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Insurance Company, GEICO Indemnity Company,
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GEICO Casualty Company*

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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GOVERNMENT EMPLOYEES INSURANCE
COMPANY, GEICO INDEMNITY COMPANY,
GEICO GENERAL INSURANCE COMPANY and
GEICO CASUALTY COMPANY,

Docket No.: ____ ()

Plaintiffs,

-against-

IDEAL CARE PHARMACY, INC., and
LEONID NAISHULER,

Defendants.

----- X

COMPLAINT

Plaintiffs Government Employees Insurance Company, GEICO Indemnity Company, GEICO General Insurance Company and GEICO Casualty Company (collectively, “GEICO” or “Plaintiffs”), as and for their Complaint against Defendants, Ideal Care Pharmacy, Inc., and Leonid Naishuler (collectively, “Defendants”), hereby allege as follows:

1. This action seeks to terminate an on-going fraudulent scheme perpetrated by the Defendants who have exploited the New York “No-Fault” insurance system by submitting more

than \$2 million in fraudulent pharmaceutical billing to GEICO. Specifically, the Defendants submitted, or caused to be submitted, thousands of fraudulent claims to GEICO seeking payment for a set of specifically targeted medically unnecessary “pain relieving” topical prescription drug products, primarily in the form of topical Diclofenac Sodium Gel 3% and Lidocaine 5% Ointment (collectively, the “Fraudulent Topical Pain Products”), as well a limited number of other medications including oral nonsteroidal anti-inflammatory drugs (“NSAIDs”) and muscle relaxers (together with the Fraudulent Topical Pain Products, the “Fraudulent Pharmaceuticals”).

2. Defendant Ideal Care Pharmacy, Inc. (“Ideal Care” or the “Pharmacy”) and Defendant Leonid Naishuler (“Naishuler”) (collectively, the “Pharmacy Owner Defendants”) dispensed the Fraudulent Pharmaceuticals to individuals involved in automobile accidents and eligible for insurance coverage under policies of insurance issued by GEICO (the “Insureds”). To exploit the Insureds for financial gain, the Defendants targeted the prescription and dispensing of the Fraudulent Topical Pain Products in place of other effective, but much-less costly prescription and non-prescription drug products because the Defendants were able to acquire the Fraudulent Topical Pain Products at low cost and then dispense and bill for them at exorbitant prices.

3. In furtherance of the fraudulent scheme, the Defendants entered into illegal, collusive agreements with various prescribing healthcare providers (the “Prescribing Providers”) and unlicensed laypersons (the “Clinic Controllers”) who work at or are associated with various multidisciplinary medical clinics that almost exclusively treat No-Fault patients (the “No-Fault Clinics”). Pursuant to these collusive agreements, in exchange for kickbacks or other financial incentives, the Defendants steered the Prescribing Providers and Clinic Controllers to direct large volumes of prescriptions for the targeted Fraudulent Topical Pain Products to Ideal Care. These

prescriptions were frequently generated using preprinted template prescription forms in violation of law and at times contained stamped, or photocopied signatures.

4. The Defendants' scheme to steer the Prescribing Providers and Clinic Controllers to routinely prescribe and direct prescriptions to Ideal Care for large volumes of the Fraudulent Topical Pain Products pursuant to their collusive arrangements egregiously inflated the charges submitted to GEICO. For example, Ideal Care typically submitted claims to GEICO seeking approximately \$2,599.00 for a single tube of Diclofenac Sodium Gel 3% and between approximately \$1,681.00 and \$2,100.00 for a single tube of Lidocaine 5% Ointment. The Defendants' scheme not only inflated the charges submitted to GEICO and other insurers, but also posed serious risks to patients' health, safety, and well-being.

5. By this action, GEICO seeks to recover more than \$527,000.00 that the Defendants stole from it, along with a declaration that GEICO is not legally obligated to pay reimbursement to Ideal Care of over \$1.17 million in pending fraudulent No-Fault claims that the Defendants submitted or caused to be submitted through Ideal Care because:

- (i) The Defendants participated in illegal, collusive relationships in which the Defendants steered the Prescribing Providers and Clinic Controllers to direct illegal prescriptions for the Fraudulent Pharmaceuticals to Ideal Care in exchange for unlawful kickbacks and other financial incentives;
- (ii) Ideal Care billed for pharmaceutical products that were prescribed and dispensed pursuant to illegal, collusive agreements, as well as predetermined fraudulent protocols designed to exploit the patients for financial gain, without regard for genuine patient care;
- (iii) The Defendants intentionally targeted a specific set of pharmaceutical products (i.e., the Fraudulent Topical Pain Products) that they acquired at low cost and caused Ideal Care to dispense in large volumes to Insureds at egregious charges, in place of other effective, less costly pharmaceuticals; and
- (iv) The Defendants made and continue to make false and fraudulent misrepresentations to GEICO by submitting or causing to be submitted

charges for the Fraudulent Pharmaceuticals under the name of Ideal Care pursuant to illegal and invalid prescriptions.

6. The Defendants fall into the following categories:

- (i) Ideal Care is a New York corporation engaged in a fraudulent scheme in which it dispenses the Fraudulent Pharmaceuticals, pursuant to illegal, collusive agreements and predetermined protocols, without regard to genuine patient care, in order to submit to GEICO and other New York automobile insurers claims for reimbursement of No-Fault benefits to which it is not entitled; and
- (ii) Naishuler is the record owner of Ideal Care since 2012.

7. The Defendants' scheme began in 2020 and continues through the present day.

8. As discussed more fully below, the Defendants at all times have known that: (i) the Defendants participated in illegal, collusive relationships in which they steered the Prescribing Providers and Clinic Controllers to direct illegal prescriptions for the Fraudulent Pharmaceuticals to Ideal Care in exchange for unlawful kickbacks and other financial incentives; (ii) the Fraudulent Pharmaceuticals billed through Ideal Care were medically unnecessary, and prescribed and dispensed pursuant to predetermined fraudulent protocols designed to exploit patients for financial gain, without regard for genuine patient care; (iii) the Defendants intentionally targeted a specific set of pharmaceutical products (i.e., the Fraudulent Topical Pain Products) that they acquired at low cost and had Ideal Care dispense in large volumes to Insureds with exorbitant charges, in place of other effective, less costly pharmaceuticals; and (iv) the Defendants made and continue to make false and fraudulent misrepresentations to GEICO by submitting or causing to be submitted charges for the Fraudulent Pharmaceuticals pursuant to illegal and invalid prescriptions.

9. Based on the foregoing, Ideal Care does not have – and never had – any right to be compensated for the Fraudulent Pharmaceuticals allegedly dispensed to GEICO Insureds. The chart attached hereto as Exhibit “1” sets forth the fraudulent claims that have been identified to-

date which the Defendants submitted, or caused to be submitted, to GEICO through the United States mail. As a result of the Defendants' scheme, GEICO has incurred damages of more than \$527,000.00.

THE PARTIES

I. PLAINTIFFS

10. Plaintiffs Government Employees Insurance Company, GEICO Indemnity Company, GEICO General Insurance Company and GEICO Casualty Company are Nebraska corporations with their principal places of business in Chevy Chase, Maryland. GEICO is authorized to conduct business and to issue automobile insurance policies in New York.

II. DEFENDANTS

11. Defendant Ideal Care is a New York corporation, formed on or about August 14, 2012. Its current principal place of business is 811 Avenue U, Brooklyn, New York.

12. Ideal Care knowingly submitted fraudulent claims to GEICO and continues to seek reimbursement on unpaid fraudulent claims.

13. Defendant Naishuler resides in and is a citizen of New York. Naishuler is the owner of Ideal Care.

14. Ideal Care received prescriptions from, among other locations, a No-Fault Clinic that was identified in an ongoing criminal proceeding, captioned USA v. Rose, 19-cr-00789 (PGG). In that criminal proceeding, the US Government has credibly alleged that the laypersons who own the various No-fault medical clinics (i) pay kickbacks to hospital workers, medical service providers, and police officers in exchange for confidential information of motor vehicle accident victims in New York; and (ii) accept kickbacks in exchange for allowing healthcare



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