

HEARING CONDUCTED BY THE
TEXAS STATE OFFICE OF ADMINISTRATIVE HEARINGS
SOAII DOCKET NO. 503-17- 5688 .MD
TEXAS MEDICAL LICENSE NO. G-1766

IN THE MATTER OF THE
COMPLAINT AGAINST
CYRUS SAJADI, M.D.

BEFORE THE
TEXAS MEDICAL BOARD

COMPLAINT

TO THE HONORABLE TEXAS MEDICAL BOARD AND THE HONORABLE
ADMINISTRATIVE LAW JUDGE TO BE ASSIGNED:

The Staff of the Texas Medical Board (the Board) files this Original Complaint against Cyrus Sajadi, M.D., (Respondent), for alleged violations of the Medical Practice Act (the Act), Title 3, Subtitle B, Texas Occupations Code, and would show the following:

I. SUMMARY OF FACTUAL ALLEGATIONS

Respondent's medical license is revoked by operation of law because he is serving a 148 month prison sentence following his felony convictions on six counts of violating 18 U.S.C. § 1349 (Attempt and Conspiracy to Commit Health Care Fraud) and 18 U.S.C. §§ 1347, 2 (Health Care Fraud, Aiding and Abetting).

II. LEGAL AUTHORITY AND JURISDICTION

1. Respondent is a Texas physician and holds Texas Medical License G-1766, originally issued by the Board on February 20, 1982. Respondent's license was in full force and effect at all times material and relevant to this Complaint.

2. Respondent received notice of one or more Informal Settlement Conferences (ISC). The Board complied with all procedural rules, including but not limited to, Board Rules 182 and 187, as applicable.

3. On May 25, 2017, the Board suspended Respondent's license due to his imprisonment following a felony conviction and his conviction becoming final.

4. No agreement to settle this matter has been reached by the parties.

5. All jurisdictional requirements have been satisfied.
6. The filing of this Complaint and the relief requested are necessary to protect the health and public interest of the citizens of the State of Texas, as provided in Section 151.003 of the Act.

III. APPLICABLE STATUTES AND STATUTORY VIOLATIONS

The following Statutes, Rules, and Agency Policy are applicable to the procedures for conduct of the hearing this matter:

A. General Statutes and Rules:

1. Section 164.007(a) of the Act requires that the Board adopt procedures governing formal disposition of a contested case before the State Office of Administrative Hearings.
2. 22 Tex. Admin. Code, Ch.187 sets forth the procedures adopted by the Board under the requirement of Section 164.007(a) of the Act.
3. 22 Tex. Admin. Code, Ch. 190 sets forth aggravating factors that warrant more severe or restrictive action by the Board.
4. 1 Tex. Admin. Code, Ch. 155 sets forth the rules of procedure adopted by SOAH for contested case proceeding.
5. 1 Tex. Admin. Code, Ch. 155.507, requires the issuance of a Proposal for Decision (PFD) containing Findings of Fact and Conclusions of Law.
6. Section 164.007(a) of the Act, Board Rule 187 *et. seq.* and Board Rule 190 *et. seq.*, provide the Board with the sole and exclusive authority to determine the charges on the merits, to impose sanctions for violation of the Act or a Board rule, and to issue a Final Order.

B. Specific Violations Cited:

Respondent has violated one or more of the following provisions of the Act:

1. Texas Occ. Code § 53.021(b) provides for the automatic revocation of Respondent's license by operation of law upon his imprisonment for a felony conviction.

IV. FACTUAL ALLEGATIONS

Based on information and belief, Board Staff alleges:

1. On March 12, 2014, after a four-week trial, a jury returned guilty verdicts against Respondent and his co-conspirators. The jury found Respondent guilty of all six alleged felony

counts of violating 18 U.S.C. § 1349 (Attempt and Conspiracy to Commit Health Care Fraud) and 18 U.S.C. §§ 1347, 2 (Health Care Fraud, Aiding and Abetting).

2. On or about January 12, 2015, the Court sentenced Respondent to 148 months in prison, ordered him to pay \$8,058,612.39 in restitution, and participate in 3 years of supervised release upon completion of his prison sentence.

3. On April 20, 2017, the District Court issued an Order revoking bond and ordering Respondent to surrender to the U.S. Marshals to begin serving his prison sentence in the Federal Bureau of Prisons.

4. On May 15, 2017, Mandate issued from the Fifth Circuit Court of Appeals affirming the judgment against Respondent on all counts.

5. Respondent surrendered to the Bureau of Prisons and began serving his prison sentence at or about June 15, 2017.

6. Respondent's felony convictions and imprisonment constitutes a violation of the Act and Board Rules, specifically:

Texas Occ. Code § 53.021(b) provides for the automatic revocation of Respondent's license by operation of law upon his imprisonment for a felony conviction.

V. AGGRAVATING AND MITIGATING FACTORS

Board Rule 190.15 provides that the Board may consider aggravating and mitigating factors that warrant more or less severe disciplinary action; however, these factors are inapplicable because Texas Occ. Code § 53.021(b) provides for a single outcome upon imprisonment for a felony – automatic revocation.

VI. NOTICE TO RESPONDENT

IF YOU DO NOT FILE A WRITTEN ANSWER TO THIS COMPLAINT WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS WITHIN 20 DAYS AFTER THE DATE OF RECEIPT, A DEFAULT ORDER MAY BE ENTERED AGAINST YOU, WHICH MAY INCLUDE THE DENIAL OF LICENSURE OR ANY OR ALL OF THE REQUESTED SANCTIONS, INCLUDING THE REVOCATION OF YOUR LICENSE. A COPY OF ANY ANSWER YOU FILE WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS SHALL ALSO BE PROVIDED TO THE HEARINGS COORDINATOR OF THE TEXAS MEDICAL BOARD.

VII. PRAYER

Board Staff requests that an ALJ employed by SOAH conduct a contested case hearing on the merits of the Complaint, and issue a PFD containing Findings of Fact and Conclusions of Law necessary to support a determination that Respondent violated the Act as set forth in this Complaint.

Respectfully Submitted,

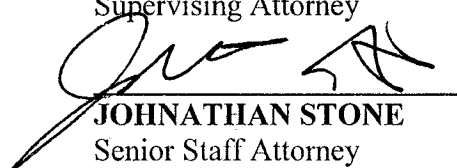
TEXAS MEDICAL BOARD

CHRISTOPHER PALAZOLA

Litigation Manager

SUSAN RODRIGUEZ

Supervising Attorney

A handwritten signature in black ink, appearing to read "Johnathan Stone", is written over a horizontal line.

JOHNATHAN STONE

Senior Staff Attorney

Lead Counsel

State Bar No. 24071779

Texas Medical Board

P.O. Box 2018, MC-264

Austin, TX 78768-2018

Telephone: (512) 305-7079

Facsimile: (512) 305-7007

Johnathan.Stone@tmb.state.tx.us

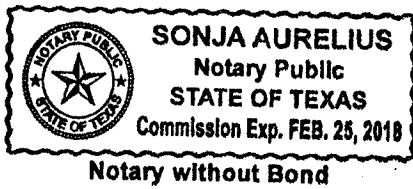
ATTORNEYS FOR THE BOARD

THE STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

SUBSCRIBED AND SWORN to before me by the said Johnathan Stone on August
11, 2017.



Sonja Aurelius
Notary Public, State of Texas

Filed with the Texas Medical Board on August 8th 2017.

A handwritten signature in cursive script that reads "Scott M. Freshour". The signature is written in black ink and is positioned above a horizontal line.

Scott Freshour, J.D.
Interim Executive Director
Texas Medical Board

CERTIFICATE OF SERVICE

I certify that on August 15, 2017, a true and correct copy of the foregoing document has been served as follows:

By Email to docketing@soah.texas.gov:

Docket Clerk
State Office of Administrative Hearings
William P. Clements Bldg.
300 W. 15th Street, Suite 504
Austin, TX 78701-1649

By First Class Mail to:

Cyrus Sajadi, M.D. / 04430-379
FCI Oakdale
Federal Correctional Institution
P.O. Box 5000
Oakdale, LA 71463

By Fax No. 512-479-1101, and

By Email to:

Cyrus Sajadi, M.D.
c/o Ace Pickens
Husch Blackwell
111 Congress Avenue Suite 1400
Austin, Texas 78701
Telephone: (512) 479-9709
Facsimile: (512) 479-1101
ace.pickens@huschblackwell.com

By Hand Delivery to

Robin Etheridge
Hearings Coordinator
Texas Medical Board
333 Guadalupe, Tower 3, Suite 610
Austin, TX 78701

/s/ Johnathan Stone
JOHNATHAN STONE
Senior Staff Attorney
Lead Counsel