

Office of the Special Narcotics Prosecutor for the City of New York

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Gramercy medical center pumped more than \$10 million in narcotic pills onto interstate black market

Physician and office manager among 49 arrested in New York, New Jersey and Pennsylvania: 30 guns seized

BRIDGET G. BRENNAN, New York City's Special Narcotics Prosecutor, BRIAN R. CROWELL, Special Agent in Charge of the Drug Enforcement Administration's New York Field Division (DEA), RAYMOND W. KELLY, New York City Police Commissioner, JAMES T. HAYES, JR., Special Agent in Charge, U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), New York Field Office, Pennsylvania Attorney General KATHLEEN G. KANE and New York State Commissioner of Health NIRAV R. SHAH, M.D., M.P.H., announced today the indictment and arrest of Dr. HECTOR CASTRO, an internal medicine practitioner, and his office manager PATRICIA VALERA in connection with widespread illegal trafficking in oxycodone, a highly addictive narcotic painkiller, in New York, New Jersey and Pennsylvania. Another 47 individuals were arrested this week, including the leaders of two major drug trafficking networks in Pennsylvania, as a result of a long-term investigation dubbed "Operation Cuba Libre." Agents and officers seized 30 guns in a series of court authorized searches, including two in New York and 28 in Pennsylvania.

CASTRO, the founder and medical director of Itzamna Medical Center at 205 East 16th Street in the Gramercy section of Manhattan, and his office manager PATRICIA VALERA (aka PATRICIA RODRIGUEZ), are believed to have carried out two separate prescription-related criminal schemes that together resulted in the diversion of well over 500,000 narcotic pills worth at least \$10 million onto the

black market.

The schemes are the subject of two indictments filed by the Special Narcotics Prosecutors' Office: one against CASTRO and the second against VALERA, her husband HECTOR RODRIGUEZ and three other defendants who were arrested in New York and New Jersey on Tuesday. The other 43 arrested defendants are charged in Pennsylvania.

The 15-month investigation was conducted by the Special Narcotics Prosecutor's Prescription Drug Investigation Unit and the New York Drug Enforcement Strike Force, Group Z-23, which is comprised of DEA agents, NYPD detectives and HSI agents, with assistance from partners in the Organized Crime Drug Enforcement Strike Force, which includes agents and officers in the DEA, the NYPD, HSI, the New York State Police, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, the Internal Revenue Service, the U.S. Secret Service and the U.S. Marshals Service.

The New York State Health Department's Bureau of Narcotic Enforcement (BNE), the Pennsylvania Attorney General's Office, the DEA's New England Division, Cape Cod Resident Office, provided significant assistance, along with the Woodbridge Township Police Department and the Union County Prosecutor's Office, both in New Jersey.

As a result of the investigation, CASTRO is charged with illegally selling 39 prescriptions for a controlled substance for \$125 each, including 28 prescriptions sold to a Special Narcotics undercover officer. Agents and investigators arrested the doctor at his home at 540 W. 52nd St. at approximately 6 a.m. on Tuesday morning. Court authorized searches of CASTRO's home and office resulted in the seizure of approximately \$20,000 in cash from a locked box, as well as medical records and computer equipment.

The investigation revealed an extensive interstate network of narcotics traffickers who got prescriptions for pills from CASTRO and VALERA. Notably, the New York State Department of Health cannot track prescriptions filled out-of-state through its Prescription Monitoring Program (PMP). Between September 2011 and February 2013, New Jersey pharmacies dispensed nearly 500,000 pills of oxycodone based on over 4,500 prescriptions originating from CASTRO's Manhattan office. In New York, pharmacies dispensed approximately 75,000 pills based on approximately 600 similar prescriptions between August 2009 and January 2013. During the course of this investigation, the street price for a 30 mg oxycodone tablet was between \$20 and \$30.

VALERA, an office manager at Itzamna Medical Center, is charged with carrying out her own forgery and criminal diversion scheme. Neither CASTRO nor his physician brother, who is co-founder of Itzamna Medical Center, is charged with knowing about that scheme. CASTRO's brother is not accused of any wrongdoing.

VALERA faces 464 charges stemming from 155 prescription sheets that she stole from CASTRO and his brother, and then forged and sold for \$500 per sheet. Many of the 155 forged prescriptions for controlled substances were purchased by two competing prescription drug trafficking rings in Pennsylvania.

Both VALERA and her husband HECTOR RODRIGUEZ, who assisted her in the scheme, were arrested at their home at 1011 Sheridan Ave., Apt. B6, in the Bronx on Tuesday morning. Agents conducted a search of their home and seized a loaded handgun, approximately \$8,000 cash and blank prescription sheets belonging to CASTRO and his physician brother.

Investigators believe VALERA was responsible for at least 713 prescriptions for narcotic painkillers in New York, New Jersey and Pennsylvania between August 2009 and March 2013. These prescriptions would have netted her a minimum of \$356,500 at a rate of \$500 per prescription.

Also arrested on Tuesday morning were three of VALERA's customers: EUCLIDES VALDEZ and RANODY CRUZ in New York, and SAVIER POLANCO in New Jersey. Agents seized a loaded

handgun from a fourth individual who was present in VALDEZ's apartment at the time of his arrest. The individual is charged separately in a criminal complaint.

In conjunction with the New York arrests, the Pennsylvania Attorney General's Office is prosecuting another 43 drug traffickers, including JOHN ROMAGNOLO and BRYN STEVENSON, the heads of the two competing prescription drug trafficking organizations in Pennsylvania to whom VALERA supplied prescriptions. ROMAGNOLO and STEVENSON used their respective drug trafficking networks to fill the prescriptions and distribute the pills in Pennsylvania.

These 43 Pennsylvania arrests, which began Tuesday and continued yesterday, represent the largest prescription drug-related takedown in Pennsylvania's history. This parallel investigation was spearheaded by the Pennsylvania Attorney General's Office, with assistance from the New York Drug Enforcement Strike Force, the Special Narcotics Prosecutor's Office, the New York State Bureau of Narcotic Enforcement and the Monroe County District Attorney's Office in Pennsylvania.

HECTOR CASTRO

The investigation into CASTRO's alleged prescription sales began in late 2011, when an individual suffered a fatal oxycodone overdose in Middlesex, N.J. and authorities discovered a pill bottle with CASTRO's name on the label at the scene. The deceased individual had received a prescription from CASTRO just a day earlier. Additionally, intelligence revealed that a number of prescription drug trafficking organizations in Union County, N.J. had been obtaining narcotic painkiller prescriptions in CASTRO's name since early 2011.

Because so many of CASTRO's prescriptions for oxycodone were being filled in New Jersey, they failed to raise red flags for New York State's Prescription Monitoring Program (PMP). However, the overdose and the high volume of street sales related to CASTRO's prescriptions in New Jersey ultimately caused the doctor's scheme to unravel. The Woodbridge Township Police and the Union County Prosecutor's Office alerted the Special Narcotics Prosecutor's Office and the New York Drug Enforcement Strike Force to this suspicious activity.

The investigation into distribution of oxycodone prescriptions from CASTRO's office revealed that in mid-2012 as many as many as 100 different individuals were visiting on a regular basis to obtain illicit prescriptions for narcotic painkillers. Each person was charged \$125 per prescription. In an effort to slow down foot traffic at the medical center, drug crews began sending point-people to purchase multiple prescriptions at a time, rather than requiring each individual named on a prescription to appear at the doctor's office. The prescriptions were then filled at pharmacies in New Jersey, where the distribution of pills also occurred.

On May 30, 2012, while the investigation into CASTRO's illegal prescription sales was underway, the doctor was convicted on tax charges filed by the Manhattan District Attorney's Office. CASTRO pleaded guilty and served 12 days in jail. As soon as he was released, he resumed his illegal prescription business.

In August 2012, after months of interviews, surveillance and other investigative work, an undercover officer from Special Narcotics successfully infiltrated one of the New Jersey prescription drug trafficking organizations and began making visits to CASTRO's Gramercy office on behalf of the drug organization. The undercover visited CASTRO's office eight times between August 2012 and January 2013 and purchased 28 prescriptions for 30 mg oxycodone. At \$125 per prescription, CASTRO received \$3,500 from the undercover.

The doctor never performed any physical examinations on the undercover officer or referred him for medical tests. During each visit, CASTRO sold the undercover officer an average of four prescriptions – one in the undercover name and the others in the names of individuals who were not present. The names and dates of birth of the purported patients were provided to CASTRO by the undercover and/or

the drug organization via text message. The indictment charges CASTRO in an additional 11 illegal sales of prescriptions for non-medical purposes, for a total of 39.

CASTRO faces 39 counts of Criminal Sale of a Prescription for a Controlled Substance. He pleaded not guilty at an arraignment before Judge James Burke on Tuesday in Manhattan Supreme Court, where bail was set at \$500,000 bond. The next court date is scheduled for April 11 before Judge Bonnie G. Wittner.

Each count of Criminal Sale of a Prescription for a Controlled Substance, a C felony, that CASTRO faces carries a maximum sentence of 5 ½ years in prison.

PATRICIA VALERA (aka PATRICIA RODRIGUEZ)

Even as CASTRO was allegedly selling prescriptions to New Jersey drug traffickers, his office manager VALERA, known as “Kardashian,” had her own criminal diversion scheme underway. The DEA’s New York Division and the Special Narcotics Prosecutor’s initiated the wiretap investigation centered on VALERA in October 2012, after receiving information from BNE and the Pennsylvania Attorney General’s Office that VALERA was suspected of supplying illegal prescriptions to drug crews.

During the wiretap investigations in New York and Pennsylvania, agents reviewed thousands of calls and text messages between VALERA and her two main customers, JOHN ROMAGNOLO and BRYN STEVENSON, the leaders of two large, competing prescription drug trafficking crews operating in Pennsylvania.

The investigation revealed that VALERA stole blank prescription sheets from both CASTRO and his physician brother, forged the prescriptions and then sold the individual sheets for approximately \$500 each. VALERA supplied the oxycodone prescriptions to the two Pennsylvania organizations, as well as smaller groups in New York and New Jersey.

The pill distribution networks supplied VALERA with the names and dates of birth that were to appear on the prescriptions, often via text message. The buyers also coordinated with VALERA to make sure she was present in the medical office when forged prescriptions were presented at pharmacies. In the event a pharmacist called the doctor’s office to verify a prescription, VALERA would be the one to pick up the phone and confirm it. These drug traffickers in turn are believed to have sold the oxycodone pills primarily to teenagers and young adults.

RODRIGUEZ assisted his wife by delivering prescriptions to STEVENSON in Pennsylvania. VALERA also supplied forged prescriptions to EUCLIDES VALDEZ and RANODY CRUZ in New York, and SAVIER POLANCO in New Jersey.

A Special Narcotics indictment contains 464 charges against VALERA stemming from 155 prescriptions for narcotic painkillers, which she forged and sold between August 2011 and January 2013. At the rate of \$500 per prescription, she and RODRIGUEZ pocketed approximately \$77,500 for these prescriptions alone.

Investigators believe VALERA and RODRIGUEZ spent their ill-gotten gains on frequent vacations, gambling in casinos and luxury goods. Since the summer of 2012, the couple travelled to France and Italy, the Dominican Republic, Cancun and Florida.

The charges against VALERA include one count of Conspiracy in the 4th Degree, one count of Criminal Possession of a Controlled Substance in the 3rd Degree, 155 counts of Forgery in the 2nd Degree, 155 counts of Criminal Possession of a Forged Instrument in the 2nd Degree, and 152 counts of Criminal Diversion of Prescription Medications and Prescriptions in the 4th Degree.

Both VALERA and RODRIGUEZ pleaded not guilty at an arraignment before Judge James Burke on

Tuesday in Manhattan Supreme Court, where they were remanded pending bail arguments before Judge Bonnie G. Wittner on April 11.

VALDEZ, CRUZ and POLANCO also pleaded not guilty and were held without bail pending bail arguments on April 11.

PENNSYLVANIA DRUG ORGANIZATIONS

JOHN ROMAGNOLO and BRYN STEVENSON were arrested at their homes in Monroe County, Penn. on Tuesday and are being prosecuted by the Pennsylvania Attorney General's Office. In addition, 41 members of the ROMAGNOLO and STEVENSON drug crews were also arrested Tuesday and yesterday. Officers seized a total of 28 firearms during court authorized searches.

Twelve of these firearms were seized from a wooded compound in Cresco, Penn. where ROMAGNOLO and several relatives reside in close proximity to one another. A search of ROMAGNOLO's house at 764 Red Rock Rd. yielded a shotgun, a handgun and a rifle. Officers seized a small arsenal of four handguns, four rifles and one shotgun from 791 Red Rock Rd. where ROMAGNOLO's mother and brother, JEAN ROMAGNOLO and DANIEL ROMAGNOLO, reside. Agents also recovered numerous pill bottles from the houses.

Meanwhile, a search of STEVENSON's home at 134 Pocono Circle in Bartonsville, Penn. yielded two shotguns and over \$4,300.

The wiretap investigation revealed that from March 2011 to December 2012, the ROMAGNOLO and STEVENSON organizations filled over 500 prescriptions in 100 different names. These organizations illegally obtained over 75,000 tablets of 30mg oxycodone, which were distributed in Monroe County.

ROMAGNOLO, known as the "Script King," would drive from Pennsylvania to New York City approximately three times per week and purchase two or three prescriptions at a time from VALERA. VALERA and ROMAGNOLO communicated by cellphone to set up their prescription transactions.

On some occasions, VALERA would alert ROMAGNOLO to when the doctors were away or busy with patients and he would come down to the office. At other times, VALERA would slip out of the office to meet ROMAGNOLO or one of his runners, or leave the prescriptions with the doorman.

ROMAGNOLO typically dropped off cash on his trips to New York City or paid VALERA via Western Union. Between March 2011 and December 2012, ROMAGNOLO paid VALERA \$30,400 via Western Union alone. In most cases, ROMAGNOLO filled the prescriptions in Pennsylvania, although some prescriptions were filled in Manhattan and New Jersey.

BRYN STEVENSON preferred to have his prescriptions delivered. VALERA's husband HECTOR RODRIGUEZ typically drove to Pennsylvania to meet with STEVENSON. These prescriptions were filled in Monroe County.

Violence erupted during the course of the investigation. In December of 2012, a close associate of STEVENSON's was shot in a Pennsylvania incident that is believed to have been drug-related. This shooting remains under investigation.

ROMAGNOLO and STEVENSON each employed dozens of "runners" or "fillers," whom they used to fill the prescriptions at pharmacies. Both drug crew leaders relied heavily on the participation of their family members. ROMAGNOLO and STEVENSON, with the help of VALERA, kept track of when and where prescriptions were filled, so as not to draw the attention of pharmacies or law enforcement. The people filling the prescriptions either paid with cash or utilized private insurance or publicly funded medical assistance. ROMAGNOLO and STEVENSON paid the runners in cash or pills.

The investigation revealed that VALERA's forgeries resulted in more than 500 prescriptions for controlled substances from CASTRO or his brother being filled in Monroe County, Penn. Many pharmacies in the area ran out of oxycodone, or refused to fill oxycodone prescriptions, because the demand was so great from these competing networks. Pharmacists in Pennsylvania alerted authorities to the suspicious number of prescriptions coming in from CASTRO's Manhattan office.

Special Narcotics Prosecutor BRIDGET G. BRENNAN thanked the New York Drug Enforcement Strike Force, the U.S. Drug Enforcement Administration, New York Division, the New York City Police Department, the New York State Health Department's Bureau of Narcotic Enforcement, the Pennsylvania Attorney General's Office, the Monroe County District Attorney's Office, the Stroud Regional Police Department and the Pocono Mountain Regional Police Department, all in Pennsylvania, the Woodbridge Township Police Department and the Union County Prosecutor's Office, both in New Jersey, and the DEA's Cape Cod Drug Task Force.

"Well over half a million oxycodone pills were illegally sold in New York, New Jersey and Pennsylvania, fuelling the addiction of an untold number of people. The source of these pills were just two persons, Dr. Hector Castro and his office manager Patricia Valera, underscoring the damage a rogue medical office can cause. The firearms recovered in this case also highlight how the gun violence associated with cocaine and heroin trafficking is now the muscle in the illegal oxycodone trade," said BRIDGET G. BRENNAN. "A scheme to obtain prescriptions in one state, and fill them and distribute them in another, exposes weakness in our regulatory systems. Federal leadership and regional coordination are keys to reigning in this epidemic."

DEA New York Division's Special Agent in Charge BRIAN R. CROWELL stated, "Seven thousand people begin misusing prescription drugs for the first time every day. Today's enforcement announcement has identified Tri-State Rx crews that targeted and capitalized on this deadly pain medication threat. From Pennsylvania to Cape Cod, law enforcement's collaboration on this investigation led to identifying those responsible for distributing illegal medication as well as those making a profit off the sale of prescriptions which fueled the Rx crews' drug networks. Law enforcement is committed to increasing the awareness of the destructive dangers of abusing prescription drugs because the first time it is used, could be the last time."

Police Commissioner RAYMOND W. KELLY said, "When individuals enable and exploit others' addictions to line their own pockets, as well as possess illegal guns, the NYPD and its partners in federal law enforcement will investigate and indict them. I commend the members of the New York Drug Enforcement Strike Force on their vigilance and persistent effort to prosecute prescription drug dealers and distributors who maltreat the medical profession."

"Doctor Hector Castro and his staff allegedly abused their trusted positions as medical professionals to illegally distribute prescription drugs for a profit," said JAMES T. HAYES Jr., special agent in charge of HSI New York. "HSI and its law enforcement partners work diligently to target the illicit distribution of narcotics that jeopardize the safety of our communities."

Pennsylvania Attorney General KATHLEEN G. KANE said, "This investigation demonstrates how effective collaboration between local, state, and federal law enforcement can be in targeting and dismantling criminal organizations. I commend and want to sincerely thank every law enforcement official involved in this investigation for their efforts."

New York State Health Commissioner NIRAV R. SHAH, M.D., M.P.H., said, "New York State is committed to stopping the abuse of prescription drugs, and works closely with federal, state, and local partners to track the distribution of drugs like oxycodone that are prone to abuse. I commend all the agencies involved in this investigation for their diligent work to shut down a dangerous drug distribution source and protect public health."

"As the epidemic of prescription drug abuse continues, actions such as those alleged in this indictment have the potential to undermine the public's faith in the prescribing community. This investigation holds

responsible a medical professional, who abused his license, and it illustrates the far-reaching effects these criminal and reckless acts can have,” said TERENCE O’LEARY, director of the State Health Department’s Bureau of Narcotic Enforcement. “The Bureau is proud to partner with the law enforcement agencies involved in this investigation to help put an end to these illegal and dangerous activities. The Bureau’s investigators’ expertise, coupled with data from the Prescription Monitoring Program and New York’s Official Prescription Form Program, enabled a coordinated and sharply focused investigative effort among the agencies involved. This collaborative approach among public health officials and law enforcement agencies, along with a continuing partnership with the medical community, is invaluable as we work to curb this expanding epidemic.”

NEW YORK INDICTMENTS

DEFENDANTS	CHARGES
Hector J. Castro 12/27/1961 540 W. 52nd St., Apt. 3M New York	Criminal Sale of a Prescription for a Controlled Substance – 39 cts
Patricia Valera, aka Patricia Rodriguez 08/29/1984 1011 Sheridan Ave., Apt. B6 Bronx	Conspiracy 4 th – 1 ct CPCS 3 rd – 1 ct Forgery 2 nd – 155 cts Criminal Possession of a Forged Instrument 2 nd – 155 cts Criminal Diversion of Prescription Medications and Prescriptions 4 th – 152 cts
Hector C. Rodriguez 09/05/1983 1011 Sheridan Avenue, Apt. B6 Bronx	Conspiracy 4 th – 1 ct CPCS 3 rd – 2 cts Criminal Possession of a Forged Instrument 2 nd – 2 cts
Ranody A. Cruz 04/19/1976 453 W152nd St., Apt. 1B New York	Conspiracy 4 th – 1 ct Criminal Possession of a Forged Instrument 2 nd – 2 cts Criminal Diversion of Prescription Medications and Prescriptions 4 th – 2 cts
Savier Polanco 11/09/1983 219 Miriam St., Apt. 5C Bronx	Conspiracy 4 th – 1 ct Criminal Possession of a Forged Instrument 2 nd – 11 cts CPCS 3 rd – 11 cts Criminal Diversion of Prescription Medications and Prescriptions 4 th – 11 cts
Euclides Valdez 11/06/1974 465 W. 152nd St. New York	Conspiracy 4 th – 1 ct Criminal Possession of a Forged Instrument 2 nd – 10 cts Criminal Diversion of Prescription Medications and Prescriptions 4 th – 10 cts

The charges and allegations are merely accusations and the defendants are presumed innocent until proven guilty.