19-1482

Rough Arrest Only ☐

ARREST / NOTICE TO APPEAR
Juvenile Referral Report

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

ADMINISTRATION

OBTS Number	Agency ORI Number	Agency Name	Agency Report Number
	FL0500000	PALM BEACH COUNTY SHERIFF'S OFFICE	06- 19-025968

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)
	1509 PROSPERITYFARMS RD, LAKE PARK, FL

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

DEFENDANT

Name (Last, First, Middle): **MCALEES, JOSHUA FARINEAU**

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	07/01/1974	6'0	180	BRN	BRN	MED	MED

Scars, Marks, Tattoos, Unique Physical Features (Location, Type, Description)	Marital Status	Religion	Indication of: Alcohol Influence / Drug Influence (Y / N / Unk.)
	MARRIED	UNKNOWN	Alcohol: ☐ ☒ ☐ Drug: ☐ ☒ ☐

Local Address (Street, Apt. Number)	(City)	(State)	(Zip)	Phone	Residence Type (1. City 2. County 3. Florida 4. Out of State)
272 SAN REMO DR	JUPITER	FL	33458	( )	1

Permanent Address (Street, Apt. Number)	(City)	(State)	(Zip)	Phone	Address Source
				( )	

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

D/L Number, State	Soc	INS Number	Place of Birth	Citizenship
M242-426-74-241-0	[redacted]		FL	USA

CO-DEF

Co-Defendant Name (Last, First, Middle)	Race	Sex	Date of Birth	1. Arrested 2. At Large 3. Felony 4. Misdemeanor 5. Juvenile
				☐ ☐ ☐ ☐ ☐
Co-Defendant Name (Last, First, Middle)	Race	Sex	Date of Birth	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	6	☐ Yes ☒ No	817.505(1)(b)	

Drug Activity	Drug Type	Amount/Unit	Offense #	Warrant/Capias Number	Bond
N	N	$253,287.08	06-19-025968		

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	$253,287.08	06-19-025968		

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

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: PBSO

Witness here is subject signed with an "X".

PAGE 1 OF 1

SHARON R. BOCK, CLERK PALM BEACH COUNTY, FL FEB 15 AM 11:40

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

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OBTS Number	PROBABLE CAUSE AFFIDAVIT 1. Arrest 2. N.T.A. 3. Request for Warrant 4. Request for Capias	3	Juvenile	N

Agency ORI Number	Agency Name	Agency Report Number
FLO 5 0 0 0 0 0	PALM BEACH COUNTY SHERIFF'S OFFICE	06 – 19-025968

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
MCALEES, JOSHUA FARINEAU.	W	M	07/01/1974

Charge Description	Charge Description
PATIENT BROKERING	CONSPIRACY TO COMMIT PATIENT BROKERING
Charge Description	Charge Description

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 15TH day of February, 20019 at 11:00 ☒ A.M. ☐ P.M. (Specifically include facts constituting cause for arrest).

NARRATIVE:

In 2017 and 2018 I participated, as a member of Palm Beach County's Office of the State Attorney-Sober Homes Task Force ("SHTF"), in multiple investigations of clinical laboratories alleged to have paid kickbacks to various parties for referring urinalysis samples ("UA's") for testing. In 2015 and 2016 clinical laboratories in Florida were considered health care providers requiring licensure by Florida's Agency for Health Care Administration ("AHCA") pursuant to F.S.S. 483.

One of those investigations involved Coastal Laboratory, LLC ("Coastal") which operated in PBC at 1509 Prosperity Farms Rd., Lake Park, Fl. Florida Sunbiz records show that Coastal was formed May 16, 2014 by Andrew Hope, Derek Pagan, and Craig Jochum. In September 2014, Thomas R. Stanley II was added as "Manager" of the LLC, and in April 2015 Jesse Peters was added as "Manager" of the LLC. AHCA records show that Coastal was licensed as a clinical laboratory on February 26, 2015 and remained licensed until February 2017. During that 2-year period, Coastal billed insurance companies more than $141 million for UA tests it allegedly performed.

On April 21 2017, SHTF Investigators Ted Padich, David Kerschner and Analyst Susan Pentecost met with Rob Murphy and Louis Devaleix. Devaleix had set up the meeting with Padich to turn over evidence of possible patient brokering by Coastal. Devaleix and Murphy were providing health care recruitment services to Coastal, and they eventually acquired Coastal.

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Devaleix provided copies of numerous checks drawn on the Bank of America and JPMorgan Chase accounts of Coastal allegedly representing kickbacks to multiple addiction treatment centers or their designated affiliate companies. Florida State Statute 817.505 provides that it is unlawful to make or receive payments for the referral of patients or patronage to or from a health care provider/facility. One of the treatment centers that allegedly received payments was Reliance Treatment Centers, LLC ("Reliance"). During 2015 and 2016, Florida Sunbiz records for Reliance listed Brian Mylett as Manager. Certified First Republic Bank records show a bank account application for Reliance representing the Beneficial Owners as Brian Mylett (50%) and "McAlees family Trust" (50%.)

In a September 26, 2017 interview with Devaleix, he provided me with a 7-page document detailing Peters' marketer list and spreadsheet (collectively referred to as the "spreadsheet".) Peters also confirmed (in subsequent interviews detailed below) that he maintained the spreadsheet to calculate and track payments to marketers and treatment center owners for UA referrals.

In an October 19, 2017 interview of Julie Stagmiller, past employee of Coastal, she reviewed with me that spreadsheet and said that she had helped Peters maintain that spreadsheet. She said Stanley was also fully aware of the spreadsheet and the payments referenced therein, and she had met with Stanley and Peters together to review this spreadsheet in 2016. The spreadsheet includes "Reliance" entries for insurance receipts collected by Coastal. Under the Reliance heading, it also references amounts due to "Sales Person Coastal Commission-OL Florida LLC 50%." Some of the amounts on the OL Florida LLC 50% line exactly match the deposited payments received by OL Florida. Others appear to be consolidated amounts. Stagmiller said that she had met Joshua McAlees, and he was with OL Florida. She said "he came in to pick up a check one time" for OL Florida. She said the checks from Coastal to OL Florida "were on behalf of Reliance Treatment Center," and Reliance was a big customer of Coastal at that time. Stagmiller said the checks "were based on the amount collected." She said that to her knowledge, OL Florida got 50% of the net insurance collections from Reliance UA's tested at Coastal.

Florida Sunbiz records show that OL Florida, LLC ("OL Florida") was established November 11, 2015. The listed Manager was Ozark Laboratories, LLC and the articles of organization were signed by Amy J. McAlees, wife of Joshua McAlees. On December 9, 2015 Joshua McAlees signed an application for registration of Ozark Laboratories as a fictitious name owned by OL Florida. In 2016 Amy McAlees signed the Florida Sunbiz filing as authorized representative of OL Florida. Certified First Republic Bank records for OL Florida list Joshua McAlees and Amy McAlees as "Principals" of OL Florida.

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In the September 26, 2017 interview (referenced above) with Devaleix, he said he had a marketing agreement with OL Florida and he worked with Joshua McAlees. He said McAlees introduced him to Brian Mylett of Reliance. When I asked Devaleix why Coastal paid OL Florida more than $200,000 in 2016, he said: "OL Florida was the marketing company to bring in specimens for Reliance." He said he thought they got 50% of Coastal's collections, but he wasn't sure about the %. He said OL Florida was going to do a lab partnership with Coastal, but he didn't know what happened to that plan.

In an interview on June 29, 2018, Peters said that in 2015 he met Brian Mylett from Reliance through Derek Pagan. They wanted to be involved in the pod labs and wanted a 50-50 split. Peters said they were going to build them a lab called OL Florida/Ozark Laboratories. In the meantime, Mylett agreed to send their UA samples to Coastal. Peters said Coastal paid referral fees for the Reliance UA's to OL Florida. Peters said that Mylett or McAlees would come to the Coastal office to pick up the checks payable to OL Florida.

In a January 29, 2018 interview with Pagan, he stated that Reliance was a customer of Coastal. He said it was a treatment center operated by Brian Mylett. He said Mylett wanted to open a lab, and Mylett's business partner, Josh McAlees, was going to be involved in the lab, Ozark Labs. Pagan said that he thought Mylett ended up staying on the treatment center side and McAlees stayed on the lab side of the businesses. Pagan stated that the UA labs for Reliance were being tested by Coastal, and Coastal was paying McAlees for referring the Reliance UA's. He said McAlees and Mylett were good friends and real estate partners, and he said McAlees "was marketing" Reliance to Coastal. He said that McAlees said "I can bring the specimens over." Pagan said he did not know what entity McAlees was paid through.

In an 8/30/18 interview with Peters, we reviewed 9 checks drawn on the Coastal bank accounts at Bank of America and JPMorgan Chase banks, all made payable to "OL Florida" or "OL Florida LLC." The checks were dated from 12/11/15 thru 7/18/16 and totaled approximately $275,000. Peters said: "These are for specimens." Peters said that Tom Stanley was aware of all of these checks. He said that Stanley was at every meeting with Josh McAlees and Brian Mylett to discuss these payments and the basis for the amounts due from Coastal for the UA's of Reliance Treatment Center.
In an October 9, 2018 interview, Peters again discussed OL Florida as an entity controlled by Brian Mylett and Josh McAlees. I again referenced the 9 checks from Coastal to OL Florida. When I asked Peters what those checks were for, he said: "they were being paid for their specimens" from Reliance. Peters said they were not performing any other services for those payments that they received. He said they

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were looking at opening a lab called Ozark Lab, but he said they were not operating as a lab during the period they received these 9 checks. He said Reliance was sending its UA's to Coastal during the 1st half of 2016. Peters said that Mylett or McAlees picked up these 9 checks at the Coastal Lab office in PBC, Fl. Peters said that he had "many, many interactions with" McAlees and Mylett, and based on those interactions, Peters said that both of them understood that they were receiving payments for sending the Reliance UA's to Coastal for testing.

The 9 checks reviewed with Peters were copies of certified First Republic Bank records for the OL Florida LLC account ending in [redacted] All 9 of these checks were drawn on the Coastal Laboratory accounts at Bank of America or JPMorgan Chase Bank. All were payable to either "OL Florida" or OL Florida LLC." The checks, received pursuant to subpoena, were as follows:

• #10157	12/11/15	$ 7054.81
• 10199	01/14/16	9,782.62
• 10207	01/26/16	4,209.36
• 10242	02/18/16	25,000.00
• 10284	04/06/16	28,357.69
• 10414	05/23/16	111,502.30
• 10431	06/27/16	25,000.00
• 10433	07/05/16	26,297.79
• 10444	07/18/16	37,129.30
TOTAL		$274,333.87

Peters said that he recognized all nine of these checks as "Coastal Lab" checks, some of which he personally signed. Some of these payments are also specifically referenced in Peters' "Marketing Spreadsheets" that were detailed in the October 19, 2017 sworn statement of Julie Stagmiller.

We then reviewed a series of text messages between Peters and Tom Stanley that occurred from 10/15 thru 12/16. Peters explained the following messages from the referenced dates:

- On 1/15/16, he clarified that Josh McAlees was stopping by the Coastal office to pick up a check to OL Florida.
- On 2/9/16, he explained that McAlees was asking for a check and also discussing the use of funds owed to OL Florida to buy a piece of lab equipment for a lab that he and Mylett were opening (Ozark Lab.) Florida BCBS records indicate that Ozark Lab started billing BCBS for lab services as of 4/26/16.)

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• On 4/4/16, he explained that Mylett and McAlees had a delay in the inspection of their planned lab, Ozark, until 5/16. Based on this, he said the Reliance UA's were billed thru Coastal before 5/16.

On June 14, 2017 a search warrant was issued for the KIPU patient records of Reliance. A review of sample KIPU patient records from Reliance shows that patient UA's were being tested at Coastal from at least early 2016 through late June, 2016.

On January 8, 2019 I interviewed Paul R. Materia, principal of Apex Billing, LLC. Apex was the billing company that Coastal used during 2016 to bill insurance companies. Pursuant to a subpoena request, Materia provided detailed billing records of Apex regarding Coastal. Materia said he was aware that Reliance was a client of Coastal.

On and after 7/2/18 I left several phone messages for Josh McAlees to call me regarding Coastal Lab/OL Florida LLC. On 7/5/18 I received an email from the attorney for McAlees, Robert Nicholson, stating that McAlees was declining the request for an interview unless it was in conjunction with a subpoena or immunity offer.

In summary, Joshua McAlees:

1. Between at least January 14, 2016 and July 18, 2016, did unlawfully receive payments in PBC, FL from Coastal and deposit them into the OL Florida bank account in return for the referral of patronage from Reliance to Coastal in violation of FSS 817.505(1)(b) and (4); and
2. Between at least January 13, 2016 and June 7, 2016 conspired with Peters, Stanley, and Mylett to commit patient brokering in violation of FSS 777.04(3):817.505(1)(a) & (b).

Based on all of the above, probable cause exists to issue a warrant for the arrest of Joshua McAlees on 6 counts of receiving patient referral kickbacks in violation of FSS 817.505 (1)(b), and 1 count of conspiracy to commit patient brokering in violation of FSS 777.04(3): 817.505(1)(a) & (b).

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Sworn and Subscribed before me	
1055	15527
Signature Notary Public / Clerk of Court / Officer (F.S.S 117.10)	Signature of Arresting / Investigating Officer
DET. H. LUNSFORD #1055	**DET. MARK BEREY #15527**
Name of Notary Public / Clerk of Court / Officer (F.S.S 117.10)	Name of Officer (Please Print)
2/15/19	**2/15/19**
Date	Date