18CF5144

Rough Arrest Only

# ARREST / NOTICE TO APPEAR
## Juvenile Referral Report

1. Arrest 3. Request for Warrant
2. N.T.A. 4. Request for Capias

**3**

Juvenile: **N**

## ADMINISTRATION

| | | |
|---|---|---|
| OBTS Number: | | |
| Agency ORI Number: FL0500000 | Agency Name: PALM BEACH COUNTY SHERIFF'S OFFICE | Agency Report Number: 06- 18-037785 |

Charge Type: Check as many as apply.
☒ 1. Felony ☐ 2. Traffic Felony ☐ 3. Misdemeanor ☐ 4. Traffic Misdemeanor ☐ 5. Ordinance ☐ 6. Other

Weapon Seized/Type: 1. Yes 2. No — **2**

Multiple Clearance Indicator: **1**

Location of Arrest (Including Name of Business):

Location of Offense (Business Name, Address): **5601 Corporate Way #320, West Palm Beach, FL 33407**

| Date of Arrest | Time of Arrest | Booking Date | Booking Time | Jail Date | Jail Time | Location of Vehicle |
|---|---|---|---|---|---|---|
| | | | | | | |

## DEFENDANT

Name (Last, First, Middle): **KANE, ALEX D.**

Alias (Name, DOB, Soc. Sec. #, Etc.):

| Race (W - White, B - Black, I - American Indian, O - Oriental/Asian) | Sex | Date of Birth | Height | Weight | Eye Color | Hair Color | Complexion | Build |
|---|---|---|---|---|---|---|---|---|
| W | M | 06/05/1987 | 6'1 | 180 | BRN | BRN | MED | MED |

Scars, Marks, Tattoos, Unique Physical Features (Location, Type, Description):

Marital Status: **UNKNOWN**

Religion: **UNKNOWN**

Indication of: (Y N Unk.)
Alcohol Influence ☐ ☒ ☐
Drug Influence ☐ ☒ ☐

| | (City) | (State) | (Zip) | Phone |
|---|---|---|---|---|
| Local Address (Street, Apt. Number): 72 SE 6TH AVE, APT A | DELRAY BEACH | FL | 33483 | ( ) |
| Permanent Address (Street, Apt. Number): | | | | ( ) |
| Business Address (Street, Apt. Number): | | | | ( ) |

Residence Type: 1. City 2. County 3. Florida 4. Out of State — **1**

Address Source:

Occupation: **addiction treatment**

| D/L Number, State | Soc. Sec. Number | INS Number | Place of Birth | Citizenship |
|---|---|---|---|---|
| K500-004-87-205-0 | [redacted] | | FLORIDA | USA |

## CO-DEF

| Co-Defendant Name (Last, First, Middle) | Race | Sex | Date of Birth | Status |
|---|---|---|---|---|
| . | | | | ☐ 1. Arrested ☐ 2. At Large ☐ 3. Felony ☐ 4. Misdemeanor ☐ 5. Juvenile |
| | | | | ☐ 1. Arrested ☐ 2. At Large ☐ 3. Felony ☐ 4. Misdemeanor ☐ 5. Juvenile |

## JUVENILE

☐ Parent ☐ Legal Custodian ☐ Othe — Name (Last) (First) (Middle) — Residence Phone

Address (Street, Apt. Number) (City) (State) (Zip) — Business Phone

Notified by: (Name) — Date — Time

Juvenile Disposition: 1. Handled/Processed within Dept. and Released 2. TOT HRS/CYF 3. Incarcerated

Released To: (Name) — Relationship — FCIC/NCIC — Date — Time

The above address was provided by defendant and/or defendant's parents. The child and/or parent was told to keep the Juvenile Court Clerk's Office informed of any change of address:
☐ Yes, by: (Name) ☐ No: (Reason)

School Attended — Grade

## CODE

Recovery Information: 0. N/A 1. Voluntary 2. Located Not Returned 3. Hospitalized 4. HRS Custody 5. Law Enforcement Custody 6. Returned to Parent 7. Deceased 8. Other — **0**

Drug Activity: N. N/A P. Possess S. Sell B. Buy T. Traffic R. Smuggle D. Deliver E. Use K. Dispense/Distribute M. Manufacture Produce/Cultivate Z. Other

Drug Type: N. N/A A. Amphetamine B. Barbituate C. Cocaine E. Heroin H. Hallucinogen M. Marijuana O. Opium/Deriv. P. Paraphernalia/Equipment S. Synthetic U. Unknown Z. Other

## CHARGE

| Charge Description | Counts | Domestic Violence | Statute Violation Number | Violation of ORD # |
|---|---|---|---|---|
| PATIENT BROKERING-RECEIVING KICKBACKS | 4 | ☐ Yes ☒ No | 817.505(1)(b) | |

| Drug Activity | Drug Type | Amount/Unit | Offense # | Warrant/Capias Number | Bond |
|---|---|---|---|---|---|
| N | N | $182,898 | 06-18-037785 | | |

## CHARGE

| Charge Description | Counts | Domestic Violence | Statute Violation Number | Violation of ORD # |
|---|---|---|---|---|
| AIDING, PARTICIPATING IN PATIENT BROKERING | 1 | ☐ Yes ☒ No | 817.505(1)(d) | |

| Drug Activity | Drug Type | Amount/Unit | Offense # | Warrant/Capias Number | Bond |
|---|---|---|---|---|---|
| N | N | $182,898 | 06-18-037785 | | |

## CHARGE

| Charge Description | Counts | Domestic Violence | Statute Violation Number | Violation of ORD # |
|---|---|---|---|---|
| CONSPIRACY TO COMMIT PATIENT BROKERING | 1 | ☐ Yes ☒ No | 777.04(3) | |

| Drug Activity | Drug Type | Amount/Unit | Offense # | Warrant/Capias Number | Bond |
|---|---|---|---|---|---|
| N | N | $182,898 | 06-18-037785 | | |

## CHARGE

| Charge Description | Counts | Domestic Violence | Statute Violation Number | Violation of ORD # |
|---|---|---|---|---|
| | | ☐ Yes ☐ No | | |

| Drug Activity | Drug Type | Amount/Unit | Offense # | Warrant/Capias Number | Bond |
|---|---|---|---|---|---|
| | | | | | |

## NOTICE TO APPEAR

☐ Instruction No. 1 Mandatory Appearance in Court
☐ Instruction No. 2 You need not appear in Court but must Comply with instructions on reverse side.

Location (Court, Room Number, Address):

Court Date and Time: Month Day Year Time A.M. P.M.

I AGREE TO APPEAR AT THE TIME AND PLACE DESIGNATED TO ANSWER THE OFFENSE CHARGED OR TO PAY THE FINE SUBSCRIBED. I UNDERSTAND THAT SHOULD I WILLFULLY FAIL TO APPEAR BEFORE THE COURT AS REQUIRED BY THIS **NOTICE TO APPEAR**, THAT I MAY BE HELD IN CONTEMPT OF COURT AND A WARRANT FOR MY ARREST SHALL BE ISSUED.

Signature of Defendant (or Juvenile and Parent/Custodian) — Date Signed

## ADMIN

**HOLD** for other Agency
Name:
☐ Dangerous ☐ Resisted Arrest
☐ Suicidal ☐ Other:

Signature of Arresting Officer: X 15527

Name of Arresting Officer (Print): **Det. M. Berey** — I.D. #: **15527**

Name Verification (Printed by Arrestee) (PRINT) ____________

| Intake Deputy | I.D. # | Pouch # | Transporting Officer | I.D. # | Agency |
|---|---|---|---|---|---|
| | | | | | |

Witness here is subject signed with an "X".

PAGE 1 OF 1

DISTRIBUTION: 1st WHITE - COURT 2nd WHITE - RECORDS GREEN - STATE ATTY. YELLOW - CID PINK - JAIL (Rough Arrest) GOLD - DEFENDANT (Misd.) or BLOTTER (Felony)

| OBTS Number | PROBABLE CAUSE AFFIDAVIT<br>1. Arrest 2. N.T.A. 3. Request for Warrant 4. Request for Capias | 3 | Juvenile |
|---|---|---|---|

| Agency ORI Number | Agency Name | Agency Report Number |
|---|---|---|
| FLO 5 0 0 0 0 0 | PALM BEACH COUNTY SHERIFF'S OFFICE | 06 – 18-037785 |

Charge Type: ☒ 1. Felony ☐ 3. Misdemeanor ☐ 5. Ordinance
Check as many ☐ 2. Traffic Felony ☐ 4. Traffic Misdemeanor ☐ 6. Other
as apply.
Special Notes:

| Defendant's Name (Last, First, Middle) | Race | Sex | Date of Birth |
|---|---|---|---|
| KANE, ALEX D. | W | M | 06/05/1987 |

| Charge Description | Charge Description |
|---|---|
| PATIENT BROKERING-RECEIVING KICKBACKS | AIDING OR ABETTING PATIENT BROKERING |
| CONSPIRACY TO COMMIT PATIENT BROKERING | |

| Victim's Name (Last, First, Middle) | Race | Sex | Date of Birth |
|---|---|---|---|
| STATE OF FLORIDA | | | |

| Victim's Local Address (Street, Apt. Number) | (City) | (State) | (Zip) | Phone | Address Source |
|---|---|---|---|---|---|
| | | | | | |

| Victim's Business Address (Name, Street) | (City) | (State) | (Zip) | Phone | Occupation |
|---|---|---|---|---|---|
| | | | | | |

The undersigned certifies and swears that he/she has just and reasonable grounds to believe, and does believe that the above named Defendant committed the following violation of law. The Person taken into custody...

☐ committed the below acts in my presence.
☐ confessed to _____
admitting to the below facts.
☐ was observed by _____ who told _____
that he/she saw the arrested person commit the below acts.
☒ was found to have committed the below acts, resulting from my (described) investigation.

On the 7TH day of MARCH, 20018 at 1:00 ☐ A.M. ☒ P.M. (Specifically include facts constituting cause for arrest).



## NARRATIVE:

In early 2017 I participated, as a member of the Office of the State Attorney-Sober Homes Task Force, in an investigation of Impact Q Testing LLC ("IQ"), a clinical laboratory located at 2234 W Atlantic Ave, Delray Beach, FL. [Clinical laboratories in Florida are considered health care providers requiring licensure by Florida's Agency for Heath Care Administration ("AHCA").]

In the course of that investigation a subpoena was issued for the bank account records of IQ. In a review of the certified Bank of America records for the account of IQ received 3/22/17, I identified 10 checks issued from 9/16-1/17 totaling over $400,000 all payable to John Rizzo or LLC's affiliated and controlled by John Rizzo. John G. Rizzo is a convicted federal felon currently on supervised release in Palm Beach County, FL.

On 5/2/17 analyst S. Pentecost and I met with John Rizzo at the U.S. Courts Office at 501 S Flagler Dr, WPB, FL. Also present was Rizzo's federal probation officer, John Minnelli. In a sworn statement, Rizzo said he knew Danny Kandler, principal of IQ, because they both live in the Oaks community in Boca Raton, Fl. Rizzo said he started working at IQ in July, 2016. Rizzo said he was also involved in business activities with two other principals/officers of IQ: David Remland and Mark Desimone.

On 11/16/17 ASA J. Chapman, Analyst S. Pentecost, and I met with John Rizzo and his attorney, Tama Kudman. At this meeting Rizzo elaborated on his statements made at the 5/2/17 meeting. Rizzo said that in early 2016 he had an agreement with UTC Laboratories in New Orleans, LA, under which he would receive approximately 50% of the collected insurance claim receipts to UTC for all of the Urinalysis ("UA") cups that he was responsible for delivering from his treatment center clients. He said he brought Safe Harbour Recovery Treatment Center in West Palm Beach, FL to UTC. He said he was working with Hunter Johnson, Naim Cephas, and Chris Norris. He described them as having a relationship with Safe Harbour, and they brought Safe Harbour to Rizzo and Rizzo arranged for their UA cups to be sent via FedEx to UTC. Rizzo said he met with Alex Kane and Jocelyne Martorano, and later with Chris Martorano, husband of Jocelyne, at Safe Harbour. Florida Department of State records list Jocelyne Martorano as a partner in both Safe Harbour Recovery Group, LLC and Safe Harbour Recovery-Boynton LLC. Alex Kane lists his Linkedin profile on social media as Chief Operating Officer of Safe Harbour from 12/15-12/17.

Rizzo admitted that he had no experience in the clinical lab business. He said he never went to UTC in New Orleans, and he negotiated a "distributer" agreement with UTC over the phone where they agreed to pay Rizzo 60% of receipts after deducting 15% "cost of goods" for UTC. He said it equated to about a 50/50 net split, and it was negotiated in or about November 2015 over the phone from his home office in Delray Beach, Fl.

Rizzo said he met with Desimone, who was also a neighbor of his, in April or May 2016 and Desimone told him he was opening a lab (IQ) and wanted his business. Shortly thereafter Rizzo agreed to move the Safe Harbour account for UA's to IQ.

Rizzo said that after he switched the testing of Safe Harbour's UA samples from UTC to IQ on July 1, 2016, someone set up a LLC affiliated with Safe Harbour called United "something" (which he later identified as United Recovery), and he put Alex Kane and Chris Martorano in touch with Desimone and "they signed the deal" whereby United Recovery got payments from IQ regarding the UA business that Rizzo referred from Safe Harbour to IQ. Rizzo said Alex Kane and Chris Martorano "didn't want me to pay Hunter and Naim...they had somebody that they would set up and that's where they wanted the money to go." Rizzo said he met with Alex and Chris Martorano at Safe Harbour offices and had this discussion about them wanting payments from IQ.

Certified Bank of America records for the IQ account ending in [redacted] show that IQ made payments to "United Recovery Consultants LLC" from 9/16-12/16 totaling $182,898. Certified TD Bank records of United Recovery show that all four of these checks were deposited into the account (ending in [redacted]) of "United Recovery Consulting LLC". TD Bank records also show that this account was opened on 7/20/16 and the "Authorized Representatives/Signers" on the account were Christopher Kristiansen and Alex Kane. The four checks are as follows:

## NARRATIVE CONTINUATION

| CHECK # | DATE | AMOUNT |
|---|---|---|
| 1079 | 09/08/16 | $55,600 |
| 1127 | 10/10/16 | 37,298 |
| 1178 | 11/02/16 | 45,000 |
| 1235 | 12/07/16 | 45,000 |

From 9/16/16 thru 1/9/17, 17 check payments totaling $186,000 were made from this United Recovery bank account all payable to "Christopher Kristiansen". Most of these checks were for amounts between $4,000 and $9,000

On 1/30/18 ASA J. Chapman, Analyst S. Pentecost, and I again met with John Rizzo and his attorney, Tama Kudman. Tama provided us with a stack of documents which were all scanned and placed into evidence. Of particular note was a "MARKETING REPRESENTATIVE AGREEMENT" dated 8/1/16 and effective 9/31/16 between Impact Q Testing LLC ("IQ") and United Recovery Consultants, LLC ("URC".) This agreement was signed on 9/12/16 by Daniel Kandler on behalf of IQ and Christopher Kristiansen on behalf of URC, and it provided for no base monthly payments but did provide for "discretionary incentive compensation of up to $75,000/month." (Rizzo had previously said he did not recall the name Chris Kristiansen, however, Rizzo explained later in this interview that he had found this agreement signed by Kandler and Kristiansen. He said he got it by email from Kristiansen and forwarded it to Desimone or Daniel Kandler.) Kristiansen's signature on this marketing agreement appears to match his signature on the certified bank records provided by TD Bank for United Recovery Consulting LLC..



Rizzo reviewed 9 checks from the certified Bank of America records of the IQ account issued 9/16-1/17 from IQ to 2 LLC's under his control. He confirmed that these checks were all payment for his referral of UA samples to IQ from Safe Harbour and several smaller treatment center accounts. He said he picked up the UA's from Safe Harbour on a regular basis.

Rizzo also confirmed that prior to receiving these checks he met at Safe Harbour's office with Alex Kane and Chris Martorano. In that meeting Kane and Martorano requested that they also get payments for their UA business from IQ to an affiliated LLC. Rizzo identified that LLC as United Recovery. (As previously mentioned, the United Recovery bank account shows authorized signers as Christopher Kristiansen and Alex Kane. Kristiansen and Kane were employees of Safe Harbour at the time that this account was established.)

## NARRATIVE CONTINUATION

We reviewed the 4 payments detailed above from IQ to United Recovery. I pointed out that United Recovery got checks dated the exact same date as 4 of Rizzo's checks, and the check numbers were sequential (for 3 of the checks and nearly sequential for the 4th) to the checks received by Rizzo. Rizzo explained that when he picked up his checks from IQ, he also picked up the check for United Recovery and delivered the United Recovery check personally to Alex Kane at Kane's Safe Harbour office. He said that when he picked up the checks at IQ, Desimone would "show me the gross, the collected billables for the month, and then he would tell me what the numbers were, and then he would give it to Shelley and Shelley would cut the checks and then give me the checks." Rizzo explained that Desimone was using the promised 70% of collected insurance claims in calculating his payments. He said that the 1st time he picked up the checks, Kandler was present with Desimone, but the rest of the times he recalled it was just Desimone going over the numbers with him and getting him the checks.

On 2/2/18 Det. C. Lunsford and I met with April Scholl at the DBPD in Delray Beach, Fl. April said she worked at Safe Harbour in West Palm Beach, FL from 6/2016 thru 3/2017 as an admissions counselor and then as a tech manager. She said Kane, Chris Martorano ("Martorano"), and Martorano's wife, Jocelyne Martorano were the 3 people who ran Safe Harbour. I asked her if she knew Chris Kristiansen and she said: "he was a marketer, but I don't think he was a legal marketer." She said she believed that Kristiansen was paid by the person count for bringing patients into Safe Harbour. She said she saw on some occasions Kane, Kristiansen, and Martorano writing checks to patients who were agreeing to attend treatment at Safe Harbour. She said lots of clients would say that they got paid to stay there.

April said that Kane and Kristiansen lived together. A 2017 Sunbiz filing by Alex Kane showed the same listed Delray Beach residential address as Kristiansen used for himself in an unrelated 2017 Sunbiz filing.

April said that John Rizzo personally picked up UA cups for delivery to a lab. She said that for some portion of her time knowing Rizzo, the Safe Harbour UA's were going to IQ. She said she had personal knowledge of this, and she sometimes spoke with someone at IQ about specific lab issues such as false positives for UA's of Safe Harbour patients.

April said she knew Hunter Johnson and she said he "was kind of like a marketer as well, like Kristiansen." April said: "I hate to call them marketers, because they're not marketers…I think that they were patient brokering." April said Kristiansen was being paid by Kane and Martorano for bringing in patients. I asked if Kristiansen had a job title, and she said he was just called a marketer by others in the office. April said he did not have his own office. She said Kane called himself an owner and she often saw Kane talking to Rizzo with Kristiansen and Martorano in the room too.

April said she left Safe Harbour because Kane directed her to provide a urine sample in her presence. When she refused to provide a UA sample literally with Kane watching her, she was asked to leave. April said other female employees urinated in Kane's presence in order to keep their jobs. April said she has been sober for over 10 years.

On 2/8/18 Det. C. Lunsford and I met with Philip Appolonia at the DBPD in Delray Beach, Fl. Phil said he worked at Safe Harbour in West Palm Beach, FL from 5/2016 thru 11/2017 as a sober home manager and then as a tech manager. He said he reported to Alex Kane, who he described as the primary person running Safe Harbour. He said Kristiansen was a marketer there, and he said Kane and Kristiansen "were very close."

On or about September 19, 2017, Det. Lunsford and I attempted to speak with Kristiansen and with Alex Kane. Both refused to speak with us regarding this investigation.

On 2/14/18 Det. C. Lunsford and I arrived at 1 Beachway Dr, Ocean Ridge, FL to attempt to interview Jocelyne and Chris Martorano regarding their roles at Safe Harbour. Jocelyne answered the door and indicated that she did not want to speak with us and was planning to retain legal counsel. I told her that we would also like to speak to her husband Chris. She said Chris was not home, but that he did in fact reside at this address.

On 3/1/18 Det. C. Lunsford, Analyst S. Pentecost, and I met with Christopher Kristiansen and his attorney, Glenn Roderman. Kristiansen appeared pursuant to a subpoena to appear dated 2/22/18. He said that he has lived together with Alex Kane and Ryan Wold in Delray Beach for the past 2 years. He said that before starting at Safe Harbour he learned that being paid fees per client was illegal.

Kristiansen said that Hunter Johnson first introduced him to Alex Kane, and Kane offered him a job working at Safe Harbour in May or June, 2016. He said Alex was the COO of Safe Harbour. Kristiansen was designated as Outreach Coordinator reporting to Kane. He said Kane ran Safe Harbour.

Kristiansen said he formed United Recovery Consulting LLC at the suggestion of Kane. He said he was going to become a marketer for IQ. Kane said he could make some more money from this, and Kristiansen said it "would not require too much time." He said it was to market for some treatment centers in California and for IQ. Kristiansen

# NARRATIVE CONTINUATION

said that he was introduced to IQ by Kane, and he said Kane introduced him to John Rizzo of IQ. Kristiansen said he never went to IQ's lab offices and he never met with anyone from IQ other than Rizzo.

Kristiansen said he and Alex Kane set up a TD Bank account in the name of United Recovery. He confirmed that he emailed his signed marketing agreement between IQ and United Recovery to Rizzo in September, 2016 for delivery to IQ. He said that he received $182,898 in referral fees (identifying the 4 checks referenced above) from IQ to United Recovery from 9/16 thru 12/16. He admitted his only lab marketing account was for Safe Harbour's UA labs. He acknowledged that he didn't have the authority to designate a lab for use by Safe Harbour, and he admitted that Kane authorized him to send Safe Harbour's UA labs to IQ for testing. CK admitted that he never performed most of the required services under the IQ marketing agreement, he never visited IQ, and never met anyone from IQ other than Rizzo. He said that the only experience he had in the UA lab testing business was "peeing in cups" himself. He said Kane set him up for these payments just because they were friends.

In summary, Alex Kane:

1. received referral fees from 9/8/16 thru 12/7/16 from IQ to his United Recovery bank account in exchange for the referral of patronage from Safe Harbour to IQ in violation of FSS 817.505(1)(b).
2. participated with Kristiansen, (his friend, roommate, and subordinate employee) in opening a TD Bank account on 7/20/16 primarily for the deposit of those referral fees, and advised Kristiansen to establish a LLC on 7/13/16 primarily for the purpose of receiving referral fees from IQ, and authorized Kristiansen to direct Safe Harbour's UA lab business to IQ, all in violation of FSS 817.505(1)(d)
3. conspired with Kristiansen and Rizzo to commit patient brokering in violation of FSS 777.04(3).

Based on all of the above, probable cause exists for the arrest of Alex Kane on 4 counts of receiving patient referral kickbacks in violation of FSS 817.505 (1)(b), 1 count of aiding, abetting, or otherwise participating in Patient Brokering in violation of FSS 817.505(1)(d), and 1 count of conspiracy to commit patient brokering in violation of FSS 777.04(3).



| Sworn and Subscribed before me | |
|---|---|
| Signature Notary Public / Clerk of Court / Officer (F.S.S 117.10) | Signature of Arresting / Investigating Officer |
| **Inv. T. Padich** | **Det. MARK BEREY #15527** |

## NARRATIVE CONTINUATION

| Name of Notary Public / Clerk of Court / Officer (F.S.S 117.10) | Name of Officer (Please Print) |
| --- | --- |
| **5/21/18** | **5/21/18** |
| Date | Date |