

17CF 1863
Rough
Arrest
Only

ADMINISTRATION	OBTS Number			ARREST / NOTICE TO APPEAR Juvenile Referral Report						1. Arrest 3. Request for Warrant 2. N.T.A. 4. Request for Capias		3 Juvenile N		
	Agency ORI Number FL0500000			Agency Name PALM BEACH COUNTY SHERIFF'S OFFICE			06-17-043334			Agency Report Number				
DEFENDANT	Charge Type: Check as many as apply. <input checked="" type="checkbox"/> 1. Felony <input type="checkbox"/> 2. Traffic Felony <input type="checkbox"/> 3. Misdemeanor <input type="checkbox"/> 4. Traffic Misdemeanor <input type="checkbox"/> 5. Ordinance <input type="checkbox"/> 6. Other						Weapon Seized/Type 1. Yes 2. No 2			Multiple Clearance Indicator 01				
	Location of Arrest (Including Name of Business)			Location of Offense (Business Name, Address) THE GOOD FUTURE INC., 2230 W ATLANTIC AVE, DELRAY										
	Date of Arrest		Time of Arrest	Booking Date	Booking Time	Jail Date	Jail Time	Location of Vehicle						
	Name (Last, First, Middle) BAYNE, KRISTOPHER PHILIP										Alias (Name, DOB, Soc. Sec. #, Etc.)			
	Race W - White B - Black		Sex W M	Date of Birth 07/20/1988	Height 5'10	Weight 160	Eye Color BRN	Hair Color BRN	Complexion MED	Build MED				
	Scars, Marks, Tattoos, Unique Physical Features (Location, Type, Description)						Marital Status UNK		Religion UNK		Indication of: Y N Unk. Alcohol Influence <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Drug Influence <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>			
	Local Address (Street, Apt. Number) 318 SE 3RD AVE			(City) DELRAY BEACH	(State) FL	(Zip) 33444	Phone ()		Residence Type 1. City 2. County 3. Florida 4. Out of State		1			
	Permanent Address (Street, Apt. Number) SAME			(City)	(State)	(Zip)	Phone ()		Address Source					
	Business Address (Street, Apt. Number) 1180 SEA GRAPE CIR			(City) DELRAY BEACH	(State) FL	(Zip) 33445	Phone (561) 499-2199		Occupation					
	D/L Number, State B500-515-88-260-0			Soc. Sec. Number		INS Number		Place of Birth FLORIDA		Citizenship USA				
CO-DEF	Co-Defendant Name (Last, First, Middle)				Race	Sex	Date of Birth	<input type="checkbox"/> 1. Arrested <input type="checkbox"/> 3. Felony <input type="checkbox"/> 5. Juvenile <input type="checkbox"/> 2. At Large <input type="checkbox"/> 4. Misdemeanor						
	Co-Defendant Name (Last, First, Middle)				Race	Sex	Date of Birth	<input type="checkbox"/> 1. Arrested <input type="checkbox"/> 3. Felony <input type="checkbox"/> 5. Juvenile <input type="checkbox"/> 2. At Large <input type="checkbox"/> 4. Misdemeanor						
JUVENILE	<input type="checkbox"/> Parent <input type="checkbox"/> Legal Custodian <input type="checkbox"/> Other		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: <input type="checkbox"/> Yes, by: (Name) <input type="checkbox"/> No: (Reason)								School Attended		Grade				
CODE	Recovery Information										0			
	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
	Drug Activity S. Sell N. N/A P. Possess	R. Smuggle B. Buy T. Traffic	K. Dispense/ D. Deliver E. Use	M. Manufacture Distribute Produce/ Cultivate	Z. Other	Drug Type N. N/A	B. Barbituate C. Cocaine A. Amphetamine	H. Hallucinogen M. Marijuana E. Heroin	P. Paraphernalia/ Equipment O. Opium/Deriv.	U. Unknown Z. Other				
CHARGE	Charge Description PATIENT BROKERING				Counts 33	Domestic Violence <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Statute Violation Number 817.505(1)(d)		Violation of ORD #				
	Drug Activity N	Drug Type N	Amount/Unit \$94,225	Offense # 17-043334										
CHARGE	Charge Description				Counts	Domestic Violence <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Statute Violation Number		Violation of ORD #				
	Drug Activity	Drug Type	Amount/Unit	Offense #										
CHARGE	Charge Description				Counts	Domestic Violence <input type="checkbox"/> Yes <input type="checkbox"/> No		Statute Violation Number		Violation of ORD #				
	Drug Activity	Drug Type	Amount/Unit	Offense #										
CHARGE	Charge Description				Counts	Domestic Violence <input type="checkbox"/> Yes <input type="checkbox"/> No		Statute Violation Number		Violation of ORD #				
	Drug Activity	Drug Type	Amount/Unit	Offense #										
CHARGE	Charge Description				Counts	Domestic Violence <input type="checkbox"/> Yes <input type="checkbox"/> No		Statute Violation Number		Violation of ORD #				
	Drug Activity	Drug Type	Amount/Unit	Offense #										
NOTICE TO APPEAR	<input type="checkbox"/> Instruction No. 1 Mandatory Appearance in Court			Location (Court, Room Number, Address)										
	<input type="checkbox"/> Instruction No. 2 You need not appear in Court but must Comply with instructions on reverse side.			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 if applicable)														
ADMIN	HOLD for other Agency Name:				Name Verification (Printed by Arrestee) (PRINT)									
	<input type="checkbox"/> Dangerous <input type="checkbox"/> Suicidal				<input type="checkbox"/> Resisted Arrest <input type="checkbox"/> Other:									
	Intake Deputy I.D. #				Pouch #	Transporting Officer	I.D. #	Agency	Witness here is subject signed with an "X".					

OBTS Number	
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PROBABLE CAUSE AFFIDAVIT

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

3

Juvenile

N

Agency ORI Number FLO 5 0 0 0 0 0	Agency Name PALM BEACH COUNTY SHERIFF'S OFFICE	Agency Report Number 06 - 17-043334		
Charge Type: <input checked="" type="checkbox"/> 1. Felony <input type="checkbox"/> 3. Misdemeanor <input type="checkbox"/> 5. Ordinance Check as many <input type="checkbox"/> 2. Traffic Felony <input type="checkbox"/> 4. Traffic Misdemeanor <input type="checkbox"/> 6. Other as apply.		Special Notes:		
Defendant's Name (Last, First, Middle) BAYNE, KRISTOPHER PHILIP		Race W	Sex M	Date of Birth 07/20/1988
Charge Description PATIENT BROKERING		Charge Description		
Charge Description		Charge Description		
Victim's Name (Last, First, Middle) STATE OF FLORIDA			Race	Sex
Victim's Local Address (Street, Apt. Number)		(City)	(State)	(Zip)
				Phone
				Address Source
Victim's Business Address (Name, Street)		(City)	(State)	(Zip)
				Phone
				Occupation
<p>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...</p> <p><input type="checkbox"/> committed the below acts in my presence. <input type="checkbox"/> was observed by _____ who told _____ that he/she saw the arrested person commit the below acts.</p> <p><input type="checkbox"/> confessed to _____ admitting to the below facts. <input checked="" type="checkbox"/> was found to have committed the below acts, resulting from my (described) investigation.</p>				
<p>On the 23rd day of FEBRUARY, 2016 at 11:00 <input checked="" type="checkbox"/> A.M. <input type="checkbox"/> P.M. (Specifically include facts constituting cause for arrest).</p>				

NARRATIVE:

The following investigation was conducted in Palm Beach County, Florida regarding an ongoing patient brokering scheme between The Good Future, INC. (D.B.A. Chapters Recovery, hereinafter referred to as "Chapters") substance abuse treatment facility and multiple sober home owners. Chapters is led by CEO Daniel Kandler, who is also a principal owner of Chapters.

On October 27, 2016, DBPD CI # V16-0033, an employee of Chapters, reported to Delray Beach P.D. [REDACTED], witnessing "patient brokering, case management contracts, and meetings discussing such." He/she provided a case manager list and explained that the people on the list were called "case managers" but were just being paid for patient referrals. He/she said Chapters management told him/her that they were paying \$500 per insured IOP patient per week and \$1,000 per insured PHP patient per week. They reported paying nothing for uninsured/scholarship patients. John Dudek was on the "Case Manager List" as the owner of Southern Palms Oasis, "Kris Bayne" as the owner of Guiding Light, and "Eric & Adam" as the owners of "Vantage (Treatment Professionals.)" Per the Florida Department of Corporations John Dudek is one of the owners of Southern Palms Oasis, Inc., Kristopher Bayne is one of the owners of Guiding Light Properties, LLC., and Eric and Adam Lahr are the owners of The Treatment Professionals, LLC.

A prior employee (D.C.) provided a sworn statement to Lucas on December 1, 2016 that she was hired as an actual case manager. She reported her responsibilities as follows: completing court letters, working with families of the patients, completing

NARRATIVE CONTINUATION

discharge plans, doing patient intakes, and pre-certifications. She identified subjects from the "case manager list" as marketers, not actual case managers like herself.

On October 31, 2016, [REDACTED] sought and received court approval to conduct an undercover operation and investigation at The Good Future, Inc. pursuant to 42 U.S.C. section 2.

On November 17, 2016 Dudek was arrested for 6 counts of patient brokering for the referral of patients to Whole Life Recovery, DBPD case # 16-17505. While [REDACTED] was conducting a post Miranda interview with him regarding his patient brokering relationship in that case, he said he was surprised [REDACTED] wasn't investigating Chapters. He admitted to signing a contract with "Daniel" (described as a little Italian guy.) He said Kandler promised him \$400 per week per patient for any number of patients less than 10, but if Dudek was able to refer over 10 insured patients per week, he would receive \$600 per week.

Dudek stated that on one occasion he had seen a patient sitting on the floor during a group session who appeared to be under the influence.

Dudek said to [REDACTED] that each week on Mondays he would complete a weekly roster with the names of the patients/residents of his sober home that he referred to Chapters. A Chapters employee would verify via their computer system if those patients attended the groups and submitted to their urinalysis testing. Then he would be paid on Tuesdays.

He said Chapters would hold regular "case manager" (sober home owner) meetings at their facility, usually on Tuesdays or Thursdays at 1pm or 1:30pm. The employees from Chapters that would attend the meeting were; Daniel Kandler, "Sarah" (described as Muslim female,) "Wendy," and Eva Dudek. The sober home owners he could remember attending the meetings were; Bryan Norquist, Kris Bayne, and "Michelle" (described as tall with red hair.) He said he could not remember any more names, but that there were 10-14 sober home owners in the meetings. The meetings were to discuss how everything was going and if there were any issues. He reportedly complained during the meetings that no one from Chapters ever visited the houses, and that he told Kandler the IOP program was garbage. He said Chapters took a "good luck, roll the dice" approach to the care of the patients while at the sober home. On December 6, 2016 the Sober Homes Task Force executed a search warrant at Chapters, DBPD case # 16-18184. During the search warrant a "Social Services Agreement" between Bayne and Kandler, signed 2/16/16 was located. The contract was almost identical to the one signed by Dudek. Officers also located 33 checks payable to "Guiding Light Properties", Kristopher Bayne's company. The checks were drawn on The Good Future, Inc. Bank of America account, number [REDACTED] and

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signed by Shelly Herman. Most of these checks were negotiated by Bayne and totaled \$94,225. Most of the checks were accompanied by a time log sheet indicating the "total # of Clients served" for the week's payment. Some of the checks were accompanied by a schedule of case manager payments with handwritten notes.

The following is a list of the checks recovered and number of "clients served" indicated in the accompanying log sheets/notes:

CHECK #	DATE	AMOUNT	# CLIENTS SERVED (AND OTHER NOTES)
1890	3/28/16	\$1,350	3
19XX	4/11/16	1,800	4
2215	4/18/16	1,350	3
2243	4/25/16	1,350	3
2257	5/02/16	900	2
2294	5/09/16	1,350	3
2315	5/16/16	1,800	4
2330	5/24/16	2,025	5
2453	6/27/16	3,600	8
2360	5/31/16	2,700	7
2384	6/06/16	2,925	7
2399	6/13/16	3,375	8
2423	6/20/16	2,025	6
2426	6/20/16	225	
2487	7/05/16	4,050	11
2514	7/11/16	4,950	12
2545	7/19/16	3,600	9
2615	7/26/16	4,500	11
2594	8/01/16	4,050	10
2670	8/09/16	5,150	12
2694	8/16/16	4,950	12
2731	8/23/16	2,500	10 (4,500-2,000 loan repays)
2783	9/06/16	3,050	14 (4,050-1,000 loan repay)
2845	9/20/16	4,200	10 (5,200-1,000 loan repay)
2884	9/27/16	3,950	11 (4,950-1,000 loan repay)
2977	10/25/16	2,600	
2964	10/20/16	450	
2955	10/18/16	2,825	(3,825-1,000 "he still owes")
2928	10/11/16	1,925	(2,925-1,000 "took the 1000 off owed")
2910	10/04/16	3,500	(4,500-1,000 "already deducted 1000")
2870	9/27/16	3,050	(4,050-1,000)
2884	9/27/16	3,950	(4,950-1,000 "already deducted 1000")

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2845	9/20/16	4,200	(5,200-1,000 "1000 has been deducted...")
		TOTAL	\$94,225

On December 6, 2016, following the execution of the search warrant, multiple employees provided sworn statements regarding their knowledge of the Chapters operation.

The HR director reported to [REDACTED] that Chapters worked with the following sober home owners; Kris Bayne, Adam and Eric Lahr, John Dudek. She said she was in charge of employee payroll, but these were not actual employees, they only did patient referrals and therefore she did not handle their pay. She said, they were paid per patient referral depending on the patient's level of care. She did not know how much they were paid for OP patients, but said they were paid "\$500 a head" for Intensive Outpatient treatment and \$1,000 per patient for Partial Hospitalization Program patient referrals, per week. They would begin getting paid after 2 weeks of the patient beginning to attend treatment. There was a time when she was responsible for "that census," and that the patients had to attend all of their treatment sessions in order for the sober home owner to be paid. She said she did not know who handed out the checks to the sober home owners. She reported handing out payroll checks and reiterated that the payments to the sober home owners were not paid via payroll.

She said, Eric & Adam Lahr, and Kris Bayne were just hired as employees, with the job title "outreach coordinator." She was told to create a job description for them. [REDACTED] asked why the 3 men were changed from sober home owners/marketers to outreach coordinators. She said there were a lot of closed door meetings recently that she was not in on, but until approximately August 2016 she had been in all management meetings. The following people were in the recent meetings; Daniel Kandler (owner), Eva Dudek (program director), Jessica Meraz (clinical director), and Sarah Muhammed (admissions director.) [REDACTED] asked why they changed the three sober home owners to outreach coordinators/employees. She said, they did it to avoid "unwanted attention from law enforcement." Payroll records of Good Future, Inc. located during the execution of the search warrant show, for the pay period 10/26/16-11/8/16, that Kris Bayne was listed as an "Outreach" employee and paid \$5,000 with the notation "SAL" under the payroll type.

Kristopher Bayne, on behalf of Guiding Light Properties, entered into a "Social Services Agreement" on 2/16/16 with Chapters. From 3/28/16-10/28/16 Chapters, under the direction of Kandler, remitted 33 checks totaling \$94,225 to Guiding Light Properties benefiting Kristopher Bayne.

Florida's patient brokering statute states "it is unlawful for any person to offer or pay any commission, bonus, rebate, kickback, or bribe, or engage in any split-fee

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arrangement to induce the referral of patients or patronage to or from a health care provider" §817.505, Fla. Stat. (2016). A health care provider includes "any substance abuse service provider licensed under chapter 397. Chapters is a licensed facility under 397. Per the employees at Chapters it was general knowledge that sober home owners were paid for patient referrals, and that these people's sole connection to Chapters was the referral of patients.

Based on the aforementioned facts, probable cause exists to issue a warrant for the arrest of Kristopher Bayne for 33 counts of Aiding, Abetting, Advising, or Participating in Patient Brokering pursuant to F.S.S. 817.505(1)(d), Fla. Stat.

Based on the nature of this investigation and evidence gathered, your affiant believes defendant has possession of or access to proceeds of the aforementioned illegal activities. Therefore, your affiant requests that defendant show proof of independent source of funds prior to posting bond.

				
Name of Notary Public / Clerk of Court / Officer (F.S.S 117.10)		117.10)	Name of Officer (Please Print)	
2/23/17			2/23/17	
Date			Date	