

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

ERIC T. SCHNEIDERMAN,  
Attorney General of the State of New York,

Plaintiff-Claiming Authority,

- and -

STATE OF NEW YORK,

Co-Plaintiff,

- against -

HIN T. WONG, NEW YORK PHARMACY INC., NYC  
PHARMACY INC., and NEW YORK HEALTHFIRST  
PHARMACY INC.,

Criminal Defendants,

KT STUDIO INC. a/k/a DOVE CAT STUDIO a/k/a  
C'EST LA VIE STUDIO,

Non-Criminal Defendant.

Index No.:

**SUMMONS**

TO THE ABOVE-NAMED DEFENDANTS:

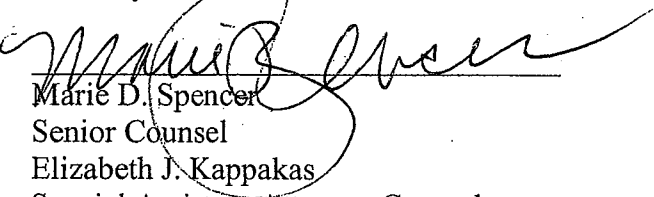
**YOU ARE HEREBY SUMMONED** and required to serve upon Plaintiffs' attorney a Verified Answer to the Summons and Verified Complaint in this action within twenty (20) days after the service of this Summons, exclusive of the day of service. If this summons is not personally served upon you, or if this summons is served upon you outside of the State of New York, then you Answer must be served within thirty (30) days. In case of your failure to answer, judgment will be taken against you by default for the relief demanded in the Verified Complaint.

The basis of venue designated is the place where the criminal trial may be conducted pursuant to CPLR Article 13-A.

Dated: New York, New York  
August 23, 2017

ERIC T. SCHNEIDERMAN  
Attorney General of the State of New York  
Claiming Authority and  
Attorney for the Co-Plaintiff State of New York

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**FILED UNDER SEAL**

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ERIC T. SCHNEIDERMAN,  
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Plaintiff-Claiming Authority,

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HIN T. WONG, NEW YORK PHARMACY  
INC., NYC PHARMACY INC., and NEW YORK  
HEALTHFIRST PHARMACY INC.,

Criminal Defendants,

KT STUDIO INC. a/k/a DOVE CAT STUDIO  
a/k/a C'EST LA VIE STUDIO,

Non-Criminal Defendant.

Index No.:

**VERIFIED COMPLAINT**

Plaintiffs, the State of New York, by Eric T. Schneiderman, Attorney General of the State of New York, and Eric T. Schneiderman as Plaintiff-Claiming Authority under CPLR 13-A, complaining of the above-named Defendants, allege upon information and belief, that:

**PRELIMINARY STATEMENT**

1. This asset forfeiture and civil recovery action seeks to restrain the dissipation of assets and recover damages amounting to at least \$11,167,462 suffered as a result of Defendants'

unlawful scheme to enrich themselves by stealing public funds from the New York State Medical Assistance Program (“Medicaid”), including from Medicaid Managed Care organizations (“Managed Care”) (collectively “Medicaid” or the “Medicaid Program”). Defendants’ conduct is the subject of an ongoing criminal investigation into the scheme orchestrated by Defendant Hin T. Wong (“Wong”) to defraud Medicaid through her control and operation of the Criminal Defendant Pharmacies. As part of the scheme, Defendants stole millions from Medicaid by presenting, or causing to be presented, claims for payment for drugs that were obtained upon the payment of kickbacks or were never dispensed.

2. Criminal Defendant Wong owns and operates three pharmacies in New York City—Criminal Defendants New York Pharmacy Inc., NYC Pharmacy Inc. and New York Healthfirst Pharmacy Inc. (collectively, the “Pharmacies”). Wong used the Pharmacies in a lucrative scheme to enrich herself by defrauding Medicaid. Wong’s scheme is simple. First, Wong bribes Medicaid recipient customers at her Pharmacies with kickbacks, in the form of cash, in exchange for their prescriptions for medication, including expensive HIV medications. Wong lures additional Medicaid recipients into her scheme by also offering cash for referrals, paying current customers to recruit their “friends,” other Medicaid recipients willing to sell their Medicaid prescription to one of Wong’s Pharmacies for a cash kickback.

3. Once Wong has obtained a prescription, by purchase or otherwise, Wong uses her Pharmacies to bill Medicaid for refills, despite the fact that the customer never requested the refills and in nearly every instance the Defendant Pharmacies did not dispense them, a scheme commonly known as “auto-refilling.”

4. Wong profited exponentially as a result of this fraudulent scheme because the Pharmacies never had to expend money to purchase the amount of medication inventory that would otherwise be necessary if they were, in fact, legitimately filling and dispensing the refills.

5. Indeed, Criminal Defendant Wong personally made millions of dollars from her egregious and unlawful conduct. The Pharmacies' bank accounts were primarily funded by claims remittance deposits made from government programs which Wong transferred for her own purposes. Wong undertook a variety of measures to conceal these ill-gotten gains. First, there were multiple transfers between and among the Pharmacies' bank accounts for no ostensible legitimate business purpose. Second, Wong transferred hundreds of thousands of dollars from the Pharmacies' bank accounts to her personal bank accounts and to the bank account of Non-Criminal Defendant KT Studio Inc. a/k/a/ Dove Cat Studio a/k/a C'est La Vie Studio, a company owned by Wong. Third, Wong wired substantial amounts of money from her personal bank accounts (which were almost entirely funded by money from the Pharmacies) out of the country to an account in Canada. Indeed, Wong made multiple trips to Canada and on one trip was flagged during a border crossing and admitted that she took \$9,000 in cash into Canada.

6. Wong also used the money generated by the Pharmacies' unlawful conduct to make significant personal expenditures. She withdrew more than \$380,000 in cash from the Pharmacies' bank accounts, and made lavish credit card purchases, spending over \$80,000 on high-end retail items (including Prada and Louis Vuitton), travel expenses and plastic surgeons.

7. Thus, Plaintiffs bring this action against the Criminal Defendants Wong, New York Pharmacy Inc., NYC Pharmacy Inc. and New York Healthfirst Pharmacy pursuant to Article 13-A of the Civil Practice Law and Rules ("CPLR") seeking a judgment of forfeiture in the amount of at least \$11,167,462, an amount equal to the currently identified proceeds of the crimes that are

expected to be charged within 60 days of the filing of this Complaint. The Plaintiffs also name KT Studio Inc. a/k/a/ Dove Cat Studio a/k/a C'est La Vie Studio, a company owned and controlled by Criminal Defendant Wong, as a Non-Criminal Defendant, pursuant to CPLR 13-A, seeking proceeds, substituted proceeds and instrumentalities of the crimes committed by Defendants.

8. Furthermore, Plaintiffs bring various causes of action against all Defendants under, among others, the New York False Claims Act, State Finance Law § 188, *et seq.*, Social Services Law § 145-b, Executive Law § 63(12), and unjust enrichment.

9. The information alleged herein is alleged upon information and belief and is based on information obtained during the course of the investigation conducted by the Office of the New York State Attorney General, MFCU into the matters described herein.

### **PARTIES**

10. Plaintiff-Claiming Authority, Eric T. Schneiderman, Attorney General of the State of New York ("Claiming-Authority") was at all times relevant to this action a person authorized by CPLR § 1310(11) to commence a forfeiture action under CPLR 13-A.

11. Plaintiff State of New York (the "State") was at all times relevant to this action a sovereign state of the United States of America. The New York State Medicaid Fraud Control Unit ("MFCU") operates under the supervision of the Attorney General, investigates, prosecutes, and recovers funds from persons who commit fraud against the Medicaid Program.

### **Criminal Defendants**

12. Criminal Defendant Hin T. Wong is an individual residing at 131 Walker Street, New York, New York 10013.

13. Defendant New York Pharmacy Inc. ("NY Pharmacy") is a New York domestic corporation with its principal place of business at 131 Walker Street, New York, New York. Criminal Defendant Wong is the owner and president of NY Pharmacy.

14. Defendant NYC Pharmacy, Inc. ("NYC Pharmacy") is a New York domestic corporation located at 203 East 121<sup>st</sup> Street, New York, New York 10035. Criminal Defendant Wong is the CEO, president and owner of NYC Pharmacy.

15. Defendant New York Healthfirst Pharmacy Inc. ("NY Healthfirst Pharmacy") was a New York domestic corporation located at 2021 First Avenue, New York, New York 10029. Criminal Defendant Wong is the CEO and owner of NY Healthfirst Pharmacy. According to the New York Department of State website, NY Healthfirst Pharmacy was listed as inactive and dissolved on or around August 31, 2016. NY Healthfirst Pharmacy continues to maintain an active bank account.

**Non-Criminal Defendant<sup>1</sup>**

16. Defendant KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'Est La Vie Studio ("KT Studio") is a New York domestic corporation registered at 131 Walker Street, New York, New York, but operating at 388 Broadway, New York, New York. Criminal Defendant Wong is the owner of KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est La vie Studio.

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<sup>1</sup> The term "Non-Criminal Defendant" is a statutory term based upon a party's procedural status in this civil litigation and does not reflect any determination as to criminal liability or lack of criminal liability. The Non-Criminal Defendant is named in Count One, the CPLR Article 13-A forfeiture cause of action brought by the Attorney General as Claiming Authority, and is designated as a "Non-Criminal Defendant" pursuant to CPLR § 1310(10).

### JURISDICTION

17. Pursuant to Executive Law § 63(3) the Attorney General of the State of New York has criminal jurisdiction over the offenses underlying this civil forfeiture action and is an appropriate claiming authority as that term is defined in CPLR § 1310(11).

### VENUE

18. New York County is the proper venue pursuant to CPLR § 1311(10)(b), in that each of the Criminal Defendants is expected to be charged with felony crimes in New York County, within 60 days after the commencement of this action. The Criminal Defendants expect to be charged with Grand Larceny as defined in New York Penal Law § 155, Insurance Fraud as defined in New York Penal Law § 176, Health Care Fraud as defined in New York Penal Law § 177, and other crimes. Therefore, Hin T. Wong, NY Pharmacy, NYC Pharmacy and NY Healthfirst Pharmacy are “Criminal Defendants” as defined in Article 13-A of the Civil Procedure Law and Rules, CPLR § 1311(1)(a).

### APPLICABLE REGULATIONS AND STATUTES

#### Medicaid

19. Medicaid is a joint state and federal program designed to provide medical care to those who would not otherwise be able to afford such care. Federal, State and local monies pay for the medical assistance. Under Medicaid, healthcare providers may receive reimbursement for “medical assistance,” including prescription medications supplied to Medicaid recipients. Medicaid in New York State is administered by the New York State Department of Health (“DOH”) pursuant to statutes, rules and regulations.



20. Enrollment as a provider in the Medicaid Program is voluntary. By enrolling, a provider agrees “to comply with the rules, regulations, and official directives of the department.” 18 N.Y.C.R.R. § 504.3(i).

21. 18 N.Y.C.R.R. § 504.6(d) requires that a provider submit Medicaid claims only for services provided in compliance with Title 18 of the Official Compilation of Codes, Rules and Regulations of New York State.

22. In New York State, Medicaid service providers are reimbursed either directly, on a fee-for-service basis (“FFS”), where healthcare providers and pharmacies bill New York State directly for Medicaid services, or through Managed Care.

23. DOH requires a provider to be familiar with the Medicaid provider manual specific to the provider’s services, as well as monthly Medicaid Updates. The provider manual and Medicaid Updates provide information concerning the duties and responsibilities of a provider, the rules governing the provision of care to Medicaid recipients, and billing instructions, procedure codes, and fee schedules.

24. The supervising pharmacist at each Medicaid participating pharmacy must be licensed by the Board of Pharmacy. 18 N.Y.C.R.R. §§ 504.1(b)(1) – (b)(2).

25. Pharmacies that participate in the Medicaid Program and the supervising pharmacist at each participating pharmacy must be enrolled as a Medicaid provider. 18 N.Y.C.R.R. § 504.1(b).

26. Through regulations, provider manuals and policy manuals, and periodic Medicaid Updates, DOH sets the rules and regulations for pharmaceutical services and requirements for reimbursement requests that are applicable to all Medicaid pharmacy providers Statewide. The Medicaid Provider Manual for Pharmacy (“MMIS Pharmacy Provider Manual”) issued by DOH,

and updated annually, states that prescription drugs can be obtained by presenting a signed written order from a qualified prescriber, a medical doctor or other qualified individual; that prescriptions may not be refilled unless the prescriber has indicated on the prescription the number of refills; and that no more than five (5) refills are permitted under any prescription (MMIS Pharmacy Provider Manual, page 5). The MMIS Pharmacy Provider Manual further states that automatic refilling of prescriptions is not allowed under the Medicaid Program (MMIS Pharmacy Provider Manual, pages 5-6). Similarly, when prescriptions are delivered, the pharmacy must first contact the beneficiary to ensure that a delivery is needed, and confirmation of needed delivery must be kept in the record.

#### **Medicaid Services Paid Through Managed Care Organizations**

27. New York State also makes medical services available to Medicaid recipients through health plans provided by a Medicaid Managed Care Organization (“MCO”) under contract with the State. In New York, each managed care plan has its own list of covered services. An MCO receives a monthly capitation payment—essentially an insurance premium—from New York to contract with service providers to furnish a bundle of medical services. Services provided by MCOs depend on their members’ medical needs and the particular terms of the contract that the MCO has with the State.

28. Under Managed Care, the MCO provides Medicaid reimbursement payments to providers enrolled with or pre-approved by that MCO. Medicaid MCOs require their providers to abide by the rules and regulations of the Medicaid Program, even if the provider itself is not an enrolled Medicaid provider.

29. The monies used to pay for Medicaid Managed Care services are paid under the New York State Medicaid Program from taxpayer funds. Under the Penal Law, a payment made

by a Medicaid MCO is explicitly “deemed a payment by the state’s Medical Assistance Program (“Medicaid”) (Penal Law § 177.00(1)).

**Unacceptable Practices in the Medicaid Program**

30. An “unacceptable practice is conduct by a person which conflicts with any of the policies, standards or procedures of the State of New York as set forth in the Official Codes, Rules and Regulations of the Department of Health or any other State or Federal statute or regulation which relates to the quality of care, services and supplies or the fiscal integrity of the Medicaid Program” (New York State Medicaid Program, Information for All Providers – General Policy Manual, page 64).

31. More specifically, “an unacceptable practice is conduct which constitutes fraud or abuse,” and includes “false claims, submitting or causing to be submitted, a claim or claims for unfurnished medical care, services or supplies.” 18 N.Y.C.R.R. § 515.2(b)(1)(i)(a).

32. Among the unacceptable practices enumerated by DOH regulations are “false claims.” An unacceptable practice includes “making, or causing to be made any false, fictitious or fraudulent statement or misrepresentation of material fact in claiming a medical assistance payment, or for use in determining the right to payment.” 18 N.Y.C.R.R. § 515.2(b)(2)(i).

33. Every claim submitted to the State for reimbursement from a Medicaid provider, whether by paper claim forms or by electronic billing submissions, contains a certification that the claims for reimbursement submitted by the provider are in full compliance with the program’s rules and regulations. The certification must be signed by an officer, director or partner of the provider, and states: “By making this claim I understand and agree that I (or the entity) shall be subject to and bound by all rules, regulations, policies, standards, fee codes and procedures of the DOH as set forth in Title 18 of the Official Compilation of Codes, Rules and Regulations of New

York State and other publications of the Department, including Provider Manuals and other official bulletins of the Department.” *See* DOH, Information for all Providers – General Billing; *see also*, 18 N.Y.C.R.R. § 504.3.

34. Medicaid-enrolled pharmacy providers are prohibited from billing Medicaid for prescriptions for drugs prescribed for Medicaid recipients when the pharmacies know in advance the prescriptions billed will not be dispensed, because they do not have the drugs to fill those prescriptions and know they will not order and purchase the drugs to fill them.

35. Medicaid-enrolled pharmacy providers are prohibited from paying cash to Medicaid recipients to induce them into giving their prescriptions to the pharmacies so they can be billed to Medicaid, and into agreeing to not pick up their prescribed drugs. 18 NYCRR § 515.2(b)(5)(iii); Medicaid General Policy, Unacceptable Practices, page 23, February 1, 2010 edition; page 27 May 25, 2006 edition; and page 21, 2004-1 edition.

36. Any Medicaid provider who commits unacceptable practices is subject to exclusion from the Medicaid Program. 18 N.Y.C.R.R. § 515.3(1).

### **THE CRIMINAL CONDUCT**

#### **The Defendant Pharmacies**

37. Wong currently owns and operates NY Pharmacy. According to Medicaid enrollment records, NY Pharmacy was approved as a Medicaid provider on or around October 6, 2005, under MMIS provider identification 02670428. The Medicaid enrollment records list Wong as the owner of NY Pharmacy.

38. According to New York Board of Pharmacy records, Wong is listed as the Supervising Pharmacist at NY Pharmacy. Wong was approved as a Medicaid provider on or around March 21, 2003, under MMIS provider identification 02405127.

39. Upon information and belief, at all times relevant to this Complaint, the Criminal Defendants knowingly presented and/or caused to be presented false claims to Medicaid for reimbursement for medication that NY Pharmacy never dispensed. This conduct resulted in the Defendants' theft of public funds.

40. Wong owns and controls NYC Pharmacy. According to Medicaid enrollment records, NYC Pharmacy was approved as a Medicaid provider on or around March 21, 2003, under MMIS provider identification 02380367. According to Medicaid enrollment records, Wong is the owner of NYC Pharmacy.

41. Upon information and belief, at all times relevant to this Complaint, NYC Pharmacy knowingly presented and/or caused to be presented false claims to Medicaid for reimbursement for medication that NYC Pharmacy never dispensed. This conduct resulted in the Defendant's theft of public funds.

42. Wong owns and controls NY Healthfirst Pharmacy. NY Healthfirst Pharmacy is not a Medicaid provider, yet Wong paid a kickback in exchange for a prescription at NY Healthfirst that was later submitted to Medicaid through NY Pharmacy. Subsequently, claims for "refills" from that prescription were submitted and paid to NY Pharmacy.

43. Upon information and belief, at all times relevant to this Complaint, NY Healthfirst Pharmacy knowingly presented and/or caused to be presented false claims to Medicaid for reimbursement for medication that was the product of kickbacks or which NY Healthfirst Pharmacy never dispensed. This conduct resulted in the Defendant's theft of public funds.

44. A review of Medicaid claims, from January 2014 through July 2017, revealed that Medicaid (on a fee-for-service basis and through MCOs) paid an aggregate total of \$11,167,462 as a result of claims presented by the Pharmacies.

**The Kickback Scheme**

45. From January 2014 to the present, MFCU has been conducting an investigation into the illegal conduct of Criminal Defendant Wong and the Pharmacies she controls. As part of the investigation, MFCU used confidential informants ("CIs") to conduct "undercover shops" into Wong's pharmacies.

46. Medicaid issues unique Client Identification Numbers and Medicaid cards to all recipients that must be presented to a Medicaid provider in order to obtain services. For each undercover shop, a CI was given one or more Medicaid cards bearing the name of a fictitious Medicaid recipient identity to present to the Defendant Pharmacies for billing purposes.

47. On at least 12 occasions, from January 2014 through July 2017, Wong paid several CIs, holding themselves out to be Medicaid recipients, cash in exchange for paper prescriptions.

48. Specifically, Wong paid the CIs cash in exchange for prescriptions, including Atripla. Atripla is a very expensive antiretroviral medication used to treat HIV/AIDS, for which Medicaid pays over \$2,000 for a monthly course of treatment.

**The "Auto-Refill" Scheme**

49. The prescriptions that Wong purchased from the CIs for cash authorized "refills."

50. None of the CIs requested that these drugs be refilled.<sup>2</sup> Nevertheless, subsequent to the purchase of these prescriptions, claims for the refills were submitted through the Criminal Defendants NY Pharmacy and NYC Pharmacy.

51. Thereby, through the transactions elicited by the undercover shops, MFCU's investigation revealed that the Pharmacies presented and/or caused to be presented false claims for

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<sup>2</sup> On a few occasions, CIs went in for undercover shops and Wong presented refills to them despite the fact that they were never requested by the shoppers. In those instances, the shoppers took the refills. But none of the shoppers ever returned to the Pharmacies for the express purpose of picking up any refills.

medications to Medicaid recipients for medication that was never dispensed. Medicaid paid these false claims. The Pharmacies wrongfully presented and/or caused to be presented claims for funds they were not owed because they had not dispensed medications, but rather simply purchased the prescription paper as if the prescription was a ticket to bill Medicaid and reap the illegal benefits.

### **Inventory Shortfall**

52. The broad scope of Defendants' scheme to defraud Medicaid is revealed by evidence of a substantial inventory shortfall, amounting to more than \$6 million.

53. Upon information and belief, the Pharmacies consistently and deliberately did not purchase sufficient inventory to fill prescriptions for medications for which they submitted claims to, and received reimbursement from, Medicaid and other third party payors.

54. Based on a review of the Pharmacies' bank records, from January 2014 through July 2017, the Pharmacies paid \$9,197,604 for inventory to a number of wholesalers. During that same time period, the total amount of reimbursement to the Pharmacies from government programs (including Medicaid) and other third party payors (including private insurance companies) for those medications was \$15,203,249—reflecting a substantial difference of approximately \$6,005,645.

### **Defendants' Falsely Certified Their Compliance with Medicaid Rules and Regulations**

55. As Medicaid providers, Defendants' conduct conflicts with Medicaid rules and regulations. The Medicaid Program provides no-cost medical services to eligible needy persons, including for prescription medications. Medicaid recipients must meet defined income thresholds to be eligible for Medicaid. The Medicaid Program is premised on the concept that the Medicaid recipient population lacks the means to pay to receive medical care and the ability to pay for necessary prescriptions.

56. If the Criminal Defendants had provided these susceptible recipients with medically necessary prescription medications, in compliance with the law, it would have cost these Medicaid recipients nothing and they could have benefited from their prescribed treatments. Instead, the Pharmacies' cash payments were an alluring tool to a vulnerable population that was seduced by cash payments. The cash paid out by Wong was only a fraction of the amount the Pharmacies wrongfully obtained from Medicaid.

57. The Criminal Defendants' scheme, which preyed on this indigent population, fraudulently generated large sums of money from Medicaid as the Criminal Defendants presented and/or caused to be presented claims to Medicaid for reimbursement of millions of dollars for prescriptions for certain medications that the Pharmacies never dispensed, with knowledge in advance of those billings that the medications would never be dispensed.

58. Almost all pharmacies present claims to Medicaid electronically. In order to present claims to Medicaid, pharmacies must sign and file a written certification with DOH stating, "I understand and agree that I (or the entity) shall be subject to and bound by all rules, regulations, policies, standards, fee codes and procedures of the New York State Department of Health as set forth in Title 18 of the Official Compilation of Codes, Rules and Regulations of New York State and other publications of the Department, including eMedNY Provider Manuals and other official bulletins of the Department" (MMIS Certification Statement for Provider Utilizing Electronic Billing; *see also* 18 N.Y.C.R.R. § 540.7(a)).

59. This certification was executed by Criminal Defendant Wong, on behalf of the Pharmacies, on numerous occasions. She affirmed the following:

"I have reviewed these claims; I (or the entity) have furnished or caused to be furnished the care, services and supplies itemized and done so in accordance with applicable federal and state laws and regulations; I have read the eMedNY Provider Manual and all revisions thereto; all claims



are made in full compliance with the pertinent provisions of the Manual and revisions; ... the amounts listed are due and except as noted, no part thereof has been paid by, or to the best of my knowledge is payable from any source other than the Medical Assistance Program; payment of fees made in accordance with established schedules is accepted as payment in full; ... ALL STATEMENTS, DATA AND INFORMATION TRANSMITTED ARE TRUE, ACCURATE AND COMPLETE TO THE BEST OF MY KNOWLEDGE; NO MATERIAL FACT HAS BEEN OMITTED; I UNDERSTAND THAT PAYMENT AND SATISFACTION OF THIS CLAIM WILL BE FROM FEDERAL, STATE AND LOCAL PUBLIC FUNDS AND THAT I MAY BE FINED AND/OR PROSECUTED UNDER APPLICABLE FEDERAL AND STATE LAW FOR ANY VIOLATION OF THE TERMS OF THIS CERTIFICATION, INCLUDING BUT NOT LIMITED TO FALSE CLAIMS, STATEMENTS OR DOCUMENTS, OR CONCEALMENT OF A MATERIAL FACT..." (MMIS Certification Statement for Provider Utilizing Electronic Billing) (Capitalization in Original).

60. Medicaid certifications remain in effect until a new certification is signed by the provider.

**DISSIPATION OF CRIMINAL PROCEEDS AND SUBSTITUED  
PROCEEDS OF THE CRIMES**

61. Wong has made millions of dollars as a result of her criminal conduct. Wong utilized a variety of measures to conceal her wrongfully obtained millions. As described below, through a web of bank account transfers, money wired out of the country, cash expenditures, and lavish purchases, Wong has already dissipated significant proceeds of the crime.

**Transfers Between and Among the Criminal Defendants' Bank Accounts**

62. Over the course of the period of criminal conduct, numerous transfers of money were made between and among the Criminal Defendants' bank accounts for no apparent legitimate business purpose.

63. Defendant Wong is the signatory on the Pharmacies' nine TD Bank accounts and controls the activity of all funds in the Pharmacies' bank accounts.

64. Wong's Pharmacies transferred substantial sums of money to one another.

65. Specifically, from January 2014 through July 2017, NY Pharmacy transferred more than \$300,000 to NYC Pharmacy and NY Healthfirst Pharmacy's bank accounts.

66. In that same time period, NYC Pharmacy transferred approximately \$27,900 to NY Healthfirst Pharmacy.

67. Wong additionally transferred nearly a million dollars from the Pharmacies' bank accounts into her personal bank accounts: from January 2014 through July 2017, the Pharmacies transferred approximately \$844,417 to Wong's personal bank accounts. These transfers and deposits represent the primary source of money flowing into Wong's personal accounts.

68. The transfer of large amounts of money from a business account to "personal" accounts is frequently an indicia of fraud, either directly as a form of transfer of criminal proceeds or indirectly as a form of tax fraud. In the limited situations where those payments might be legitimate, the business would need records to demonstrate that the transfers were properly accounted for.

**Wong Transfers Money from Her Pharmacies to KT Studio**

69. Wong owns and controls KT Studio, which is not a pharmacy-related business. Nevertheless, during the relevant time period, Wong caused the Pharmacies to transfer hundreds of thousands of dollars to KT Studio's bank accounts.

70. KT Studio was created in August of 2013. Since that date, the company has assumed two other names. In July of 2014, the studio changed its name to Dove Cat Studio; in May of 2017, the studio again assumed a new name, C'est La Vie Studio.

71. KT Studio's website lists its location as 388 Broadway, New York, New York. However, its principal place of business officially listed in New York Department of State filings is 131 Walker Street, New York, New York 10013—the same address as NY Pharmacy and Wong's official residence.

72. Wong is the sole signatory on KT Studio's bank accounts.

73. According to KT Studio's website, it purportedly serves as a rental space for creative commercial ventures, such as photo shoots and events.

74. However, during its first year of operations, the only money coming in and going out of KT Studio's bank accounts did not reflect the type of business activity suggested by this website. Indeed, the only source of money coming into KT Studio's business during its first year came from the Pharmacies and cash deposits.

75. Similarly, the only money flowing out of KT Studio's bank accounts during its first year of operation was for rent and utilities—there were no expenditures for typical new business operating costs (*e.g.*, money for employees or contractors, advertising, etc.)

76. Even after KT Studio's bank accounts began receiving money from sources other than the Pharmacies, those sources represented only a small fraction of funds transferred into its

bank accounts. In short, from in or around October 2014 through in or around July 2017, the largest source of income to KT Studio's bank accounts was the ill-gotten gains from the Pharmacies.

### **Wong's Ties to Canada**

77. Wong has also dissipated her criminal proceeds through wire transfers to Canada.

78. Specifically, Wong has wired more than \$165,000 from her personal bank accounts (which were almost entirely funded by money from the Pharmacies) out of the country to an entity in Canada, "Maryhelen Tso, PC."<sup>3</sup>

79. Wong has also traveled frequently and regularly to Canada. In 2014 and 2015 Wong made seven round trips by air to and from Canada.

80. On or about September 1, 2014, Wong was questioned during a border crossing by land when she re-entered the United States from Canada. She admitted that she carried \$9,000 in cash into Canada and that she traveled with an employee (despite her initial contention that she traveled alone).

### **Wong Withdraws Cash and Pays for Credit Card Expenditures From Pharmacy Accounts**

81. In addition to her web of bank account and wire transfers, Wong has flagrantly used money generated by the Pharmacies' unlawful conduct to make significant personal expenditures.

82. From January 2014 through July 2017, she withdrew more than \$380,000 in cash from the Pharmacies' bank accounts.

83. During the period of the criminal conduct, Wong made numerous lavish personal purchases of goods and services. A review of Wong's credit card records reveals that this spending has markedly increased within the past year. For example, since May 2016, Wong has spent over

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<sup>3</sup> In addition, Wong received hundreds of thousands of dollars in wire transfers from Canada from the same entity, Maryhelen Tso, P.C.

\$80,000 in purchases, including at high-end retail stores (*e.g.*, Prada, Louis Vuitton and Miu Miu), for travel expenses (*e.g.*, lodging in Martha's Vineyard) and for expensive furniture. In a recent two-month period, from April 2017 to June 2017, Wong spent approximately \$40,977 at Prada alone and in June 2017 Wong paid \$1,000 to a plastic surgeon.

**FIRST CAUSE OF ACTION**

(Forfeiture of the Proceeds of a Crime Pursuant to CPLR Article 13-A)

84. The Claiming Authority repeats and re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

85. By reason of the foregoing, Hin T. Wong, New York Pharmacy Inc, NYC Pharmacy Inc. and New York Healthfirst Pharmacy Inc. are Criminal Defendants as defined by CPLR § 1310(9).

86. By reason of the foregoing, KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la Vie Studio is a Non-Criminal Defendant as defined by CPLR § 1310(10), which possesses an interest in the proceeds of a crime, the substituted proceeds of a crime or in an instrumentality of a crime, to wit, the proceeds from the Grand Larceny and related crimes.

87. The Non-Criminal Defendant knew or should have known that the proceeds that it received from the Grand Larceny and related crimes were obtained through the commission of a crime.

88. Upon a conviction of the Criminal Defendants for the crimes specified above, all Defendants named above would be liable to forfeit to Claiming Authority the proceeds, substituted proceeds, or instrumentality of a crime, to wit, the proceeds from the Grand Larceny and related crimes, up to the amount of \$11,167,462.

89. In the alternative, pursuant to CPLR Article 13-A, Claiming Authority is entitled to recover a money judgment against the Criminal Defendants in an amount to be determined, but

at least \$11,167,462, and to forfeit the proceeds, substituted proceeds, and instrumentalities of crimes.

**SECOND CAUSE OF ACTION**

(Presentation of False Claims Under the New York False Claims Act,  
State Finance Law § 189(1)(a))

90. The State repeats and re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

91. During the periods of time described in this Complaint, the Criminal Defendants knowingly, or acting in deliberate ignorance or reckless disregard for the truth, presented or caused to be presented to agents of the State of New York false or fraudulent claims for payment or approval.

92. The New York State Medicaid Program paid such false or fraudulent claims because of the acts or conduct of the Criminal Defendants.

93. By virtue of the false or fraudulent claims made and caused to be made by the Criminal Defendants, the State suffered damages and therefore is entitled to treble damages under the New York State False Claims Act, in an amount to be determined at trial, plus a civil penalty of \$6,000 to \$12,000 for each violation.

**THIRD CAUSE OF ACTION**

(Making or Using False Records or Statements to Cause Claims to be Paid Under  
the New York False Claims Act, State Finance Law § 189(1)(b))

94. During the periods of time described in this Complaint, the Criminal Defendants knowingly, or acting in deliberate ignorance or reckless disregard for the truth, made or used, or caused to be made or used, false records or statements—including, but not limited to, false certifications and representations made and caused to be made by the Criminal Defendants—to get false or fraudulent Medicaid claims paid or approved by the State.

95. The New York State Medicaid Program paid such false or fraudulent claims because of the acts or conduct of the Criminal Defendants.

96. By virtue of the false records or false statements made and caused to be made by the Criminal Defendants, the State suffered damages and therefore is entitled to treble damages under the New York State False Claims Act, in an amount to be determined at trial, plus a civil penalty of \$6,000 to \$12,000 for each violation.

#### **FOURTH CAUSE OF ACTION**

(Recovery of Statutory Damages Pursuant to Social Services Law § 145-b)

97. The State repeats and re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

98. During the periods of time described in this Complaint, Defendants, acting in their own capacity and on behalf of the Defendants, knowingly by means of false statements or representations, or by deliberate concealment of material facts or by other fraudulent schemes or devices, obtained payment for themselves and others in an amount yet to be proven at trial, for services purportedly furnished pursuant to the laws of the State of New York, including the rules and regulations of the Medicaid Program.

99. By reason of the foregoing, the Criminal Defendants are liable to the State pursuant to Social Services Law § 145-b for actual damages and three times the amounts falsely submitted, plus interest at the highest legal rate.

#### **FIFTH CAUSE OF ACTION**

(Fraud Under Executive Law § 63(12) due to Fraud and Illegality)

100. The State repeats and realleges the foregoing paragraphs of this Complaint as if fully set forth herein.

101. Criminal Defendants, individually or through their agents and employees, have engaged in repeated fraudulent or illegal acts or otherwise demonstrated persistent fraud or illegality in the carrying on, conducting or transaction of business.

102. Criminal Defendants, through their agents and employees, repeatedly and persistently made false representations to the State that they were rendering health services in compliance with applicable federal and state laws and regulations, knowing this to be false.

103. By engaging in the conduct described above, Defendants repeatedly and persistently claimed and received moneys from Medicaid as reimbursement for unlawful services, and falsely claimed that such services had been lawfully provided to Medicaid recipients.

104. Defendants thereby engaged in repeated fraudulent acts and persistent fraud in the carrying on, conducting, and transaction of business, in violation of Executive Law § 63(12).

#### **SIXTH CAUSE OF ACTION**

(Fraud and Intentional Misrepresentation)

105. The State repeats and realleges the foregoing paragraphs of this Complaint as if fully set forth herein.

106. In reliance upon the claims presented and caused to be presented by the Criminal Defendants and persons acting in concert with the Criminal Defendants, various governmental and non-governmental insurers, including Medicaid, and other victims of the scheme, paid unauthorized reimbursement to persons acting in concert with the Criminal Defendants in an amount to be proven at trial. Proceeds from these payments were ultimately distributed to accounts held by the Non-Criminal Defendant. By reason of the foregoing, the State is entitled to recover from all Defendants an amount to be proven at trial in compensatory damages and is also entitled to recover exemplary damages, plus interest at the highest legal rate.



**SEVENTH CAUSE OF ACTION**  
(Overpayment of Public Funds)

107. The State repeats and realleges the foregoing paragraphs of this Complaint as if fully set forth herein.

108. The acts and practices of all Defendants complained of herein constitute a misappropriation of public property by the Defendants, in violation of Executive Law § 63-C. By reason of the foregoing, the State is entitled to restitution in an amount to be proven at trial from Defendants.

**EIGHTH CAUSE OF ACTION**  
(Unjust Enrichment)

109. The State repeats and re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

110. Defendants were not entitled to present and cause to presented claims to Medicaid or other insurers, or to receive payment for services in violation of Medicaid Program regulations and other insurance program regulations.

111. By reason of the foregoing, Defendants have been unjustly enriched to the detriment of the State and are liable to the State in an amount yet to be proven at trial.

**WHEREFORE**, the State and the Claiming Authority demand judgment as follows:

A. Under the First Cause of Action, the Claiming Authority demands judgment:

1. Against Criminal Defendants Hin T. Wong, New York Pharmacy Inc., NYC Pharmacy Inc. and New York Healthfirst Pharmacy Inc.:

a. For the forfeiture of the proceeds, substituted proceeds, and instrumentalities of their crimes, in an amount to be determined at trial, but at least \$11,167,462; or

- b. For a money judgment in an amount to be determined at trial, but at least \$11,167,462; and
- 2. Against Non-Criminal Defendant KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la vie Studio for the forfeiture of the proceeds, substituted proceeds, and instrumentalities of crimes, in an amount to be determined at trial; and
- B. Under the Second and Third Causes of Action, the State demands judgment against Hin T. Wong, New York Pharmacy Inc., NYC Pharmacy Inc., NY Healthfirst Pharmacy Inc., KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la vie Studio in an amount to be determined at trial, including actual and statutory treble damages and penalties in an amount to be determined at trial; and
- C. Under the Fourth Cause of Action, the State demands judgment against Hin T. Wong, New York Pharmacy Inc., NYC Pharmacy Inc., NY Healthfirst Pharmacy Inc., KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la vie Studio in an amount to be determined at trial, including actual and statutory treble damages in an amount to be determined at trial; and
- D. Under the Fifth and Sixth Causes of Action, the State demands judgment against Hin T. Wong, New York Pharmacy Inc., NYC Pharmacy Inc., NY Healthfirst Pharmacy Inc., KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la vie Studio, in an amount to be determined at trial, including punitive and exemplary damages; and
- E. Under the Seventh and Eighth Causes of Action, the State demands judgment against Hin T. Wong, New York Pharmacy Inc., NYC Pharmacy Inc., NY

Healthfirst Pharmacy Inc., KT Studio Inc. a/k/a Dove Cat Studio a/k/a C'est la vie Studio in an amount to be determined at trial;

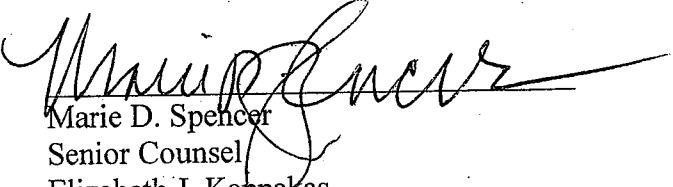
F. Under all Causes of Action, the State also demands:

1. Interest from the date of Defendants' receipt of the overpayments, as provided in Social Services Law § 145-b;
2. The costs and disbursements of this action;
3. Attorney's fees; and
4. Such other and further relief as this Court deems just and reasonable.

Dated: New York, New York  
August 23, 2017

ERIC T. SCHNEIDERMAN  
Attorney General of the State of New York,  
Claiming Authority; and  
Attorney for Co-Plaintiff, the State of New York

By:

  
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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

ERIC T. SCHNEIDERMAN,  
Attorney General of the State of New York,

Plaintiff-Claiming Authority,

- and -

STATE OF NEW YORK,

Co-Plaintiff,

- against -

HIN T. WONG, NEW YORK PHARMACY INC., NYC  
PHARMACY INC., and NEW YORK HEALTHFIRST  
PHARMACY INC.,

Criminal Defendants,

KT STUDIO INC. a/k/a DOVE CAT STUDIO a/k/a  
C'EST LA VIE STUDIO,

Non-Criminal Defendant.

Index No.:

**VERIFICATION**

MARIE D. SPENCER, an attorney duly admitted to practice before the Courts of the State of New York, affirms the following under penalty of perjury:

I am Senior Counsel, of Counsel to Attorney General of the State of New York Eric T. Schneiderman, attorney for Plaintiffs in this action. I am acquainted with the facts set forth in the foregoing Amended Complaint, based on my review of the files of the Medicaid Fraud Control Unit and information provided by other Special Assistant Attorneys General and auditors and investigators participating in the criminal investigation of this matter, and said Amended Complaint is true to my knowledge, except as to matters which were therein stated to be upon information and belief, as to those matters I believe them to be true. The reason I make this verification is that Plaintiff the State of New York is a body politic.

Dated: New York, New York  
August 23, 2017



MARIE D. SPENCER