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8 **BEFORE THE**
9 **BOARD OF PHARMACY**
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. 7086

13 **REXFORD PHARMACY, INC.**
14 **DBA REXFORD PHARMACY,**
15 **NAHID BEHNAM,**
16 **NASRIN BEHNEM**
8610 S. Sepulveda Blvd, #106
Los Angeles, CA 90045

DEFAULT DECISION AND ORDER

[Gov. Code, §11520]

17 Permit No. PHY 54567

18 **REXFORD PHARMACY, INC.**
19 **DBA REXFORD PHARMACY,**
20 **NAHID BEHNAM,**
21 **NASRIN BEHNEM**
9406 W. Pico Blvd
Los Angeles, CA 90035

22 Permit No. PHY 37658

23 Respondents.

24 **FINDINGS OF FACT**

25 1. On or about April 14, 2021, Complainant Anne Sodergren, in her official capacity as
26 the Executive Officer of the Board of Pharmacy, Department of Consumer Affairs, filed
27 Accusation No. 7086 against Rexford Pharmacy, Inc. dba Rexford Pharmacy, Nahid Behnam, and
28 Nasrin Behnam (Respondent RP1) and Rexford Pharmacy, Inc. dba Rexford Pharmacy, Nahid

1 Behnam, and Nasrin Behnam (Respondent RP2) before the Board of Pharmacy. (Accusation
2 attached as Exhibit A.)

3 2. On or about July 1, 2016, the Board of Pharmacy (Board) issued Permit No. PHY
4 54567 to Respondent RP1. The Permit expired on February 7, 2018, and has not been renewed.

5 3. On or about January 9, 1992, the Board of Pharmacy issued Permit No. PHY 37658
6 to Respondent RP2. The Permit expired on July 1, 2016, and has not been renewed.

7 4. On or about April 23, 2021, Respondents were served by Certified and First Class
8 Mail copies of the Accusation No. 7086, Statement to Respondent, Notice of Defense, Request
9 for Discovery, and Discovery Statutes (Government Code sections 11507.5, 11507.6, and
10 11507.7) at Respondents' address of record which, pursuant to Business and Professions Code
11 section 4100, is required to be reported and maintained with the Board. Respondents' address of
12 record were and are:

13 8610 S. Sepulveda Blvd, #106,
14 Los Angeles, CA 90045

9406 W. Pico Blvd
Los Angeles, CA 90035.

15 5. Service of the Accusation was effective as a matter of law under the provisions of
16 Government Code section 11505(c) and/or Business and Professions Code section 124.

17 6. Government Code section 11506(c) states, in pertinent part:

18 (c) The respondent shall be entitled to a hearing on the merits if the respondent
19 files a notice of defense . . . and the notice shall be deemed a specific denial of all
20 parts of the accusation . . . not expressly admitted. Failure to file a notice of defense
21 . . . shall constitute a waiver of respondent's right to a hearing, but the agency in its
22 discretion may nevertheless grant a hearing.

23 7. The Board takes official notice of its records and the fact that Respondents failed to
24 file a Notice of Defense within 15 days after service upon them of the Accusation, and therefore
25 waived their right to a hearing on the merits of Accusation No. 7086.

26 8. California Government Code section 11520(a) states, in pertinent part:

27 (a) If the respondent either fails to file a notice of defense . . . or to appear at
28 the hearing, the agency may take action based upon the respondent's express
admissions or upon other evidence and affidavits may be used as evidence without
any notice to respondent

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9. Pursuant to its authority under Government Code section 11520, the Board finds Respondents are in default. The Board will take action without further hearing and, based on the relevant evidence contained in the Default Decision Investigatory Evidence Packet in this matter, as well as taking official notice of all the investigatory reports, exhibits and statements contained therein on file at the Board's offices regarding the allegations contained in Accusation No. 7086, finds that the charges and allegations in Accusation No. 7086, are separately and severally, found to be true and correct by clear and convincing evidence.

10. The Board finds that the actual costs for Investigation and Enforcement are \$1,343.75 as of June 25, 2021.

DETERMINATION OF ISSUES

1. Based on the foregoing findings of fact, Respondents Rexford Pharmacy, Inc. dba Rexford Pharmacy, Nahid Behnam, Nasrin Behnem have subjected their Permit Nos. PHY 54567 and PHY 37658 to discipline.

2. The agency has jurisdiction to adjudicate this case by default.

3. The Board of Pharmacy is authorized to revoke Respondents' Permits based upon the following violations alleged in the Accusation which are supported by the evidence contained in the Default Decision Investigatory Evidence Packet in this case:

a. Business and Professions Code section 4301, subdivision (l), in conjunction with California Code of Regulations, title 16, section 1770, on the grounds of unprofessional conduct, in that Respondents RP1 and RP2 committed a substantially related crime, as follows: On or about December 8, 2020 , after pleading guilty, Respondents were convicted of one felony count of violating Title 18, United States Code section 1349 [fraud conspiracy] in the criminal proceeding entitled *United States of America v. Rodefshalom, et al.* (U.S. Dist. Ct. W.D.Pa., 2020, No. 1:20-CR-0009).

b. Business and Professions Code section 4301, subsection (f), in that they committed acts of dishonesty, fraud, or deceit by knowingly and willfully executing and attempting to execute a scheme to defraud a healthcare benefit program.

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1 c. Business and Professions Code section 4301, in that they knowingly made and signed
2 documents that falsely represented the existence or nonexistence of a state of facts

3 **ORDER**

4 IT IS SO ORDERED that Permit Nos. PHY 54567 and PHY 37658, issued to Respondents
5 Rexford Pharmacy, Inc. dba Rexford Pharmacy, Nahid Behnam, Nasrin Behnem, are revoked.

6 Pursuant to Government Code section 11520, subdivision (c), Respondents may serve a
7 written motion requesting that the Decision be vacated and stating the grounds relied on within
8 seven (7) days after service of the Decision on Respondents. The agency in its discretion may
9 vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

10 This Decision shall become effective at 5:00 p.m. on September 15, 2021.

11 It is so ORDERED on August 16, 2021.

12 FOR THE BOARD OF PHARMACY
13 DEPARTMENT OF CONSUMER AFFAIRS

14
15 By



16 Seung W. Oh, Pharm D
17 Board President

16 64338194.DOCX
17 DOJ Matter ID:LA2021600650

18 Attachment:
19 Exhibit A: Accusation

Exhibit A

Accusation

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**BEFORE THE
BOARD OF PHARMACY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. 7086

**REXFORD PHARMACY, INC.
DBA REXFORD PHARMACY,
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8610 S. Sepulveda Blvd, #106
Los Angeles, CA 90045

ACCUSATION

Permit No. PHY 54567

**REXFORD PHARMACY, INC.
DBA REXFORD PHARMACY,
NAHID BEHNAM,
NASRIN BEHNEM**
9406 W. Pico Blvd
Los Angeles, CA 90035

Permit No. PHY 37658

Respondents.

PARTIES

1. Anne Sodergren (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the Board of Pharmacy, Department of Consumer Affairs.

2. On or about July 1, 2016, the Board of Pharmacy issued Permit Number PHY 54567 to Rexford Pharmacy, Inc. dba Rexford Pharmacy (Respondent RP1), with Nahid Behnam

1 designated as the President and 60% Shareholder from July 1, 2016 to February 13, 2018, Nasrin
2 Behnam designated as Secretary and 40% Shareholder from July 1, 2016 to February 13, 2018.
3 The Permit expired on February 7, 2018, and has not been renewed.

4 3. On or about January 9, 1992, the Board issued Permit Number PHY 37658 to
5 Rexford Pharmacy, Inc. dba Rexford Pharmacy, (Respondent RP2), with Nahid Behnam
6 designated as the Chief Executive Officer, Chief Financial Officer, President and 60%
7 Shareholder from March 25, 2004 to July 8, 2016, Nasrin Behnam designated as Vice-President
8 and 40% Shareholder from January 24, 2008 to July 8, 2016. The Permit expired on July 1, 2016,
9 and has not been renewed.

10 **JURISDICTION**

11 4. This Accusation is brought before the Board under the authority of the following
12 laws. All section references are to the Business and Professions Code unless otherwise indicated.

13 5. Section 4300 provides, in pertinent part, that every license issued by the Board is
14 subject to discipline, including suspension or revocation.

15 6. Section 4300.1 states:

16 The expiration, cancellation, forfeiture, or suspension of a board-issued license
17 by operation of law or by order or decision of the board or a court of law, the
18 placement of a license on a retired status, or the voluntary surrender of a license by a
19 licensee shall not deprive the board of jurisdiction to commence or proceed with any
investigation of, or action or disciplinary proceeding against, the licensee or to render
a decision suspending or revoking the license.

20 **STATUTORY PROVISIONS**

21 7. Section 490 provides, in pertinent part, that a board may suspend or revoke a license
22 on the ground that the licensee has been convicted of a crime substantially related to the
23 qualifications, functions, or duties of the business or profession for which the license was issued.

24 8. Section 4301 states, in pertinent part:

25 The board shall take action against any holder of a license who is guilty of
26 unprofessional conduct or whose license has been issued by mistake. Unprofessional
conduct shall include, but is not limited to, any of the following:

27

28 (f) The commission of any act involving moral turpitude, dishonesty, fraud,
deceit, or corruption, whether the act is committed in the course of relations as a

licensee or otherwise, and whether the act is a felony or misdemeanor or not.

(g) Knowingly making or signing any certificate or other document that falsely represents the existence or nonexistence of a state of facts.

....

(l) The conviction of a crime substantially related to the qualifications, functions, and duties of a licensee under this chapter. The record of conviction of a violation of Chapter 13 (commencing with Section 801) of Title 21 of the United States Code regulating controlled substances or of a violation of the statutes of this state regulating controlled substances or dangerous drugs shall be conclusive evidence of unprofessional conduct. In all other cases, the record of conviction shall be conclusive evidence only of the fact that the conviction occurred. The board may inquire into the circumstances surrounding the commission of the crime, in order to fix the degree of discipline or, in the case of a conviction not involving controlled substances or dangerous drugs, to determine if the conviction is of an offense substantially related to the qualifications, functions, and duties of a licensee under this chapter. A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction within the meaning of this provision. The board may take action when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under Section 1203.4 of the Penal Code allowing the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.

9. Section 4307 states, in pertinent part:

(a) Any person who has been denied a license or whose license has been revoked or is under suspension, or who has failed to renew his or her license while it was under suspension, or who has been a manager, administrator, owner, member, officer, director, associate, partner, or any other person with management or control of any partnership, corporation, trust, firm, or association whose application for a license has been denied or revoked, is under suspension or has been placed on probation, and while acting as the manager, administrator, owner, member, officer, director, associate, partner, or any other person with management or control had knowledge of or knowingly participated in any conduct for which the license was denied, revoked, suspended, or placed on probation, shall be prohibited from serving as a manager, administrator, owner, member, officer, director, associate, partner, or in any other position with management or control of a licensee as follows:

(1) Where a probationary license is issued or where an existing license is placed on probation, this prohibition shall remain in effect for a period not to exceed five years.

(2) Where the license is denied or revoked, the prohibition shall continue until the license is issued or reinstated.

REGULATORY PROVISIONS

10. California Code of Regulations, title 16, section 1770, states:

For the purpose of denial, suspension, or revocation of a personal or facility license pursuant to Division 1.5 (commencing with Section 475) of the Business and Professions Code, a crime or act shall be considered substantially related to the

1 qualifications, functions or duties of a licensee or registrant if to a substantial degree
2 it evidences present or potential unfitness of a licensee or registrant to perform the
3 functions authorized by his license or registration in a manner consistent with the
4 public health, safety, or welfare.

5 **COST RECOVERY**

6 11. Section 125.3 states, in pertinent part, that the Board may request the administrative
7 law judge to direct a licensee found to have committed a violation or violations of the licensing
8 act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the
9 case.

10 **FACTUAL BACKGROUND**

11 12. On or about December 8, 2020 , after pleading guilty, Respondent RP1 and RP2 were
12 convicted of one felony count of violating Title 18, United States Code section 1349 [fraud
13 conspiracy] in the criminal proceeding entitled *United States of America v. Rodefshalom, et al.*
14 (U.S. Dist. Ct. W.D.Pa., 2020, No. 1:20-CR-0009). As part of the plea agreement, all defendants
15 agreed to pay \$54,500,000 in restitution and voluntarily forfeit \$48,284,978.20.

16 13. The circumstances underlying the conviction are that between September 2013
17 through May 2018, Nima Rodefshalom (Rodefshalom), Mehran David Kohanbash (Kohanbash),
18 and Joseph Kohan (Kohan) conspired with others, including Respondents RP1 and RP2, to
19 engage in a healthcare fraud scheme that involved targeting bariatric surgical patients with
20 misleading advertisements for nutritional shakes. Specifically, online advertisements and the
21 pharmacy's website falsely claimed that nutritional shakes would be covered by the patient's
22 health insurance. In addition to the nutritional shakes, the patients were convinced by the
23 pharmacies to solicit their physicians for medications that were both expensive and medically
24 unnecessary. These additional medications were either compounded or manufactured by other
25 pharmacies that were under the management and control of Rodefshalom, Kohanbash, and
26 Kohan. They also purchased generic prescription drugs and over-the counter products and
27 relabeled them so their pharmacies could appear to be the original manufacturer, which enabled
28 them to charge higher prices for medications that would otherwise have been less expensive. In
furtherance of the fraud scheme, the pharmacies used prepaid debit cards to charge fictitious
transactions at the same dollar amount of the copay to falsely represent that copays were actually

1 being collected when in fact they were not. Both private insurances carries and government-run
2 health programs were defrauded when reimbursement claims for these medications were
3 submitted.

4 **FIRST CAUSE FOR DISCIPLINE**

5 **(Conviction of a Substantially Related Crime)**

6 14. Respondents RP1 and RP2 are subject to disciplinary action under section 4301,
7 subdivision (l), in conjunction with California Code of Regulations, title 16, section 1770, on the
8 grounds of unprofessional conduct, in that Respondents RP1 and RP2 committed a substantially
9 related crime. Complainant refers to, and by this reference incorporates, the allegations set forth
10 above in paragraphs 12 and 13, as though set forth fully herein.

11 **SECOND CAUSE FOR DISCIPLINE**

12 **(Dishonesty, Fraud, or Deceit)**

13 15. Respondents RP1 and RP2 are subject to disciplinary action under section 4301,
14 subsection (f), in that they committed acts of dishonesty, fraud, or deceit by knowingly and
15 willfully executing and attempting to execute a scheme to defraud a healthcare benefit program.
16 Complainant refers to, and by this reference incorporates, the allegations set forth above in
17 paragraphs 12 and 13, as though set forth fully herein.

18 **THIRD CAUSE FOR DISCIPLINE**

19 **(Knowingly Made or Signed Any Documents That**

20 **Falsely Represent the Existence or Nonexistence of a State Of Facts)**

21 16. Respondents RP1 and RP2 are subject to disciplinary action under section 4301, in
22 that they knowingly made and signed documents that falsely represented the existence or
23 nonexistence of a state of facts. Complainant refers to and by this reference incorporates the
24 allegations set forth above in paragraphs 12 and 13, as though set forth fully herein.

25 **OTHER MATTERS**

26 17. Pursuant to Code section 4307, if discipline is imposed on Pharmacy Permit Number
27 PHY 54567, issued to Respondent Rexford Pharmacy (RP 1), Respondent Rexford Pharmacy (RP
28 1) shall be prohibited from serving as a manager, administrator, owner, member, officer, director,

1 associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 54567 is placed
2 on probation or until Pharmacy Permit Number PHY 54567 is reinstated if it is revoked.

3 18. Pursuant to Code section 4307, if discipline is imposed on Pharmacy Permit Number
4 PHY 54567, issued to Respondent Rexford Pharmacy (RP 1), while Nahid Behnam and/or Nasrin
5 Behnam has been an officer, director, and/or owner and had knowledge of or knowingly
6 participated in any conduct for which the licensee was disciplined, Nahid Behnam and/or Nasrin
7 Behnam shall be prohibited from serving as a manager, administrator, owner, member, officer,
8 director, associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 54567
9 is placed on probation or until Pharmacy Permit Number PHY 54567 is reinstated if it is revoked.

10 19. Pursuant to Code section 4307, if discipline is imposed on Pharmacy Permit Number
11 PHY 37658, issued to Respondent Rexford Pharmacy (RP 2), Respondent Rexford Pharmacy (RP
12 2) shall be prohibited from serving as a manager, administrator, owner, member, officer, director,
13 associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 37658 is placed
14 on probation or until Pharmacy Permit Number PHY 37658 is reinstated if it is revoked.

15 20. Pursuant to Code section 4307, if discipline is imposed on Pharmacy Permit Number
16 PHY 37658, issued to Respondent Rexford Pharmacy (RP 2), while Nahid Behnam and/or Nasrin
17 Behnam has been an officer, director, and/or owner and had knowledge of or knowingly
18 participated in any conduct for which the licensee was disciplined, Nahid Behnam and/or Nasrin
19 Behnam shall be prohibited from serving as a manager, administrator, owner, member, officer,
20 director, associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 37658
21 is placed on probation or until Pharmacy Permit Number PHY 37658 is reinstated if it is revoked.

22 **PRAYER**

23 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
24 and that following the hearing, the Board of Pharmacy issue a decision:

25 1. Revoking or suspending Permit Number PHY 54567, issued to Rexford Pharmacy,
26 Inc. dba Rexford Pharmacy, Nahid Behnam, Nasrin Behnem;

27 2. Revoking or suspending Permit Number PHY 37658, issued to Rexford Pharmacy,
28 Inc. dba Rexford Pharmacy, Nahid Behnam, Nasrin Behnem;

3. Prohibiting Respondent Rexford Pharmacy (PHY 54567), from serving as a manager, administrator, owner, member, officer, director, associate, or partner of a licensee for five years if Permit Number PHY 54567 is placed on probation or until Pharmacy Permit Number PHY 54567 is reinstated if it is revoked;

4. Prohibiting Nahid Behnam and/or Nasrin Behnam from serving as a manager, administrator, owner, member, officer, director, associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 54567 is placed on probation or until Pharmacy Permit Number PHY 54567 is reinstated if it is revoked;

5. Prohibiting Respondent Rexford Pharmacy (PHY 37658), from serving as a manager, administrator, owner, member, officer, director, associate, or partner of a licensee for five years if Permit Number PHY 37658 is placed on probation or until Pharmacy Permit Number PHY 37658 is reinstated if it is revoked;

6. Prohibiting Nahid Behnam and/or Nasrin Behnam from serving as a manager, administrator, owner, member, officer, director, associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 37658 is placed on probation or until Pharmacy Permit Number PHY 37658 is reinstated if it is revoked;

7. Ordering Rexford Pharmacy to pay the Board of Pharmacy the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 125.3; and, and

8. Taking such other and further action as deemed necessary and proper.

DATED: 4/14/2021

Signature on File

ANNE SODERGREN
Executive Officer
Board of Pharmacy
Department of Consumer Affairs
State of California
Complainant

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