's story of a work accident and an actual back injury. The Respondent prescribed 120 tablets of oxycodone 15 mg, 720 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine, and 60 tablets of Naproxen EC 500 mg, to UCE1, in exchange for \$400.00 cash. The Respondent prescribed 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, 1200 tablets of methadone 10 mg, and 2 boxes of duragesic (fentanyl) patches to CW4, in exchange for \$400.00 cash.

x. On June 23, 2016, at the request of DEA TDS, UCE1 and CW4 went to an office visit with the Respondent. The Respondent's office manager/receptionist told them that they had missed their appointment the previous day and the Respondent was doubled booked on June 23, 2016. Therefore, UCE1 made another appointment for June 29, 2016. On June 29, 2016, UCE1 attended the office visit without CW4. The Respondent failed to perform a physical examination on UCE1. UCE1 was conditionally accepted as a patient at the December 21, 2015 office visit, pending receipt of medical history documentation at the next office visit. UCE1 once again had no such documentation to verify UCE1's story of a work accident and an actual back injury. The Respondent prescribed 120 tablets of oxycodone 15 mg, 840 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine, and 60

tablets of Naproxen 500 mg, to UCE1, in exchange for \$400.00 cash. The Respondent also gave UCE1 prescriptions for 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg, and 2 boxes of duragesic (fentanyl) patches for CW4 (who was not present at the office visit), in exchange for \$400.00 cash.

y. Based upon cooperating witness information and an undercover investigation, it is believed that the Respondent typically charges \$400.00 or more in cash for each visit and rarely accepts insurance as payment. As a result of physical surveillance, it was determined that the Respondent sees about seven to ten patients a day, four days a week. Therefore it is estimated that the Respondent is generating up to \$4,000.00 or more per day, tens of thousands of dollars a week, and hundreds of thousands of dollars, per year, primarily in cash. It was also determined that the Respondent had a bank account with TD Bank, which he only used to deposit checks from patients. He did not deposit any cash in that account.

z. R.F., a patient of the Respondent, received monthly prescriptions from the Respondent for 1800 tablets of methadone 10 mg, 540 tablets of Oxycontin 80 mg, 240 tablets of oxycodone 30 mg, and 40 fentanyl patches. The pharmacist who filled R.F.'s prescriptions contacted the Respondent regularly to check the amounts prescribed and the Respondent indicated that it was "ok" to fill the prescriptions. On June 23, 2014, DEA TDS arrested R.F. after observing and confirming that he sold all of the drugs he was prescribed by the Respondent. R.F. and his co-conspirators were later convicted in state court and are awaiting sentencing.

aa. Based upon the undercover investigation, it was determined that the Respondent's office does not contain an examination table or any equipment for performing a formal physical examination.

bb. DEA sought the opinion of Dr. Thomas Riordan, a licensed psychiatrist, who has specialized knowledge in the areas of prescribing controlled substances, pain management, treatment of those addicted to pain management medications and the currently accepted standards of medical practice, particularly in regard to treating opioid addiction and the practice of addiction psychiatry. Dr. Riordan has previously been qualified as an expert witness by the Commonwealth of Pennsylvania Department of State, Bureau of Professional and Occupational Affairs.

cc. Upon review of the investigation materials, Dr. Riordan opined that the Respondent's prescription provided to CW1, CW2, CW3, CW4 and UCE1 were not issued in within the usual course of professional practice and did not meet widely accepted standards of care. His opinion is based upon the lack of any physical or medical examination, lack of determined diagnosis or treatment plan, and lack of medical documentation. Dr. Riordan opined that the Respondent lacked the basic information necessary to render a diagnosis and determine whether the chosen pharmaceutical course of treatment was appropriate. Further, the Respondent's treatment plan did not include a plan to ever cease or reduce the medication.

dd. Dr. Riordan opined that the Respondent lacked consistent risk evaluation and mitigation strategies. In normal practice, a doctor might perform and document regular urinalysis of patients to determine that they are not taking substances contraindicated to the prescribed drugs and to determine that the prescribed drugs were actually in the patients' systems, as an anti-diversionary technique. Dr. Riordan opined that the Respondent should also have written documentation educating patients on the effects of the prescribed medication and the possible risks for addiction.

ee. Dr. Riordan noted that the Respondent failed to refer his patients for further testing or physical therapy, which would be appropriate in many cases. Dr. Riordan found this apparent in the case of CW3, who presented to the Respondent with a falsified MRI report indicating a minor disc herniation. Although the Respondent acknowledged that he believed CW3 to have a minor injury, he prescribed excessive dosages of opiates. Dr. Riordan opined that a typical psychiatrist practicing pain management does not prescribe excessive dosages of opiates. Rather, the goal of such a psychiatrist is generally to use alternative methods or antidepressants.

ff. Dr. Riordan stated that the Respondent displayed a complete violation of patient confidentiality when he saw two patients simultaneously. Dr. Riordan opined that it is below the standard to have two unrelated patients, e.g. parent or caregiver and child, discussing their illnesses with one another.

gg. Dr. Riordan opined that combining different pain medications together is "very substandard." Dr. Riordan opined that the combination of fentanyl and

other opioids such as methadone and oxycodone at the strengths regularly prescribed by the Respondent is “very risky and dangerous behavior.” Dr. Riordan also opined that the combination of opioids and schedule IV drugs such as Xanax and Klonopin is also risky.

hh. In the case of CW4, Dr. Riordan opined that it was inappropriate for the Respondent to prescribe pain medication without seeing or talking to the patient for four months. Dr. Riordan further opined that the combination of methadone and Xanax, in light of CW4 respiratory disorder can be lethal. Dr. Riordan found the dosages, amounts, and types of medication prescribed to CW4 to be inappropriate and excessive. Either oxycodone or methadone alone in combination with Xanax could be a possible lethal combination, and the Respondent was prescribing oxycodone, methadone and Xanax, monthly to CW4.

ii. Dr. Riordan opined that the Respondent was practicing outside the mainstream of both psychiatry pain management and physical medicine. Dr. Riordan believed, based upon his review of the investigative material, that the Respondent knows the proper standards and chooses not to follow them.

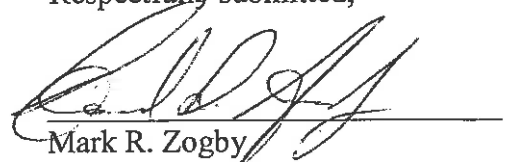
(A true and correct copy of the Affidavit of Probable Cause supporting the search warrants is attached hereto as Exhibit “A” and incorporated herein by reference.)

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

9. Based upon the foregoing factual allegations, the Respondent's continued practice as a medical physician and surgeon within the Commonwealth of Pennsylvania, along with the exercise of any other authorizations to practice the profession issued by the Board, makes Respondent an immediate and clear danger to the public health and safety.

**WHEREFORE**, the Petitioner respectfully requests that the Board issue an Order immediately suspending all of Respondent's authorizations to practice the profession issued by the Board, and in particular, the license to practice as a medical physician and surgeon, license number MD010322E, pursuant to the authority granted to it pursuant to Section 40(a) of the Medical Practice Act, Act of December 20, 1985, P.L. 457, No. 112, ("Act"), 63 P.S. § 422.40(a).

Respectfully submitted,



Mark R. Zogby  
Prosecuting Attorney  
Commonwealth of Pennsylvania  
Department of State  
P.O. Box 69521  
Harrisburg, PA 17106-9521  
(717) 783-7200

DATE:

Aug 29, 2016

## 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)Psychosomatic Medicine and Rehabilitation Center,  
Inc., 1326 Spruce Street, #501, Philadelphia, PA

Case No.

16-1093-M-1

## 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(c) 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

Offense Description

illegal distribution of controlled substances

The application is based on these facts:

See attached Affidavit

A TRUE COPY CERTIFIED TO FROM THE RECORD

DATED: 8-29-16ATTEST: [Signature]DEPUTY CLERK, UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF PENNSYLVANIA☒ 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.[Signature]  
Applicant's signature

Special Agent Ngano KT King, FBI

Printed name and title

Sworn to before me and signed in my presence.

Date:

August 29, 2016City and state: Philadelphia, PA[Signature]  
Judge's signature

Honorable Carol S. Wells, USMJ

Printed name and title

EXHIBIT  
A



MP

# 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)

Psychosomatic Medicine and Rehabilitation Center,  
Inc., 1326 Spruce Street, #501, Philadelphia, PA

Case No. 16-1093-M-1

## 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

I find that the affidavit(s), or any recorded testimony, establish probable cause to search and seize the person or property  
described above, and that such search will reveal (identify the person or describe the property to be seized):

See Attachment B

**YOU ARE COMMANDED** to execute this warrant on or before September 12, 2016 (not to exceed 14 days)  
☒ in the daytime 6:00 a.m. to 10:00 p.m. ☐ at any time in the day or night because good 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 the duty magistrate.

☐ Pursuant to 18 U.S.C. § 3103a(b), 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:

August 29, 2016 12:05 pm

Carol S. Wells  
Judge's signature

City and state:

Philadelphia, PA

Honorable Carol S. Wells, USMJ

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

### Property to Be Searched

This warrant applies to medical office of Dr. Stephen PADNES, "The Psychosomatic Medicine and Rehabilitation Center, Inc.," located at 1326 Spruce Street, #501, Philadelphia, Pennsylvania, at the corner of Watts Street and Spruce Street (TARGET MEDICAL OFFICE). The TARGET MEDICAL OFFICE is a condominium on the fifth floor of an office and condominium building. The building has a brown awning bearing the words "CENTER CITY ONE" and "1326". The first floor consists of offices while the second, third, and fourth floors all make up an enclosed parking lot. The fifth floor consists of condominiums including the TARGET MEDICAL OFFICE, condominium # 501.

This warrant authorizes a search of the TARGET MEDICAL OFFICE for the purpose of identifying and seizing the particular things described in Attachment B.



## ATTACHMENT B

### Particular Things to Be Seized

**All items and information that constitute evidence of violations of 21 U.S.C. § 841 (illegal distribution of controlled substances):**

For the time period from January 1, 2010, through the date on which this warrant is executed, all of the following items. Where the item is in the nature of a document or record, it includes the document or record regardless of how maintained, that is, on paper, electronically or in some other form or format.

1. Customer and/or patient files and/or records, including charts, reports, logs, notes, initial medical history, physical examinations, diagnoses, evaluations, x-rays, orders, tests, records relative to the prescribing, administering or dispensing of controlled substances, and any other such documentation concerning patients which reflect services provided by Stephen PADNES, his medical practice, also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff.
2. All documents reflecting appointments and/or office visits from customers or patients, including sign-in sheets, logs, schedule and appointment books, calendars, ledgers, and telephone logs and/or messages.
3. All financial records relating to the distribution of controlled substances or prescriptions for controlled substances or the purported provision of medical services by Stephen PADNES, his medical practice, also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff, including check books and registers, cash receipt books and receipts, credit card receipts and statements, employee and contractor payment records, ledgers, accounting records, bank statements, and deposit receipts.
4. All documents related to billing of customers or patients, including insurance or third-party payer records and invoices.
5. All documents related to office hours, or hours worked by Stephen PADNES, and all former and current employees, agents and staff of Stephen PADNES, his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff and any records evidencing travel, domestic or international, by STEPHEN PADNES, outside of the Philadelphia, Pennsylvania area.
6. All personnel records for all current and former employees, agents and staff of Stephen PADNES, his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff, including resumes, job applications, job training records, contact information, dates of employment, and payroll records.
7. All financial records related to Stephen PADNES and his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., including documents, books, journals, ledgers, records, files, computer printouts and any and all other records

relating to their income or expenses, including articles of incorporation, accounting and tax records, general journals, cash receipts journals, cash disbursement journals, sales journals, general ledgers, bank statements, deposit slips, withdrawal slips, cancelled checks, and other bank account records, including records regarding the existence of safe deposit boxes, invoices, receipts, credit card statements and other bills, records concerning real estate or other assets, including deeds, mortgage records, property tax assessments, ledgers, receipts, rental checks, invoices or receipts or any other records evidencing any financial or pecuniary account in which Stephen PADNES has a right, title, or interest.

8. All documents showing indicia of occupancy, residency, or ownership of the property, including utility and telephone bills, cancelled envelopes, rental, purchase or lease agreements, identification documents, and keys.

9. All documents relating to the proper dispensing of drugs, including records on the interaction of controlled substances with other medications, patient warnings and information, and other documents kept to comply with DEA regulations or rules issued under the authority of the Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

10. All prescription records, including copies of prescriptions, lists of names relating to prescriptions, logs or records of prescriptions dispensed, prescription pads, and filled prescriptions and controlled substances.

11. United States currency or other financial instruments, such as money orders, safe deposit box keys, precious metals, jewelry, automobile and real estate titles which represent proceeds of illegal activity.

12. Records evidencing shipments from pharmaceutical manufacturers or distributors, including receipts, invoices, payments, or shipping records.

13. Any locked safe or file cabinet large enough to contain any of the items described above.

14. All computer passwords, keywords and other data security devices designed to restrict access to or hide computer software, documentation or data. Data security devices may consist of hardware, software, or other programming code. Any password or encryption key that may control access to a computer operating system, individual computer files, or other electronic data.

15. The following computer-related items may be seized and searched for the items identified in the paragraphs above:

a. Any computer hardware or computer related equipment capable of creating or storing information in electronic or magnetic form;

b. Any computer peripheral used to facilitate the transmission, creation, display, encoding or storage of information, images and data including word processing

equipment, modems, monitors, printers, plotters, encryption circuit boards, optical scanners;

c. Any magnetic or electronic storage device such as floppy diskettes, hard disks, backup tapes, CO-ROMs, optical discs, printer buffers, smart cards, memory calculators, electronic dialers, Bernoulli drives or electronic notebooks;

d. Computer software, documentation, operating logs and instruction manuals relating to the operation of the computer hardware and software to be searched;

e. Application software, utility programs, compilers, interpreters, and other programs or software used to facilitate direct or indirect communication with the computer hardware and software to be searched;

f. Any physical keys, encryption devices and similar physical items that are necessary to gain access to the computers to be searched or are necessary to gain access to the programs, data and information contained on the computer to be searched;

g. Any passwords, password files, test keys, encryption codes or other computer codes necessary to access the computers to be searched or to convert data, files or information on the computers into a readable form; and

h. Electronically stored records, communications or messages, including any of the items to be seized that may be found in electronic mail.

i. Any and all cellular telephones and personal data assistants ("PDAs").

TM

## 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)

504 Edann Road, Glenside, PA

Case No. 16-1093-M-2

## 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(c) 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

Offense Description

illegal distribution of controlled substances

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.

Applicant's signature

Special Agent Ngano KT King, FBI

Printed name and title

Sworn to before me and signed in my presence.

Date:

August 29, 2016

Judge's signature

City and state: Philadelphia, PA

Honorable Carol S. Wells, USMJ

Printed name and title

700

## 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)

504 Edann Road, Glenside, PA

Case No. 16-1093-M-2

## 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

I find that the affidavit(s), or any recorded testimony, establish probable cause to search and seize the person or property  
described above, and that such search will reveal (identify the person or describe the property to be seized):

See Attachment B

YOU ARE COMMANDED to execute this warrant on or before September 12, 2016 (not to exceed 14 days)  
☒ in the daytime 6:00 a.m. to 10:00 p.m. ☐ at any time in the day or night because good 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 the duty magistrate.☐ Pursuant to 18 U.S.C. § 3103a(b), 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:

August 29, 2016 12:05 pmCarol S. Wells

Judge's signature

City and state:

Philadelphia, PA

Honorable Carol S. Wells, USMJ

Printed name and title





## ATTACHMENT A

### Property to Be Searched

This warrant applies to the personal residence of Dr. Stephen PADNES, located at 504 Edann Road Glenside, Pennsylvania, near the corner of Station Avenue and Edann Road (TARGET RESIDENCE). The TARGET RESIDENCE is a multi-level structure at the end of an approximately 50-yard asphalt driveway that connects Edann Road and the residence. At the end of the driveway near Edann Road is a gas driveway lamp that has "504" labeled along the lamp pole.

This warrant authorizes a search of the TARGET RESIDENCE for the purpose of identifying and seizing the particular things described in Attachment B.



## **ATTACHMENT B**

### **Particular Things to Be Seized**

**All items and information that constitute evidence of violations of 21 U.S.C. § 841 (illegal distribution of controlled substances):**

For the time period from January 1, 2010, through the date on which this warrant is executed, all of the following items. Where the item is in the nature of a document or record, it includes the document or record regardless of how maintained, that is, on paper, electronically or in some other form or format.

1. Customer and/or patient files and/or records, including charts, reports, logs, notes, initial medical history, physical examinations, diagnoses, evaluations, x-rays, orders, tests, records relative to the prescribing, administering or dispensing of controlled substances, and any other such documentation concerning patients which reflect services provided by Stephen PADNES, his medical practice, also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff.
2. All documents reflecting appointments and/or office visits from customers or patients, including sign-in sheets, logs, schedule and appointment books, calendars, ledgers, and telephone logs and/or messages.
3. All financial records relating to the distribution of controlled substances or prescriptions for controlled substances or the purported provision of medical services by Stephen PADNES, his medical practice, also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff, including check books and registers, cash receipt books and receipts, credit card receipts and statements, employee and contractor payment records, ledgers, accounting records, bank statements, and deposit receipts.
4. All documents related to billing of customers or patients, including insurance or third-party payer records and invoices.
5. All documents related to office hours, or hours worked by Stephen PADNES, and all former and current employees, agents and staff of Stephen PADNES, his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff and any records evidencing travel, domestic or international, by STEPHEN PADNES, outside of the Philadelphia, Pennsylvania area.
6. All personnel records for all current and former employees, agents and staff of Stephen PADNES, his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., his agents, or staff, including resumes, job applications, job training records, contact information, dates of employment, and payroll records.
7. All financial records related to Stephen PADNES and his medical practice also known as The Psychosomatic Medicine and Rehabilitation Center, Inc., including documents, books, journals, ledgers, records, files, computer printouts and any and all other records

relating to their income or expenses, including articles of incorporation, accounting and tax records, general journals, cash receipts journals, cash disbursement journals, sales journals, general ledgers, bank statements, deposit slips, withdrawal slips, cancelled checks, and other bank account records, including records regarding the existence of safe deposit boxes, invoices, receipts, credit card statements and other bills, records concerning real estate or other assets, including deeds, mortgage records, property tax assessments, ledgers, receipts, rental checks, invoices or receipts or any other records evidencing any financial or pecuniary account in which Stephen PADNES has a right, title, or interest.

8. All documents showing indicia of occupancy, residency, or ownership of the property, including utility and telephone bills, cancelled envelopes, rental, purchase or lease agreements, identification documents, and keys.

9. All documents relating to the proper dispensing of drugs, including records on the interaction of controlled substances with other medications, patient warnings and information, and other documents kept to comply with DEA regulations or rules issued under the authority of the Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

10. All prescription records, including copies of prescriptions, lists of names relating to prescriptions, logs or records of prescriptions dispensed, prescription pads, and filled prescriptions and controlled substances.

11. United States currency or other financial instruments, such as money orders, safe deposit box keys, precious metals, jewelry, automobile and real estate titles which represent proceeds of illegal activity.

12. Records evidencing shipments from pharmaceutical manufacturers or distributors, including receipts, invoices, payments, or shipping records.

13. Any locked safe or file cabinet large enough to contain any of the items described above.

14. All computer passwords, keywords and other data security devices designed to restrict access to or hide computer software, documentation or data. Data security devices may consist of hardware, software, or other programming code. Any password or encryption key that may control access to a computer operating system, individual computer files, or other electronic data.

15. The following computer-related items may be seized and searched for the items identified in the paragraphs above:

a. Any computer hardware or computer related equipment capable of creating or storing information in electronic or magnetic form;

b. Any computer peripheral used to facilitate the transmission, creation, display, encoding or storage of information, images and data including word processing

equipment, modems, monitors, printers, plotters, encryption circuit boards, optical scanners;

c. Any magnetic or electronic storage device such as floppy diskettes, hard disks, backup tapes, CO-ROMs, optical discs, printer buffers, smart cards, memory calculators, electronic dialers, Bernoulli drives or electronic notebooks;

d. Computer software, documentation, operating logs and instruction manuals relating to the operation of the computer hardware and software to be searched;

e. Application software, utility programs, compilers, interpreters, and other programs or software used to facilitate direct or indirect communication with the computer hardware and software to be searched;

f. Any physical keys, encryption devices and similar physical items that are necessary to gain access to the computers to be searched or are necessary to gain access to the programs, data and information contained on the computer to be searched;

g. Any passwords, password files, test keys, encryption codes or other computer codes necessary to access the computers to be searched or to convert data, files or information on the computers into a readable form; and

h. Electronically stored records, communications or messages, including any of the items to be seized that may be found in electronic mail.

i. Any and all cellular telephones and personal data assistants ("PDAs").

## AFFIDAVIT

Ngano KT King, a Special Agent with the Federal Bureau of Investigation (FBI) being duly sworn, deposes and states:

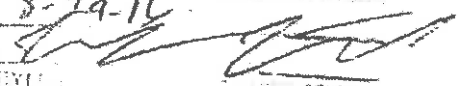
### I. INTRODUCTION

1. This affidavit is submitted in support of (1) a search warrant authorizing the search of a medical office, The Psychosomatic Medicine and Rehabilitation Center, Inc., owned and operated by Dr. Stephen PADNES, located at 1326 Spruce Street, #501, Philadelphia, Pennsylvania (TARGET MEDICAL OFFICE); and (2) a search warrant authorizing the search of PADNES' residence located at 504 Edann Road, Glenside, Pennsylvania (TARGET RESIDENCE).

2. As set forth more fully below, there is probable cause to believe that violations of 21 U.S.C. § 841 (illegal distribution of controlled substances) have been committed by PADNES. Further, there is probable cause to believe that PADNES stores, maintains, and possesses evidence of and proceeds from his illegal distribution of controlled substances at the TARGET MEDICAL OFFICE and TARGET RESIDENCE and that searches of the TARGET MEDICAL OFFICE and TARGET RESIDENCE will yield evidence of those crimes.

### II. AGENT TRAINING AND EXPERIENCE

3. I am a "federal law enforcement officer" within the meaning of Federal Rule of Criminal Procedure 41 (a)(2)(C), that is, a government agent engaged in enforcing the criminal laws and duly authorized by the Attorney General to request a warrant. I have been a Special Agent with the FBI since 2006. I am currently assigned to the Philadelphia Field Office, specifically detailed to the Drug Enforcement Administration's Tactical Diversion Squad (DEA TDS) where I investigate health care fraud including violations of Title 18, United States Code,

AT TRUE COPY CERTIFIED TO FROM THE RECORD  
DATED 8-29-16  
ATTEST:   
SPECIAL AGENT IN CHARGE  
FEDERAL COURT

Sections 1349 and 1347, among others, and the distribution of controlled substances including violations of Title 21, United States Code, Sections 846 and 841(a)(1), among others. As the case agent on this case, I am familiar with all the facts of this investigation. I have written, sworn to, and executed numerous search warrant affidavits. I have investigated and participated in the investigations and prosecutions of doctors, pharmacists, and drug dealers. I have directed cooperating witnesses to conduct consensual recordings and assisted other investigators in consensual recordings during which prescriptions and prescription drugs have been purchased from doctors and pharmacists as well as from unlicensed individuals. I have testified in grand jury in cases involving the illegal diversion of prescription drugs. Investigations for the distribution of controlled substances often focus on licensed doctors, pharmacists or other health care professionals who sell prescriptions for controlled substances to their so-called "patients" who are in reality addicts and drug dealers. My investigations, and those of the other investigators with whom I have worked, have also involved other federal criminal laws related to money laundering, currency structuring, and tax evasion. Through my training and experience, I have become familiar with the manner in which criminals illegally distribute drugs and prescriptions for drugs, along with the techniques of concealment, how they attempt to avoid law enforcement detection, and the tools and terminology employed by these criminals.

4. Based on my training and experience, I know that some doctors and other health care providers licensed to dispense controlled substances knowingly sell controlled substances and/or fraudulent prescriptions to cash buyers, such as addicts and drug dealers, for no legitimate medical purpose and outside the normal course of professional practice. I know that doctors involved in illegal drug distribution crimes tend not to accept insurance and usually deal only in cash in order to avoid detection by insurance providers and law enforcement. These criminals

often hide and maintain their cash proceeds in an area that is accessible only to the criminal or his/her close associates, such as areas inside an office, residence, safety deposit box, or storage unit. I have also learned that because this illegal drug dealing generates large amounts of cash, these doctors often attempt to launder drug proceeds by, among other things, concealing the cash or depositing and shifting funds into and among various financial accounts.

#### Applicable Drugs and Laws

5. Based on my training and experience, I know that the Controlled Substances Act governs the manufacture, distribution, and dispensing of controlled substances in the United States. Under the Controlled Substances Act, there are five schedules of controlled substances — Schedules I, II, III, IV, and V. Controlled substances are scheduled into these levels based upon their potential for abuse, among other things. For example, abuse of Schedule II controlled substances may lead to severe psychological or physical dependence.

6. Based on my training and experience, I know that oxycodone is a narcotic analgesic that is similar to morphine and is classified as a Schedule II controlled substance, sometimes prescribed under the brand name Oxycontin. Oxycodone is an opioid and is used to treat severe pain, and, even if taken only in prescribed amounts, can cause physical and psychological dependence. Oxycodone is used in pain relief drugs in varying strengths, including 5, 10, 15, 30, 40, 60, and 80 milligram amounts. For example, Percocet is manufactured by numerous pharmaceutical companies under the following brand names: Endocet, Roxicet, Roxilox and Tylox. Percocet, which can contain either five or ten milligrams of oxycodone, is used to treat moderate to moderately severe pain, and contains two drugs, oxycodone and acetaminophen. Even if taken only in prescribed amounts, pills containing amounts as low as 5 milligrams of oxycodone can cause physical and psychological dependence.



7. Based on my training and experience, I know that methadone is a narcotic analgesic that is also classified as a Schedule II controlled substance, sometimes prescribed under the brand name Dolophine. Methadone pills come in varying strengths, including 5 and 10 milligram amounts. Methadone is used to treat severe pain, and even if taken only in prescribed amounts, can cause physical and psychological dependence. Methadone is a long-acting opioid and, as such, has pharmacological effects over an extended period of time. Because of this, there is a greater risk of death and overdose from methadone. If a patient rapidly increases his/her methadone dose, methadone can accumulate in the body and increase the risk of respiratory distress. Patients with existing respiratory problems are at particular risk for fatal reactions to the drug. Having a slower onset of action is associated with less euphoria than shorter-acting opioids; therefore, this combined with its longer duration of action, methadone is thus preferred for the suppression of withdrawal in addicted individuals, when used in the context of a comprehensive addiction treatment program.

8. Both oxycodone and methadone pills have a "street value," that is, the value on the illegal secondary market. Oxycodone is particularly valued and in demand on the illegal secondary street market, and pills containing oxycodone sell for as much as a dollar per milligram on the illegal secondary street market.

9. Title 21, United States Code, Section 841(a) (1), provides that "[e]xcept as authorized by this subchapter, it shall be unlawful for any person to knowingly or intentionally ... manufacture, distribute, or dispense, or possess with intent to manufacture, distribute or dispense, a controlled substance."

10. Title 21, United States Code, Section 802(10), provides that the term "dispense" means to deliver a controlled substance to an ultimate user or research subject by, or pursuant to

the lawful order of, a practitioner, including the prescribing and administering of a controlled substance and the packaging, labeling or compounding necessary to prepare the substance for delivery.

11. Title 21, United States Code, Section 821, provides that "[t]he Attorney General [of the United States] is authorized to promulgate rules and regulations relating to the registration and control of the manufacture, distribution and dispensing of controlled substances."

12. The Attorney General of the United States has exercised his rulemaking authority regarding the dispensing of controlled substances through the promulgation of 21 Code of Federal Regulations § 1306.04, governing the issuance of prescriptions, which provides, among other things, that 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. Moreover, an order purporting to be a prescription issued not in the usual course of professional treatment is not a prescription within the meaning and intent of section 309 of the Act [21 U.S.C. § 829] and the person issuing it as well as the person knowingly filling such a purported prescription, shall be subject to the penalties provided for violations of the law relating to controlled substances

13. 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 or dispense 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 shall 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 the 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 care 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 when 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.

14. Accordingly, physicians are authorized to dispense Schedule II controlled substances, such as oxycodone and methadone, to patients they examine only for legitimate medical purposes and in the usual course of professional practice.

15. The Pennsylvania Code of Professional and Vocational Standards, Title 49, Chapter 16.95, requires physicians to maintain timely and complete medical records for at least seven years from the date of the last medical service for the patient. The DEA requires that a physician maintain records at his/her office of his/her purchases, distributions, and prescriptions of controlled substances for at least two years.

### III. FACTS OF THE INVESTIGATION

16. The facts in this affidavit come from my personal observations, my training and experience, and information obtained from documents, recordings, and other investigators and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the requested warrants and does not set forth all of my knowledge about this investigation.

#### Summary of Probable Cause

17. Dr. Stephen PADNES is a licensed psychiatrist who is the owner and sole physician at The Psychosomatic Medicine and Pain Rehabilitation Center, Inc., located at 1326 Spruce Street, #501, Philadelphia, Pennsylvania (TARGET MEDICAL OFFICE). PADNES resides at and operates a home office at 504 Edann Road, Glenside, Pennsylvania (TARGET RESIDENCE). Based on the facts gathered in this investigation thus far, including information from cooperating witnesses who were patients of PADNES and controlled drug transactions with PADNES, as well as review of pharmacy records, it is believed that for at least five years PADNES has been illegally prescribing drugs outside the scope of his practice and without there being a legitimate medical purpose for these drugs to be prescribed, and that he continues to do so. During visits to PADNES' office, these "patients" provided no medical records to verify any pain or prior history of prescribed opioid medications; nonetheless, PADNES gave them prescriptions for large numbers of pills, including oxycodone and methadone, both Schedule II controlled substances, over extended periods of time, in exchange for cash payment. The "patients" received only a cursory physical examination—or no examination at all—and little other medical care, discussion of risks, or other treatment from PADNES before receiving a prescription for addictive medications. Moreover, statements by PADNES to cooperating witnesses and an undercover officer indicate that he determined which drugs to prescribe (and

the quantities of those drugs) based, not on patients' medical need, but on avoiding detection by the DEA.

18. As described more fully below, there is probable cause to believe that PADNES is illegally distributing drugs and that a search of the TARGET MEDICAL OFFICE and TARGET RESIDENCE will yield evidence of those crimes. PADNES has been audio and video recorded illegally prescribing drugs inside the TARGET MEDICAL OFFICE during numerous controlled transactions over a period of the last sixteen months and as recently as late June 2016. During the controlled transactions alone, PADNES has illegally prescribed over 16,000 pills of addictive Schedule II controlled substances. A cooperating witness observed physical files within the TARGET MEDICAL OFFICE during his/her office visit, and cooperating witnesses and an undercover officer have observed PADNES using a laptop computer to conduct business during office visits. The prescriptions obtained by the cooperating witnesses and undercover officer reference the TARGET MEDICAL OFFICE and list only PADNES as the physician. Based on my training and experience, and knowledge of the applicable laws, I know that physicians are required to maintain medical records of their patients and records of any prescriptions for controlled substances for a period of years, and I believe that a search of the TARGET MEDICAL OFFICE will yield records and other evidence related to the illegally prescribed drugs.

19. PADNES currently resides at the TARGET RESIDENCE, which has been corroborated by law enforcement surveillance and open database searches. Law enforcement surveillance showed that PADNES routinely traveled by car between the TARGET RESIDENCE and TARGET MEDICAL OFFICE. It is estimated that PADNES is generating hundreds of thousands of dollars per year, primarily in cash, and based on my training and

experience, I know that doctors involved in illegal drug distribution crimes often hide and maintain their cash proceeds and other evidence of their crimes in areas accessible only to the criminal or his/her close associates, such as areas inside a home or residence. I also know that such doctors often hide inside their residence records related to their criminal scheme. During the course of the investigation, PADNES was overheard telling a patient that he prepared the patient's prescription while he was "hooked in from home." In late June 2016, PADNES was asked by an undercover officer, "You work from home too don't you sometimes -- like don't you do your office work at home you were saying?" PADNES responded that he sometimes needs to "take it [work] home over the weekends because there are forms to fill out and so on." Through the use of a mail cover on the TARGET RESIDENCE, whereby law enforcement received the information from the outside of letters and parcels before they were delivered to the TARGET RESIDENCE, law enforcement identified business-related mail addressed to The Psychosomatic Medicine and Rehabilitation Center being delivered to the TARGET RESIDENCE. In June 2016, agents searched the trash container outside the TARGET RESIDENCE and found, among other things, prescription receipts for one of PADNES' patients. Given that PADNES illegally prescribes a large quantity of drugs, often conducts business, including preparing patient prescriptions on a computer and filling out patient forms, from the TARGET RESIDENCE, and possessed prescription records at his TARGET RESIDENCE, I believe, based on my training and experience and the facts of this investigation, that a search of the TARGET RESIDENCE will yield evidence related to the illegally prescribed drugs.

20. Below is a summary of the activities of and information provided by four cooperating witnesses, as well as a summary of controlled purchases of prescriptions from PADNES conducted by one of the cooperating witnesses and an undercover officer.

Cooperating Witness #1

21. Cooperating witness #1 (CW#1) is a patient of PADNES and has received prescriptions for oxycodone 30 mg for over three years from PADNES. CW#1 was identified as a patient receiving prescriptions for oxycodone simultaneously from PADNES and other pain management physicians. Through my training and experience I recognized this "doctor shopping" strategy as a means for addicts to either consume more opioids than were prescribed or to earn money in order to maintain their addiction. CW#1 informed me that he/she sold his/her extra oxycodone tablets to a third party distributor in Delaware. CW#1 was subsequently arrested by Delaware state police on state charges for "Theft by Deception" since he/she filled his/her prescriptions in the state of Delaware. At this time, CW#1 agreed to assist the government with its investigation into PADNES in exchange for any consideration in his/her state case.

22. In December 2014, CW#1 provided the following information to federal law enforcement officers. CW#1 explained that he/she first made an appointment with PADNES approximately three and a half years ago after finding his services advertised on a health provider website. CW#1 stated that he/she had to check in at the condominium building first floor lobby to get up to PADNES' office on the fifth floor (TARGET MEDICAL OFFICE). CW#1 stated that during his/her appointments, PADNES primarily talked about himself. CW#1 added that on his/her first visit he/she did not receive and has never received a physical exam or a drug test. CW#1 provided PADNES with a MRI report but initially had not seen any patient files in PADNES' office; on a later visit, CW#1 did observe PADNES with what appeared to be CW#1's patient file containing a few documents. CW#1 stated that his/her first visit lasted seven and a half hours and that CW#1 did not leave PADNES' office until after midnight. In my

experience, long first appointment times are indicative of physicians trying to avoid law enforcement undercover operations. CW#1 stated that he/she paid \$450.00 in cash for his/her first visit. CW#1 further explained that subsequent visits typically lasted an hour and cost \$400.00 in cash.

23. CW#1 informed investigators that approximately two years ago he/she started going to his/her appointments with a friend to save on gas money. The friend is also a patient of PADNES, and PADNES gives them each a discount of \$100.00 if they allow him to see CW#1 and his/her friend together. Both sit behind the desk and talk to PADNES simultaneously.

24. CW#1 has stated, and database checks confirm, that CW#1 typically receives prescriptions monthly for 150 tablets of oxycodone 30 mg. CW#1 added that PADNES has told him/her as well as other patients that he will not prescribe over 150 tablets of oxycodone 30 mg. PADNES explained that he does not write prescriptions for more to specifically avoid detection by the DEA. CW#1 reported that PADNES says he likes to prescribe methadone because "nobody looks at methadone like that." Additionally, CW#1 described "script pickup appointments" as occasions when CW#1 simply goes to the office and picks up his/her prescriptions without seeing PADNES. CW#1 recalled three occasions when PADNES was not even in the office and he/she received her prescriptions. Specifically, he/she recalled that when PADNES' was in the hospital, patients would just come to the office and pick up their prescriptions. Even when there was no visit or exam, CW#1 paid PADNES the full \$400 cash fee for the prescriptions.

#### Cooperating Witness #2

25. Cooperating witness #2 (CW#2) is a patient of PADNES and has been seen by PADNES for more than three years. CW#2 is a close associate of CW#1. CW#2 was identified



through database checks as a patient receiving prescriptions for oxycodone simultaneously from PADNES and other pain management physicians. Through my training and experience, I recognized this "doctor shopping" strategy as a means for addicts to either consume more opioids than were prescribed or to earn money in order to maintain their addiction. CW#2 informed me that he/she was an addict and was aware that his/her "doctor shopping" was illegal. CW#2 was subsequently arrested by Delaware state police on state charges for "Theft by Deception" since he/she filled his/her prescriptions in the state of Delaware. CW#2 agreed to assist the government with its investigation into PADNES in exchange for any consideration in his/her state case.

26. CW#2 explained that PADNES prescribed CW#2 oxycodone 30 mg and 15 mg, methadone 10 mg, and an unknown dosage of Klonopin and Neurotin on each visit. CW#2 described their first visit as odd because CW#2 and PADNES did not talk about his/her medical or mental problems much. The appointment started at 6:00pm and ended at 10:00pm. In my experience, long first appointment times are indicative of physicians trying to avoid law enforcement undercover operations. The CW#2 reported that there was no physical exam and they really "just BS'd" the whole time. CW#2 added that he/she has never received a physical exam.

27. CW#2 stated that many times he/she would go to PADNES' office with his/her friend who was described earlier as CW#1. CW#2 stated that PADNES sees CW#1 and CW#2 simultaneously and that half of the session is PADNES talking about himself and other patients' medical/mental issues. CW#2 reported that CW#1 talks about some of her mental issues to PADNES but CW#2 could "never get a word in."

28. CW#2 confirmed that PADNES has prescribed him/her prescriptions without even seeing CW#2, and CW#2 has witnessed PADNES do this with several other patients. CW#2 further explained that when PADNES is not in the office, PADNES' secretary hands out the prescriptions to patients.

29. CW#2 participated in several controlled purchases of prescriptions from PADNES under the direction of DEA TDS. On February 5, 2015, CW#2 met with PADNES at the TARGET MEDICAL OFFICE, during which PADNES provided CW#2 with prescriptions for oxycodone 30 mg, methadone 10mg, and other drugs, in exchange for cash. On March 4, 2015, CW#2 and CW#1 met with PADNES at the TARGET MEDICAL OFFICE, during which PADNES provided both CWs prescriptions for oxycodone 30 mg, methadone 10 mg, and other drugs, in exchange for cash. Both meetings were audio and video recorded. PADNES did not perform any sort of physical examination during these meetings and spent the majority of the time talking about non-medical and non-psychological issues.<sup>1</sup>

#### Cooperating Witness #3

30. Cooperating witness #3 (CW#3) is a patient that was introduced to PADNES, at the direction of DEA TDS, by CW#2 on May 13, 2015. CW#3 was motivated to cooperate with investigators in exchange for consideration in CW#2's Delaware state case. On May 13, 2015, CW#2 and CW#3 met with PADNES at the TARGET MEDICAL OFFICE, during which PADNES provided CW#2 a prescription for oxymorphone 30 mg. CW#3, as a new patient, received prescriptions oxycodone 30 mg, methadone 10mg, and another drug, in exchange for cash. During the meeting, CW#3 provided PADNES falsified medical records indicating a

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<sup>1</sup> After each controlled purchase by CW#1 and CW#2, photograph copies were taken of the prescriptions and the originals returned to CW#1 and CW#2.

minor disc herniation and also containing a doctor's office phone number. The phone number provided was to an undercover cellular phone maintained by me. PADNES never contacted this phone number to confirm any of the information he received prior to prescribing the drugs to CW#3. The meeting was audio and video recorded. PADNES performed no physical examinations and spent the majority of the appointment talking to CW#2 and CW#3 about non-medical and non-psychological issues.

31. In addition to the introductory meeting described above, CW#3 participated in two other controlled purchases of prescriptions from PADNES under the direction of DEA TDS, on June 23 and July 29, 2015. During both meetings, CW#3 received prescriptions from PADNES for oxycodone 30 mg and methadone 10 mg, in exchange for cash. Both meetings were audio and video recorded. PADNES did not perform any sort of physical examination on CW#3. CW#3 received \$700.00 from the DEA as consideration related to the assistance provided.

#### Cooperating Witness #4

32. Cooperating witness #4 (CW#4) is a patient of PADNES that was arrested by DEA TDS on September 15, 2015, directly after he/she sold his/her prescription pain medication, which had been prescribed by PADNES, to a local prescription drug street dealer. Subsequent to his/her arrest, CW#4 admitted to selling his/her prescription pills and agreed to cooperate with investigators in its investigation. CW#3 was motivated to cooperate with investigators in exchange for consideration in his/her potential federal case. CW#4 admitted to being addicted to oxycodone and recently withdrawing from the drug.

33. CW#4 explained that approximately five years ago a friend suggested that he/she go to PADNES for pain management. CW#4 admitted that he/she prearranged with her

aforementioned friend to split the pills (oxycodone products) he/she received from her PADNES visits and her friend would sell these pills. CW#4 stated that on his/her first visit CW#4 did not bring any type of documentation. CW#4 told PADNES about his/her back issues associated with a fracture of his/her L-4 and L-5 vertebrae. CW#4 also informed PADNES at this time that he/she suffered from emphysema and Chronic Obstructive Pulmonary Disease (COPD). PADNES did ask once for information about his/her pulmonary doctor but CW#4 never provided it to him. CW#4 stated that on his/her first visit he/she told PADNES what medications he/she wanted and PADNES wrote him/her prescriptions for them. CW#4 reported that PADNES did not and has never given him/her a physical exam, taken his/her blood pressure, requested blood testing, urinalysis, or sent him/her for further testing. CW#4 also added that during his/her appointments with PADNES, he mainly talks about himself and his medical issues including complications associated with diabetes. CW#4 explained that he/she usually obtains prescriptions for 1200 tablets of methadone 10 mg, 150 tablets oxycodone 30 mg, and 75 tablets of Xanax, in exchange for \$400.00 cash. Based on my training and experience, I believe that if CW#4 actually ingested the medication that PADNES regularly prescribed for him/her, it could be fatal given CW#4's condition.

34. CW#4 described the patients in PADNES' office as looking like addicts. CW#4 believed that the staff knew that their patients were addicts because all the patients came in looking like they were under the influence of drugs and had slurred speech. CW#4 told investigators that PADNES asks him/her if he/she wants him to split his/her prescriptions up because PADNES was aware that patients were having problems filling the amounts he was prescribing. CW#4 reported that PADNES has never turned him/her down for an increase in the

amount of medication she wants. PADNES simply asks at the end of every appointment, "Are we keeping it the same?"

35. CW#4 reported that he/she has sent multiple friends and relatives into PADNES' practice to pick up her prescriptions for oxycodone, methadone, and Xanax on at least five occasions. CW#4 stated that he/she did this because she couldn't afford the \$400.00 office visit fee at the time but would reimburse or partially reimburse PADNES at subsequent visits. CW#4 added that PADNES sometimes lost count of what CW#4 owed. CW#4 stated that he/she was never subject to a "pill count or urinalysis" but believed that only patients using insurance were subject to them.

36. Below is a summary of nine separate office visits where CW#4 and/or an undercover officer purchased prescriptions for oxycodone and methadone pills from PADNES under the direction of DEA TDS.

**Office Visit #1 – Controlled Purchase of Prescriptions (UCE1)  
For Oxycodone, Methadone, and Others on October 29, 2015**

37. On October 27, 2015, investigators met with CW#4 to perform a consensually monitored telephone conversation between CW#4 and staff at the offices of PADNES. During this call CW#4 spoke to Margene LNU (Last Name Unknown), the office manager and receptionist. CW#4 informed Margene LNU that she was not able to come up to pick up her prescriptions and requested that her son be able to pick them up. Margene LNU leaves the phone for a long pause then returns saying, "Ok, he'll do them and I'll leave them downstairs on Friday." Later in the conversation Margene LNU asks CW#4 if he/she pays by check. CW#4 responds, "Naw, cash," then Margene LNU replies, "He was just asking if one of her checks bounced." Margene LNU later adds that "he can come in or he can either call or let me know I can leave them downstairs or he can come up and get them." PADNES does not have an office

or office staff downstairs, so based on my review of this audio conversation, I believe that Margene LNU is referring to leaving these drug prescriptions with the building door man in the condominium first floor lobby of the TARGET MEDICAL OFFICE.

38. On October 29, 2015 an undercover employee (UCE1) posing as the son of CW#4 entered the offices of PADNES at TARGET MEDICAL OFFICE and encountered the office manager, Margene LNU. Margene LNU provided UCE1 five prescriptions made out in the name of CW#4, in exchange for \$400.00 in cash. At no point did PADNES meet with UCE1 and UCE1's identification was never verified. UCE1 received two prescriptions for 75 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and two prescriptions for 600 tablets of methadone 10 mg.

**Office Visit #2- Controlled Purchase of Prescriptions (CW#4)  
For Oxycodone, Methadone, and Others on November 24, 2015**

39. On November 24, 2015, members of the DEA TDS instructed CW#4 to introduce UCE1 at TARGET MEDICAL OFFICE to PADNES during his/her appointment. The meeting between UCE1, CW#4 and PADNES, was audio and video recorded by CW#4 and UCE1. During UCE1's and CW#4's meeting with PADNES, CW#4 received five prescriptions from PADNES in exchange for \$400.00 in cash. CW#4 received two (2) prescriptions for 75 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and two prescriptions for 600 tablets of methadone 10 mg.

40. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of CW#4 or UCE1. PADNES conditionally accepted UCE1 as a patient pending receipt of MRI documentation at the next scheduled appointment on December 21, 2015. During the video, CW#4 introduces UCE1 as his/her brother and PADNES invites them both back to his office (CW#4 previously stated that

UCE1 was her son). During the meeting PADNES expresses to UCE1, "Right because they can't just hand out pills because someone says they are in pain." He also elaborates, "I need to get studies that document it (UCE1's back injury) because if I order it I need to show why I'm giving the medicine out." Based on my training and experience, I believe that PADNES is acknowledging he is aware of the proper procedures when dispensing Schedule II controlled substances. Also while CW#4 was waiting for his/her prescriptions to print out, PADNES and Margene LNU argue about another patient's prescriptions. During the argument, PADNES tells another unknown patient "I started to do yours last night but, it didn't print. I was hooked in from home." Based on a review of the video and audio recording, I believe that PADNES regularly conducts business related to his practice from home (TARGET RESIDENCE) including, but not limited to, writing prescriptions ahead of the next day's patient visits.

**Office Visit #3 – Controlled Purchase of Prescriptions (UCE1 and CW#4)  
For Oxycodone, Methadone, and Others on December 21, 2015**

41. On December 21, 2015, members of the DEA TDS sent UCE1 and CW#4 into the TARGET MEDICAL OFFICE for an appointment with PADNES. This appointment was audio and video recorded by UCE1<sup>2</sup> and CW#4. PADNES provided UCE1 with three prescriptions without any medical examination or proof of prior treatment for \$500.00 in cash, his standard new patient fee. Additionally, PADNES provided CW#4 three prescriptions for \$400.00 in cash. Review of the audio and video recording confirmed that PADNES did not perform any sort of examination on UCE1 or CW#4 prior to them receiving prescriptions. The prescriptions for UCE1 were for 120 tablets of oxycodone 15 mg, 90 cyclobenzaprine tablets, and 180 tablets of

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<sup>2</sup> During the recording of this appointment, the appointment lasted longer than the capabilities of the recording equipment battery life. The end of the appointment was not captured by either CW#4 or UCE1's device.

methadone 10 mg. The prescriptions for CW#4 were for 150 tablets of oxycodone 30 mg, 1200 tablets of methadone 10 mg, and 90 tablets of Xanax 1 mg.

**Office Visit #4 – Controlled Purchase of Prescriptions (UCE1 and CW#4)  
For Oxycodone, Methadone, and Others on January 20, 2016**

42. On January 20, 2016, members of the DEA TDS sent UCE1 and CW#4 into PADNES' office (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between UCE1, CW#4, and PADNES was audio and video recorded by CW#4 and UCE1. During UCE1's and CW#4's meeting with PADNES, CW#4 received three prescriptions from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1mg, and 1200 tablets of methadone 10 mg. UCE1 also received three prescriptions from PADNES in exchange for \$400.00. These prescriptions are described as 120 tablets of oxycodone 15 mg, 440 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine.

43. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of CW#4 or UCE1. Additionally, I overheard the appointment live through a transmission device and can confirm the lack of a physical examination. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. UCE1 did not provide PADNES with this documentation. UCE1 once again received prescription drugs based only on UCE1's story about a work accident and non-verified medical history. During PADNES' interaction with UCE1 he states that there are three reasons he does not want to increase the milligram dosage of oxycodone for UCE from 15 mg to 30 mg: "One they are more addictive, two the DEA looks at them all the time, three the pharmacists call about it all the time because the DEA bothers them."



In my training and experience, "pill mill" doctors pay attention to how other "pill mill" doctors are prosecuted, and I believe that due to recent arrests of "pill mill" doctors for charges related to distributing oxycodone at the 30 mg strength, PADNES is trying to avoid detection by law enforcement by only prescribing oxycodone at the 15 mg strength.

**Office Visit #5 – Controlled Purchase of Prescriptions (UCE1)  
For Oxycodone, Methadone, and Others on February 22, 2016**

44. On February 22, 2016, members of the DEA TDS sent UCE1 into PADNES' practice (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between UCE1 and PADNES was audio and video recorded by UCE. During UCE1's meeting with PADNES, UCE received three prescriptions for CW#4, who was not present for the appointment, from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax (1mg), and 1200 tablets of methadone 10 mg. UCE1 also received three prescriptions for himself/herself from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 120 tablets of oxycodone 15 mg, 400 tablets of methadone 10 mg, and 90 tablets of cyclobenzaprine 10 mg.

45. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of UCE1. Additionally, I overheard the appointment live through a transmission device and can confirm the lack of a physical examination. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. As of the date of this visit, UCE still had not provided PADNES with this documentation. UCE1 once again received prescription drugs based solely on UCE1's story about a work accident and non-verified medical history. During the appointment PADNES told UCE1 sensitive medical information about a patient waiting in the lobby named "Anthony".

Several CIs who are or were patients of PADNES have mentioned PADNES' practice of talking about other patient's sensitive information with them.

**Office Visit #6 – Controlled Purchase of Prescriptions (UCE1)  
For Oxycodone, Methadone, and Others on March 23, 2016**

46. On March 23, 2016, members of the DEA TDS sent UCE1 and an additional FBI undercover employee (FBI UCE) into PADNES' practice (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between UCE1, FBI UCE, and PADNES was audio and video recorded by UCE1 and FBI UCE. During their meeting with PADNES, UCE1 received three prescriptions for the absent CW#4 from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1mg, and 1200 tablets of methadone 10 mg. UCE1 also received four prescriptions for himself/herself from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 120 tablets of oxycodone 15 mg, 720 tablets of methadone 10 mg, 60 tablets of Naproxen 500 mg, and 90 tablets of cyclobenzaprine.

47. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of UCE1. Additionally, I overheard the appointment live through a transmission device and can confirm the lack of a physical examination. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. As of the date of this visit, UCE1 still had not provided PADNES with this documentation. UCE1 once again received prescription drugs based only on UCE1's story about a work accident and non-verified medical history. During the appointment UCE1 and FBI UCE were seen together. The FBI UCE discussed with PADNES a fictional story about being in a car accident with a friend and hurting his/her back. PADNES asked general medical questions

but required documents (MRIs) before he would agree to treat the FBI UCE. PADNES asked FBI UCE, "Have you tried anti-inflammatories, just to see if they work?" FBI UCE responded, "I pretty regularly, like take Advil." Later in the appointment, PADNES tells UCE1 in a whisper-like voice, "How do I put this. It's like the monkey that sees no evil. If she (FBI UCE) needs something and you feel like giving her anything then you can try to give her one of the anti-inflammatories." Again later towards the end of the appointment, PADNES tells the FBI UCE, "So you have my... uh unspoken consent to try the anti-inflammatories. It might be enough to take the edge off." While reviewing the prescriptions with UCE1, PADNES identifies the anti-inflammatory prescription he was advising for the FBI UCE. Based on my review of the audio and video recording, I believe that PADNES is openly telling UCE1 to give the FBI UCE some of his/her prescribed medication to treat the FBI UCE's pain. Moreover, based on my training and experience, and review of the audio and video recording, I believe that PADNES knows his actions are unethical and illegal given his demeanor and the manner in which he conveys these suggestions to both UCEs.

**Office Visit #7 – Controlled Purchase of Prescriptions (UCE1)  
For Oxycodone, Methadone, and Others Methadone on April 21, 2016**

48. On April 21, 2016, members of the DEA TDS sent both UCEs into PADNES' practice (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between the UCEs and PADNES was audio and video recorded by UCE1 and the FBI UCE. During their meeting with PADNES, UCE1 received three prescriptions for an absent CW#4 from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1 mg, and 1200 tablets of methadone 10 mg. UCE1 also received five prescriptions for himself/herself from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 120 tablets of oxycodone 15 mg, 720 tablets of

methadone 10 mg, 90 tablets of cyclobenzaprine, 1 box of Flector patches (30 day supply), and 60 tablets of Naproxen (500mg). The FBI UCE was denied any prescriptions because of lack of documentation of his/her injuries.

49. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of UCE1 nor has he ordered any further testing of UCE1. Additionally, I overheard the appointment live through a transmission device and can confirm the lack of a physical examination. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. As of the date of this visit, UCE1 still had not provided PADNES with this documentation. UCE1 once again received prescription drugs based only on UCE1's story about a work accident and non-verified medical history. During this appointment PADNES inquired about the whereabouts of the absent CW#4. PADNES states "technically I have to periodically test her, do a saliva, do a urine test." Based on this statement, I believe that PADNES is aware that he should be doing periodic testing and examinations of his patients but regularly neglects to. PADNES questioned UCE1 about his medical records that he never produced and stated, "I think I need to show that, you know, that you have sufficient damage to continue to warrant you're staying on the meds." Based on my training and experience, I believe that PADNES initially had reservations about continuing to prescribe to UCE1 because, given that had not seen CW#4, who was a long term patient, for a significant period of time, and UCE1 had tried to introduce the FBI UCE, he suspected a possible law enforcement sting. Despite these initial reservations, as stated previously, PADNES prescribed more pain medication without any documentation from UCE1.

**Office Visit #8 – Controlled Purchase of Prescriptions (UCE1 and CW#4)  
For Oxycodone, Methadone, and Others on May 23, 2016**

50. On May 23, 2016 members of the DEA TDS sent UCE1 and CW#4 into PADNES' office (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between UCE1, CW#4, and PADNES was audio and video recorded by CW#4 and UCE1. During UCE1's and CW#4's meeting with PADNES, CW#4 received four prescriptions from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax 1mg, 1200 tablets of methadone 10 mg, and 2 boxes of duragesic (fentanyl) patches. UCE1 also received four prescriptions from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 120 tablets of oxycodone 15 mg, 720 tablets of methadone 10 mg, 90 tablets of cyclobenzaprine and 60 tablets of Naproxen EC (500mg).

51. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of CW#4 or UCE1. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. UCE1 still has not provided PADNES with this documentation. UCE1 once again received prescription drugs based only on UCE1's story about a work accident and non-verified medical history.

**Office Visit #9 – Controlled Purchase of Prescriptions (UCE1)  
For Oxycodone, Methadone, and Others on June 29, 2016**

52. On June 23, 2016 members of the DEA TDS sent UCE1 and CW#4 into PADNES' office (TARGET MEDICAL OFFICE) for an appointment with PADNES. The meeting between UCE1, CW#4, and PADNES was audio and video recorded by CW#4 and UCE1. Upon arriving at the medical office of PADNES, Margene LNU told CW#4 and UCE1

that they missed their appointment the prior day and that since PADNES was double-booked, he could not see them. UCE1 scheduled another appointment for the following week on June 29, 2016.

53. On June 29, 2016 members of the DEA TDS sent UCE1 into PADNES' office for an appointment with PADNES. The meeting between UCE1 and PADNES was audio and video recorded by UCE1. During UCE1's meeting with PADNES, UCE received four prescriptions for CW#4, who was not present for the appointment, from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 150 tablets of oxycodone 30 mg, 90 tablets of Xanax (1mg), and 1200 tablets of methadone 10 mg, 2 boxes of duragesic (fentanyl). UCE1 also received four prescriptions for himself/herself from PADNES in exchange for \$400.00 in cash. These prescriptions are described as 120 tablets of oxycodone 15 mg, 840 tablets of methadone 10 mg, 60 tablets of Naproxen 500 mg, and 90 tablets of cyclobenzaprine 10 mg.

54. A review of the video and audio evidence captured during this appointment confirmed that PADNES did not perform a physical examination of UCE1. On a previous visit (December 21, 2015) by UCE1, PADNES conditionally accepted UCE1 as a patient pending receipt of medical history documentation at the next appointment. As of the date of this visit, UCE still had not provided PADNES with this documentation. UCE1 once again received prescription drugs based solely on UCE1's story about a work accident and non-verified medical history. During this appointment, PADNES talks to the UCE1 about non-medical issues for the majority of the session. Based on my training and experience, PADNES is trying to extend the duration of the appointment as a way to avoid law enforcement scrutiny.

55. During the course these meetings, UCE1 asks PADNES, "You work from home too don't you sometimes – like don't you do your office work at home you were saying?"

PADNES responded "sometimes I have to take it home over the weekends because there are forms to fill out and so on. I mean it's just gotten out of control." Additionally PADNES states later in the same conversation "But at home what I generally do is, cuz I'm off on Friday, call up places. I'll fill out forms for people. It's gotten to be so bad I have to charge a small fee for that." Based on a review of the video and audio recording for this appointment, I believe that PADNES regularly conducts business related to his practice from home (TARGET RESIDENCE).

#### Ongoing Financial Investigation

56. Based on the controlled drug transactions and cooperating witness information described above, it is believed that PADNES typically charges \$400.00 or more in cash for each visit and rarely accepts insurance as payment. Law enforcement conducted physical surveillance of PADNES' office, and also reviewed a log book on PADNES' desk, which confirmed that PADNES sees about 7 to 10 patients a day, four days a week. Therefore, it is estimated that PADNES is generating up to \$4,000 or more per day, tens of thousands of dollars per week, and hundreds of thousands of dollars per year, primarily in cash. Through the use of a mail cover on PADNES' home address, whereby law enforcement received the information from the outside of letters and parcels before they were delivered to PADNES, law enforcement identified one bank used by PADNES, TD Bank. Law enforcement subpoenaed PADNES' TD Bank account information and discovered that PADNES only used this account to deposit checks from patients but did not deposit cash. Based on my training and experience, I believe that PADNES has avoided depositing cash proceeds from his illegal drug distribution crimes into banks or other financial institutions, in order to avoid detection by law enforcement, and that he is instead hiding and maintaining those cash proceeds in an area that is accessible only to PADNES and/or his close associates.

#### Interview of Pharmacist on May 8, 2014

57. On May 8, 2014, I interviewed a pharmacist, M.S., who was employed at a pharmacy in Philadelphia, Pennsylvania. M.S. expressed concerns about the amount of drugs one of his customers, R.F.<sup>3</sup> was receiving. He stated that he contacted PADNES several times and PADNES always confirmed the prescriptions received by R.F. M.S. was particularly concerned when R.F. missed his monthly pickup because of a change in his insurance and was unable to pay for the prescriptions on his own. M.S. informed R.F. he could not stop taking the large amount of drugs he was taking and refused to fill the following month's prescription without speaking to PADNES first. M.S. stated that once he contacted PADNES, PADNES told him that it was "ok" to fill the prescriptions and that R.F. actually keeps extra/saves medication at home. M.S. expressed to me that he found PADNES' response highly unusual and that he advised PADNES that R.F. may be selling/diverting his drugs on the street. M.S. stated that PADNES told him to fill the prescriptions because he wrote them.

#### PADNES' Irregular Schedule

58. As detailed by CW#1 and CW#2 and corroborated during UCE1's first appointment, PADNES keeps erratic hours, arriving at different times, and keeping patients waiting for several hours. For example, on February 5, 2015, CW#2 arrived at TARGET MEDICAL OFFICE to meet with PADNES at approximately 3:00pm and PADNES did not meet with CW#2 until approximately 4:40 pm. Also on December 21, 2015 when UCE1 and

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<sup>3</sup> According to database checks, R.F. regularly received monthly prescriptions from PADNES for 1800 tablets of methadone 10 mg, 540 tablets of Oxycontin 80 mg, 240 oxycodone 30 mg, and 40 fentanyl patches. On June 23, 2014, I arrested R.F. after observing and confirming that he sold all of the drugs he received after filling his PADNES prescription at the referenced CVS pharmacy. R.F. and his coconspirators were later convicted in state court and are awaiting sentencing.



CW#4 went to meet with PADNES at approximately 1:30 pm, PADNES had not yet arrived for the day. PADNES did not see UCE1 and CW#4 until approximately 3:30 pm.

59. I know from experience in previous investigations of "pill mills" that drug seeking customers are willing to wait for hours for a physician to arrive and will tolerate the erratic schedule to receive prescriptions for controlled substances. Based on my training and experience, I believe that PADNES is aware that many of his patients are not legitimate patients because very few legitimate patients in need of medical treatment would tolerate the irregular hours kept by PADNES.

#### Review of PADNES Medicaid Claims

60. On September 16, 2014, investigators with the New Jersey Office of the State Comptroller, Medicaid Fraud Division (MFD) attempted to interview PADNES at TARGET MEDICAL OFFICE. MFD Data Mining Unit ran a query report on PADNES based on the number of paid Medicaid claims in New Jersey and discovered that from January 1, 2008, to April 9, 2014, PADNES prescribed a total of 347,362 controlled pills for 27 recipients at an average of 12,895 pills per recipient. The total Medicaid cost was \$899,502.24 during this period. The top three controlled substances prescribed to these recipients were oxycodone 30 mg, methadone 10 mg, and oxycodone 15 mg.

61. The above figures prompted MFD investigators to conduct an on-site review of PADNES' office (TARGET MEDICAL OFFICE). Investigators were escorted from the building lobby to the fifth floor condominium (#501) by Brian Padnes, PADNES' son who works as a receptionist at the office. Upon entering investigators observed the following, "The office had a full kitchen with pots and pans stacked on the stove in plain view. There were papers scattered all over the front desk. The waiting area contained two chairs and a television." Brian

Padnes told investigators that the office opens at 12:00 noon every day and that the office closes around 7:00pm or 8:00pm, Monday through Thursday. Brian Padnes stated that PADNES sees an average of seven patients a day and spends an hour with each. Investigators were only able to briefly interview Brian Padnes before PADNES telephonically ordered the investigators to leave his office. MFD investigators referred the case to members of the DEA TDS in Philadelphia of which I am a member.

#### Review of PADNES Medicare Claims

62. On January 7, 2016, Jodi Sullivan, Pharm.D, a senior pharmacist with Health Integrity LLC, reviewed and analyzed records of 5,170 Medicare claims for prescription drugs that were submitted by patients of PADNES for the period from January 2011 to January 2016. These records were produced from the Integrated Data Repository maintained by the Centers for Medicare & Medicaid Services. Below is a summary of her observations:

- a. The majority of oxycodone strengths prescribed were for the highest dose available for that given dosage type (immediate release, extended release, or in combination).
- b. 41 of the 58 beneficiaries prescribed controlled substance drugs by PADNES were prescribed a methadone drug.
- c. The dosage and quantities prescribed for methadone were unlikely to be found outside of addiction treatment clinics.
- d. PADNES is prescribing amphetamine and non-amphetamine stimulant products to his beneficiaries in what appears to be off-label prescribing and might be for fraudulent purposes.

e. PADNES was associated with prescription drug records for controlled substances for himself and what appear to be family members. Although not directly prohibited by Pennsylvania law, this practice is consistent with fraudulent activity by a prescriber.

63. Sullivan concluded that "[t]he combination of multiple factors creates an overall impression of PADNES potentially prescribing drugs in a manner that does not appear consistent with normal prescriber practice. This could be explained by PADNES having a significantly different population than his peers for Medicare, but is more likely consistent with potential fraudulent activity by the prescriber."

#### Expert Witness Opinion on PADNES Prescribing Practices

64. DEA agents sought the opinion of Dr. Thomas Riordan, a licensed psychiatrist who has specialized knowledge in the areas of prescribing controlled substances, pain management, treatment of those addicted to pain management medications, and currently accepted standards of medical practice, particularly in regard to treating opioid addiction and the practice of addiction psychiatry. Dr. Riordan has previously been qualified as an expert witness by the Commonwealth of Pennsylvania Department of State, Bureau of Professional and Occupational Affairs. DEA agents provided Dr. Riordan with relevant case materials regarding PADNES, including reports of investigation, probable cause statements, and summaries similar to those found in this affidavit.

65. Dr. Riordan provided the investigators with his opinion on whether PADNES was issuing prescriptions within the usual course of professional practice and for legitimate medical purposes. Dr. Riordan opined that, based upon the information which he had been provided, the prescriptions provided by PADNES to the cooperating witnesses (CW#1, CW#2, CW#3, CW#4) and UCE1 were not issued within the usual course of professional practice and did not meet

widely accepted standards of care. According to Dr. Riordan, he based this opinion on the lack of any physical or medical examination, lack of a determined diagnosis or treatment plan, and lack of medical documentation. Dr. Riordan 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 bodily functions that relate to the patient's specific complaint." Doctors are required by federal and state law to write certain information in the patients' medical charts when prescribing medication. In this case, Dr. Riordan opined that PADNES lacked the basic information necessary to render a diagnosis and determine whether the chosen pharmaceutical course of treatment was appropriate. Further, Dr. Riordan stated PADNES' treatment plans for patients prescribed pain narcotics did not include a plan to ever cease or reduce the medication. Dr. Riordan stated that it appears PADNES' treatment plan lasts as long as the patient is willing to come to his office.

66. Moreover, Dr. Riordan noted that lack of consistent risk evaluation and mitigation strategies. He opined that in a normal practice a doctor might perform and document regular urinalysis of patients. This is to make sure that a patient is not taking other substances contraindicated to the prescribed drugs and to make sure that the drugs prescribed are actually in a patient's system as an anti-diversionary technique. Dr. Riordan also noted PADNES' apparent lack of signed written consent documentation. He opined that PADNES should have documentation educating patients on the effects of the prescribed medication and possible risks for addiction. Also, Dr. Riordan noted that PADNES does not refer his patients for further test studies or physical therapy which would be appropriate in many cases including the case of CW#3 who presented PADNES with a falsified MRI report indicating a minor disc herniation.

In the case of CW#3, Dr. Riordan noted that PADNES believes that the patient has a minor injury but still prescribes CW#3 a "sledge hammer" amount of opioids. Dr. Riordan states that typical psychiatrists that practice pain management do not prescribe excessive dosages of opiates and the goal in such a practice is usually to use alternative methods or antidepressants.

67. Further, Dr. Riordan noted that PADNES displayed a complete violation of patient confidentiality when PADNES saw two patients simultaneously in the manner he did in several of the controlled purchases described above. He opined that it goes against best practices and standards of care to have two patients, unrelated to one another discussing their illnesses together in the room with PADNES. He stated that this usually only happens in instances of a parent or caregiver and child. Once again he noted the lack of documentation of any sort of consent from either patient prior to or during these visits.

68. When asked about PADNES' prescribing of combined pain medications strategy of care, Dr. Riordan opined that the combining of different pain medications together is "very substandard." He stated that due to the lack of documentation there is no "logical rhyme or reason to what the prescribing practice is." Dr. Riordan noted that the combination of methadone and oxycodone alone is not too far outside the scope of a normal practice, but that the volume in which PADNES prescribes them is excessive. He further believes PADNES is using methadone to block the withdrawal symptoms from the oxycodone. Dr. Riordan stated that in his professional opinion the combination of fentanyl and other opioids such as methadone and oxycodone at the strengths PADNES regularly prescribed constituted "very risky and dangerous behavior" and should not be combined. Dr. Riordan also stated that as a member of the State of Pennsylvania Methadone Death and Incident Review Team, he knows that combinations of opioids and other schedule IV drugs such as Xanax and Klonopin are also risky.

69. In reference to CW#4, Dr. Riordan noted that it was inappropriate for PADNES to prescribe pain medication without seeing or talking to the patient for an extended period. Dr. Riordan opined that it is acceptable to write a prescription for a few days if circumstances dictate it but that the four months that PADNES wrote prescriptions for CW#4 and gave them to UCE1 was not appropriate. Dr. Riordan again noted that a combination of the methadone and Xanax, as in the case of CW#4's prescriptions, in conjunction with CW#4's respiratory disorder can be lethal. Dr. Riordan believes that the monthly prescriptions of 1200 tablets of methadone 10 mg, and 150 tablets oxycodone 30 mg, and 90 tablets of Xanax 1 mg is excessive for CW#4. Dr. Riordan considers either opioid amount by themselves and the 90 tablets of Xanax 1 mg to be a possible lethal combination.

70. In summary, Dr. Riordan concluded that PADNES was practicing outside the usual course of professional practice for both psychiatry pain management and physical medicine. Dr. Riordan believes, based on his review of the investigation materials, that PADNES knows proper standards of care but chooses to not follow them.

#### Illegal Distribution of Drugs by PADNES

71. Based on the foregoing, there is probable cause to believe that violations of 21 U.S.C. § 841 (illegal distribution of controlled substances) have been committed by PADNES. It appears that many of PADNES' "patients" are not legitimate patients and that his office is a "pill mill" at which so-called "pseudo-patients" can obtain prescriptions for controlled substances, in exchange for cash, without there being any medical necessity for these controlled substances. PADNES has provided illegal prescriptions for over 16,000 pills of addictive Schedule II controlled substances to CW#1, CW#2, CW#3, CW#4, and UCE1 alone. Moreover, PADNES' additional "patients" receive extraordinarily large amounts of narcotic medication over an

extended period of time, the layout and location of his office is unconventional, as it does not contain an exam table or equipment for performing a more formal physical examination, PADNES has made statements to CW#1, CW#2, and UCE1 regarding avoiding DEA attention by not prescribing certain amounts and dosage strengths of oxycodone, PADNES keeps irregular hours, and most significantly, PADNES does not obtain medical documentation of injuries from his patients, refer patients for further follow up care, discuss the risks of the prescribed controlled substances, or attempt to wean his patients off addictive medications. I have learned through investigations of illegal prescription drug diversion, that these circumstances are indications of a "pill mill" and a doctor operating outside the scope of his medical practice. Accordingly, there is probable cause to believe that PADNES is illegally prescribing drugs to his "patients".

#### Search of TARGET MEDICAL OFFICE

72. There is probable cause to believe that a search of the TARGET MEDICAL OFFICE will yield evidence of PADNES' crimes. I seek authority to seize evidence, including "patient" or customer files related to PADNES illegal distribution of drugs. CW#1 has told me that he/she has observed files within TARGET MEDICAL OFFICE during one of his/her visits. PADNES has been audio and video recorded illegally prescribing drugs inside the TARGET MEDICAL OFFICE during numerous controlled transactions over a period of the last sixteen months and as recently as late June 2016. During the controlled transactions alone, PADNES has illegally prescribed over 16,000 pills of addictive Schedule II controlled substances. In addition to the physical files observed within the TARGET MEDICAL OFFICE, CWs and UCE have observed PADNES using a laptop computer to conduct business during office visits. The prescriptions obtained by the cooperating witnesses and undercover officer reference the TARGET MEDICAL OFFICE and list only PADNES as the physician. Based on my training

and experience, and knowledge of the applicable laws, I know that physicians are required to maintain medical records of their patients and records of any prescriptions for controlled substances for a period of years, and I believe that a search of the TARGET MEDICAL OFFICE will yield records and other evidence related to the illegally prescribed drugs.

#### Search of TARGET RESIDENCE

73. There is probable cause to believe that a search of the TARGET RESIDENCE will also yield evidence of PADNES' crimes. PADNES currently resides at the TARGET RESIDENCE, which has been corroborated by law enforcement surveillance and open database searches. A search of Pennsylvania Department of Transportation records on August 4, 2016 indicated that PADNES' listed address of record is 504 Edann Road Glenside, Pennsylvania 19038, the TARGET RESIDENCE. Further, telephone utility listings report service for PADNES at the TARGET RESIDENCE.

74. Law enforcement surveillance showed that PADNES routinely traveled by car between the TARGET RESIDENCE and TARGET MEDICAL OFFICE. On May 17, 2016, law enforcement surveillance was initiated in the vicinity of the TARGET RESIDENCE. Parked in the driveway of the residence was a grey Hyundai Genesis, PA tag JSE5667, and other vehicles. PADNES departed his residence in the grey Hyundai Genesis and later arrived at the secured parking garage for the TARGET MEDICAL OFFICE, 1326 Spruce Street, Philadelphia, Pennsylvania, his place of employment, where he stayed. Further, on April 25, 2015, law enforcement surveillance was initiated in the vicinity of the TARGET RESIDENCE. PADNES was observed entering the Hyundai Genesis and leaving his residence, before heading into Philadelphia. His Hyundai Genesis was located in lot associated with the TARGET MEDICAL OFFICE at 1326 Spruce Street.



75. It is estimated that PADNES is generating hundreds of thousands of dollars per year, primarily in cash, and based on my training and experience, I know that doctors involved in illegal drug distribution crimes often hide and maintain their cash proceeds in an area that is accessible only to the criminal or his/her close associates, such as areas inside a home or residence. I also know that such doctors often hide inside their residence records related to their criminal scheme. During the course of the investigation, PADNES was overheard telling a patient that he prepared the patient's prescription while he was "hooked in from home." In late June 2016, PADNES was asked by an undercover officer, "You work from home too don't you sometimes - like don't you do your office work at home you were saying?" PADNES responded that he sometimes needs to "take it [work] home over the weekends because there are forms to fill out and so on."

76. Through the use of a mail cover on the TARGET RESIDENCE, whereby law enforcement received the information from the outside of letters and parcels before they were delivered to the TARGET RESIDENCE, law enforcement identified business-related mail addressed to The Psychosomatic Medicine and Rehabilitation Center being delivered to the TARGET RESIDENCE. During the period of August 3, 2014 to September 1, 2014, PADNES received correspondence related to his business to include mail from Comcast Business, U-line Shipping, and Waiting Room Subscription Services. This correspondence was addressed to "Psychosomatic Med/Pain Rehab" at PADNES' home address, "504 Edann Rd Glenside, PA 19038-1405," the TARGET RESIDENCE. PADNES also received correspondence from TD Bank and Vanguard Brokerage Services. Vanguard is a company previously identified as the financial institution where PADNES kept large amounts of funds before a federal civil settlement in 2014.

77. On June 15, 2016, agents searched the trash container outside the TARGET RESIDENCE. Agents conducted a detailed analysis of the contents of the refuse and, based on my training and experience, I believe that PADNES receives mail at the TARGET RESIDENCE related to his medical practice and his patients relevant to this investigation. These items include:

a. Two CVS pharmacy prescription bags with prescription receipts stapled to them displaying the name of a patient at an address in Glenside, Pennsylvania. One prescription receipt was for 30 tablets of Fluoxetine 10 mg (Prozac) and the other was for 90 tablets of Guanfacine 1 mg, which according to Dr. Riordan is an off-label ADHD medication. Both prescriptions are dated June 13, 2016. A database check of PADNES' prescribing shows that this patient, an eleven year old boy, received a prescription on June 27, 2015 from PADNES for 30 tablets of 20 mg Vyvanse, another ADHD medication. Based on my training and experience, and information gathered in this investigation, I believe that PADNES treats this patient and others from his home address and records of these interactions are stored at PADNES' residence.

b. One opened envelope bearing the return address of PADNES' business address – "1326 Spruce St, Philadelphia, PA," the TARGET MEDICAL OFFICE.

c. One empty prescription bottle dated October 10, 2015, for 90 tablets of Candesarten Cilexetil 32 mg, a high blood pressure medication. The prescription is prescribed by PADNES to PADNES. Dr. Thomas Riordan states that while it is not directly illegal for a physician to prescribe medication to oneself, it violates Pennsylvania law that indicates a patient must get a physical examination and diagnosis. Dr. Riordan calls into question how PADNES can examine himself.

d. Five opened envelopes from Vanguard Brokerage Services.

78. Given that PADNES illegally prescribes a large quantity of drugs and often conducts business from the TARGET RESIDENCE, I believe, based on my training and experience and the facts of this investigation, that a search of the TARGET RESIDENCE will yield evidence related to the illegally prescribed drugs.

#### Computer Systems

79. As described above, cooperating witnesses and an undercover officer observed PADNES conduct business, such as preparing patient prescriptions, on a laptop computer at the TARGET MEDICAL OFFICE, and statements by PADNES indicate that he also used a computer to conduct business from his TARGET RESIDENCE.

80. 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: (1) the objects themselves may be instrumentalities, fruits, or evidence of crime, and (2) 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 the government to search and seize computer hardware, software, documentation passwords, and data security devices which are (1) instrumentalities, fruits, or evidence of crime; or (2) storage devices for information about a crime.

81. Based on this and other information contained in this affidavit, there is probable cause to believe that computer hardware, software, related documentation, passwords, and data security devices and electronic data located at the search location were involved in PADNES' drug distribution scheme and was instrumental in furthering the schemes. Information stored on the computers regarding the operation of PADNES' personal finances would be relevant to drug distribution scheme.

82. Given the ease with which a laptop computer and its supporting storage media can be transported, coupled with the desire to avoid law enforcement scrutiny, it is likely that additional electronic records will be found in PADNES' office and/or residence.

83. Based on the facts set forth above, 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.

a. 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 (but is not limited to) any data processing devices (such as central processing units, memory typewriters, and self-contained "laptop" or "notebook" computers); internal and peripheral storage devices (such as fixed disks, external hard disks, floppy disk drives and diskettes, tape drives and tapes, optical storage devices, transistor type binary devices, and other memory storage devices); peripheral input/output devices (such as keyboards, printers, scanners, plotters, video display monitors, and optical readers); and related communications devices (such as modems, cables and connections, recording equipment, RAM and ROM units, acoustic couplers, automatic dialers, speed dialers, programmable telephone dialing or signaling devices, and electronic tone generating devices); as well as any devices, mechanisms, or parts that can be used to restrict access to computer hardware (such as physical keys and locks).

b. 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 (like tax preparation, bookkeeping, word-processing, graphics or spreadsheet programs), utilities, compilers, interpreters, and communications programs.

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 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.

84. Based on my knowledge, training and experience, and consultations with other law enforcement personnel, I know that searching and seizing information from computers often requires agents to seize most or all electronic storage devices (along with related peripherals, discussed below) to be searched later by a qualified computer expert in a laboratory or other controlled environment. This is true because of the following:

a. Volume of evidence

Computer storage devices (like hard disks, diskettes, tapes, laser disks, opticals and others) can store the equivalent of thousands of pages of information. Additionally, a suspect may try to conceal criminal evidence by storing it in random order and with deceptive file names. This requires searching authorities to examine all the stored data to determine which particular titles 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 search on site.

b. Technical requirements

Searching computer systems for criminal evidence is a highly technical process requiring expert skill and a 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. Because computer evidence is extremely vulnerable to inadvertent or intentional modification or destruction (either from external sources or from a destructive code imbedded in the system as a "booby trap"), a controlled environment is essential to its complete and accurate analysis.

85. Based on observations made by UCE1 and after reviewing consensual recordings by cooperative witnesses, there is reason to believe that PADNES or others acting on his behalf used computer programs in conjunction with computer hardware, to store information related to the operation of PADNES' office. During visits by the cooperating witnesses to the TARGET MEDICAL OFFICE computers are visible on staff desks. Moreover, as described above,

PADNES uses a computer at home (TARGET RESIDENCE) to conduct office business. I believe that based upon this information it is likely that PADNES stores information related to his drug diversion on computers located at the TARGET MEDICAL OFFICE and TARGET RESIDENCE. I seek permission to search for records related to their criminal scheme that might be found at each search location in whatever form they are found. I submit that there is probable cause to believe computers or storage medium found at TARGET MEDICAL OFFICE and TARGET RESIDENCE will contain such records. Based upon my knowledge, training, and experience, I know that files are easily transferred among computers and storage medium. I also know that doctors and their co-conspirators who make money illegally selling prescriptions for frequently-abused narcotics often maintain receipts, notes, ledgers, records of drug transactions, financial records and other records to track their business in their residences as well as their offices. These are stored in paper and electronic formats. This information and related documents play a role in the commission of the offenses described in this affidavit. Therefore, the computer hardware, software, and computer-related documentation at PADNES' office and residence are instrumentalities of these criminal violations.

86. Based upon my knowledge, training and experience, I know that searching computerized information for evidence or instrumentalities of crime commonly requires agents to seize most or all of a computer system's input/output peripheral devices, related software, documentation, and data security devices (including passwords) so that a qualified computer expert can accurately retrieve the system's data in a laboratory or other controlled environment. This is true because of the following:

a. The peripheral devices which allow users to enter or retrieve data from the storage devices vary widely in their compatibility with other hardware and software. Many

system storage devices require particular input/output (or "I/O") devices in order to read the data on the system. It is important that the analyst be able to properly re configure the system as it now operates in order to accurately retrieve the evidence listed above. In addition, the analyst needs the relevant system software (operating systems, interfaces, and hardware drivers) and any applications software which may have been used to create the data (whether stored on hard drives or on external media), as well as all related instruction manuals or other documentation and data security devices.

b. If, after inspecting the I/O devices, software, documentation, and data security devices, the analyst determines that these items are no longer necessary to retrieve and preserve the data evidence, the government will return them within a reasonable time.

c. Data analysts may use several different techniques to search electronic data for evidence or instrumentalities of crime. These include, but are not limited to the following: examining file directories and subdirectories for the lists of files they contain; "opening" or reading the first few "pages" of selected files to determine their contents; scanning for deleted or hidden data; and searching for key words or phrases ("string searches").

87. I know, through my training and experience, that to properly retrieve and analyze all electronically stored (computer) data, to insure the accuracy and completeness of such data, and to prevent the loss of the data either from accidental or programmed destruction, both an on-site analysis and a laboratory analysis by qualified computer specialists will be necessary. Such accuracy and completeness can be achieved only by seizing all computer equipment and peripheral devices which may be interdependent, the software to operate them, and related manuals which contain directions concerning the operation of the computer system and software programs.



88. I know, through my training and experience that computerized evidence will be subject to loss or destruction following the execution of a search warrant if the evidence is not seized at the time of the search. It is unlikely that the government would be able to obtain the evidence by a follow-up subpoena to the search, because the subject of the investigation may lose or destroy the computerized evidence. Therefore, it is often necessary to physically remove computers from the locations where they are located. I understand that the removal of computers in cases where they are used for business operations may hinder the daily operation of the business. However, the physical removal may be necessary for the retrieval and protection of the data.

89. The government will make every effort to copy the data described above in electronic format or disk on the day of the search. If it is not technically feasible to copy the data, then the computer software, hardware, and data security devices will be removed from the place searched, so that a subsequent search of the computer hardware and software may be accomplished off-premises by personnel designated by the FBI or another federal agency who are adequately trained to conduct the search. The original computer software, hardware, and data security devices will be returned immediately after the copying. In the interim, if PADNES has an ongoing need for data stored on the computers, every attempt will be made to provide him with any requested information or copies of patient files, an ongoing need for these files is unlikely as there is no evidence that PADNES is providing any legitimate medical treatment.

90. If the computers are physically removed from PADNES' offices, residences or vehicles, every effort will be made to quickly analyze the computer's data and to return the computers upon request. This process of returning the seized computers may require

coordination with the person from whom they were seized (or their attorney) and the computer specialist working for the government.

91. Based on my training, experience, my participation in drug-diversion investigations, consultations with other law enforcement agents, I know among other things about doctors and their co-conspirators who make money illegally selling prescriptions for frequently-abused narcotics that:

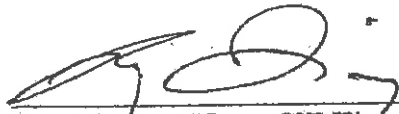
- a. They often hoard large amounts of cash at home, in their car, or a safety deposit boxes to maintain their ongoing business;
- b. They often keep books, records, receipts, notes, ledgers, passports, airline tickets, money orders or other papers to track their business -- they keep this either at work, at home, in a car or safe deposit box;
- c. They hide controlled substances, prescriptions, proceeds of drug sales, and records of drug transactions in secure locations such as at work, at home, in a car or safe deposit box;
- d. They often hide other financial instruments such as money orders, precious metals, jewelry, automobile titles, luxury items, and other items of value and/or proceeds from drug transactions and evidence of financial transactions at work, at home, in a car or safe deposit box;
- e. They commonly keep co-conspirator addresses or telephone numbers in books, papers, or in electronic form (in cell phones or computers);
- f. They keep photographs of themselves, their associates, their property and their products at work, at home, in a car or safe deposit box;

g. They may keep firearms or other weapons to protect the drugs and the proceeds of their drug trafficking business; and

h. They maintain the above detailed records related to their drug dealing in documentary and electronic form stored on computers or other electronic storage medium.

IV. CONCLUSION

92. For the foregoing reasons, there is probable cause to believe that violations of 21 U.S.C. § 841 (illegal distribution of controlled substances) have been committed by PADNES. Further, there is probable cause to believe that searches of the TARGET MEDICAL OFFICE and TARGET RESIDENCE will yield evidence of those crimes. Accordingly, I respectfully ask the Court to authorize searches of the TARGET MEDICAL OFFICE and TARGET RESIDENCE, as described in Attachment A to the search warrants, for the items listed in Attachment B to the search warrants.

  
Special Agent Ngano KT King  
Federal Bureau of Investigation

Sworn To and Subscribed Before Me This

29<sup>th</sup> Day of August, 2016.

  
HONORABLE CAROL S. WELLS  
United States Magistrate Judge

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

**Commonwealth of Pennsylvania,  
Bureau of Professional and  
Occupational Affairs  
v.**

**File No.: 16-49-01425**

**Stephen Charles Padnes, M.D.  
Respondent**

**Docket No: -49-16**

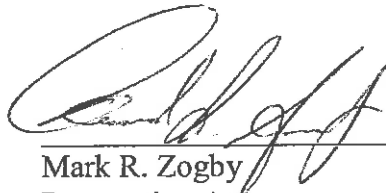
**CERTIFICATE OF SERVICE**

I, Mark R. Zogby, hereby certify that I have this 30<sup>th</sup> day of Aug. 2016 caused a true and correct copy of the foregoing Petition and Order of Immediate Temporary Suspension to be served upon all parties of record in this proceeding in accordance with the requirements of Section 33.31 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code § 33.31 (relating to service by the agency).

**PERSONAL SERVICE AND CERTIFIED MAIL, ELECTRONIC RETURN RECEIPT:**

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