

Testimony

of

Bridget G. Brennan  
Special Narcotics Prosecutor

Before

The New York City Council  
Committees on Public Safety & Finance

# **Fiscal Year 2018**

Executive Budget Hearings

May 22nd, 2017  
Council Chambers  
City Hall

OFFICE OF THE SPECIAL NARCOTICS PROSECUTOR

# Fiscal Year 2018

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As Special Narcotics Prosecutor for the City of New York, I am grateful for the ongoing support of the New York City Council's Committees on Public Safety and Finance and the leadership of Chairpersons Vanessa Gibson and Julissa Ferreras-Copeland. My office is deeply appreciative of the financial support we received in the past for anti-violence drug and gun prosecution strategies, prescription drug and heroin investigations and information technology enhancements. As we continue to advance our work in these areas, we are also collaborating on important new initiatives focused on raising public awareness. While I will not be presenting you with a new needs request for FY 2018 today, I anticipate making a future request seeking the city's support for our prevention efforts.

Over the past year, the Office of the Special Narcotics Prosecutor (SNP) has worked closely with the city's five District Attorneys to address the escalating opioid crisis. Our prevention efforts are two-pronged. We have worked to reduce the supply of illegal narcotics by effectively prosecuting major narcotic trafficking networks, seizing record amounts of heroin and investigating sales of fentanyl, a highly potent synthetic opioid that is driving overdose death rates ever higher in New York City. In the meantime, we are striving to alert the public to dangers posed by fentanyl and other opioid drugs and to enhance treatment options and availability.

*Bridget G. Brennan*  
Special Narcotics Prosecutor  
for the City of New York

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# Opioid Crisis

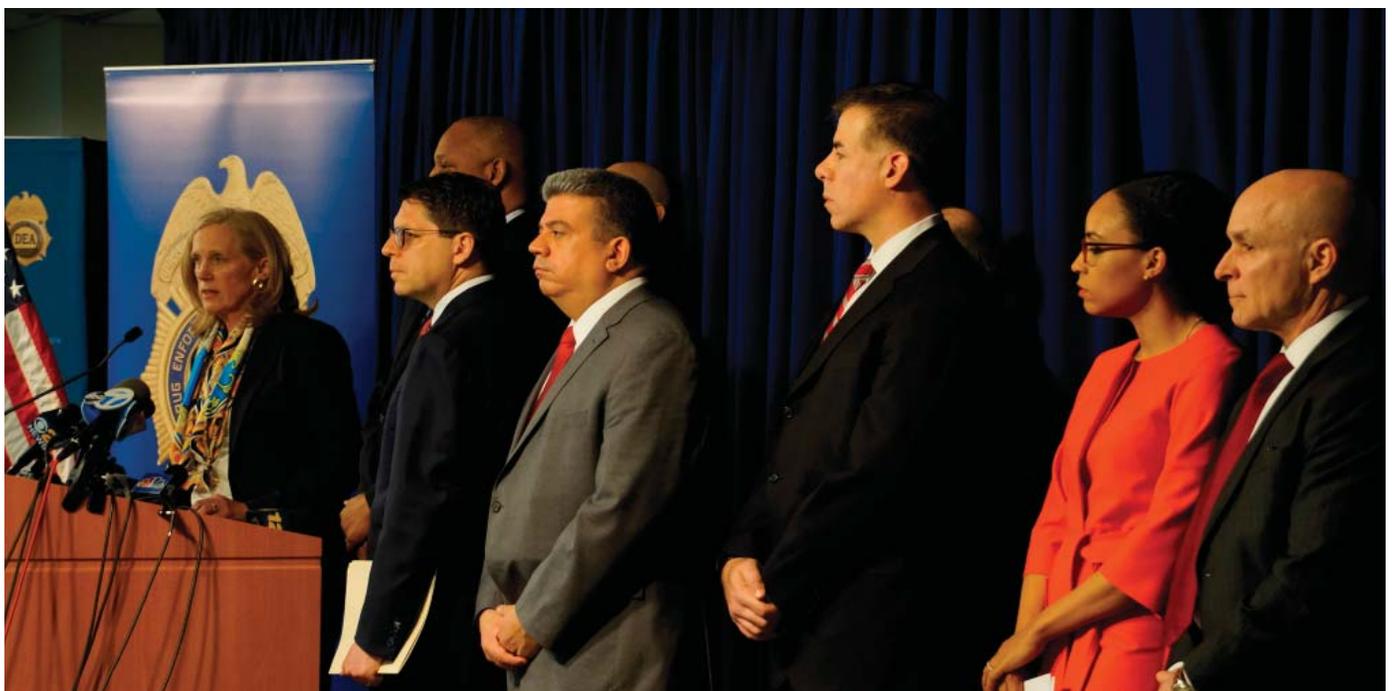
As highlighted in my office's testimony at the Preliminary Budget Hearings, overdose deaths in New York City are escalating at an astounding rate. Roughly 1,300 people died from drug overdoses in 2016, according to the city's Department of Health and Mental Hygiene (DOHMH), which is a 30% increase over the previous year. Currently, illicitly produced heroin and the synthetic opioid fentanyl are responsible for the vast majority of drug overdose deaths. However, this crisis began with legal drugs, namely prescription opioid pain medications produced by pharmaceutical companies and prescribed by medical practitioners.

Stemming the flow of prescription drugs into the black market is one of my office's top priorities. SNP's Prescription Drug Investigation Unit (PDIU) has been a leader in investigating and dismantling prescription drug diversion rings since it was founded in 2011. In April, my office's Prescription Drug Investigation Unit (PDIU) partnered with the office of Acting Brooklyn District Attorney Eric Gonzalez, the U.S. Drug Enforcement Administration (DEA), the Department of Investigation (DOI), the U.S. Department of Health and Human Services (HHS), the New York City Human Resource Adminis-

tration (HRA) and other agencies to announce a major pill mill and fraud investigation targeting three Brooklyn medical clinics. The clinics allegedly pumped over 6.3 million narcotic painkillers onto the black market and billed millions of dollars in fraudulent Medicaid and Medicare reimbursements.

A total of 13 individuals were arrested, including seven medical practitioners and a former New York State Assemblyman. The chief architect of these schemes was Dr. Lazar Feygin, a primary care physician who operated two of the three charged clinics and enjoyed a lavish lifestyle as a result. A doctor who used to work for Feygin, Dr. Paul McClung, operated the third clinic.

The indictments charge that the clinics defrauded Medicaid and Medicare by billing for millions of dollars in unnecessary medical tests. To induce patients to submit to these tests, Feygin, McClung and other medical practitioners they employed allegedly provided patients with prescriptions for oxycodone, an addictive opioid painkiller, for no legitimate medical purpose. Illicit proceeds of these schemes were then laundered. Former New York State Assemblyman Alec Brook-



*Bridget G. Brennan (left) and Acting Brooklyn DA Eric Gonzalez (fourth from right) join partner agencies at DEA New York Division headquarters to announce a major prescription drug investigation.*

## 13 Accused of Roles in a \$24 Million Brooklyn Pill Ring

By ELI ROSENBERG  
and NATE SCHWEBER

Officials in New York arrested 12 people on Friday in what was described as a conspiracy involving three Brooklyn medical clinics that helped flood the streets with prescription painkillers while defrauding Medicare and Medicaid out of millions of dollars.

After announcing the arrests — a 13th person, a former state assemblyman from Brooklyn, was also indicted in the case — prosecutors described the scope of the conspiracy, saying it put 6.3 million oxycodone pills on New York's black market and generated more than \$24 million for the three clinics.

Noting that the abuse of drugs like the painkiller oxycodone had helped fuel a national opioid epidemic, officials said the case combined a drug conspiracy and Medicaid fraud, in which the clinics also billed the government for expensive but unneeded tests.

"I have to say I've never really seen anything like it," Bridget G. Brennan, New York City's special narcotics prosecutor, said at a news conference on Friday.

Those charged in two indictments announced on Friday included three doctors, Michael Taitt, Paul McClung and Lazar Feygin, who was described as the "chief architect" of the scheme; medical office managers Pavel Krasnou, Vyacheslav Maksakov, Rachel Smolitsky and Konstantin Zeva; physician assistants Juan Cabezas, Marie Nazaire and Abdus Sattar; a nurse practitioner, Marjorie Louis-Jacques; and a physical therapist, Reynat Glaz. The former assemblyman, Alec Brook-Krasny, was out of the country, officials said.

The yearlong investigation that led to the charges began when federal agents and narcotics investigators found a group of "doctor shoppers," people seeking prescription pills even though they did not need them for medical reasons.

Officials said they learned in the course of the inquiry that two Brooklyn clinics owned by Dr. Feygin — Parkville Medical Health, in the Kensington neighborhood, and L.P. Medical Services of NY, in Clinton Hill — were selling large numbers of prescriptions for oxycodone.



DAVE SANDERS FOR THE NEW YORK TIMES

Thirteen people, including, from left, Dr. Lazar Feygin, Dr. Paul McClung and Juan Cabezas, are accused of taking part in a conspiracy to defraud the government and sell opioid prescriptions.

The investigators said Dr. Feygin began hiring medical staff members in 2012 in order to prescribe the oxycodone.

Some of the employees, including Dr. McClung and Mr. Cabezas, started another practice in 2013 and began engaging in similar criminal activity, the officials said.

Dr. Feygin and members of the

**Charges of flooding the streets with painkillers and bilking the government.**

staff at his two clinics prescribed more than 3.7 million pills from 2012 to 2017, and received more than \$18 million in reimbursements from Medicaid and Medicare, officials said; the third clinic was responsible for 2.6 million pills, and was reimbursed more than \$8 million.

The investigation was conducted in part by the federal Drug

Enforcement Administration, the New York City Investigation Department and special narcotics prosecutor's office, the State Department of Health, and the Brooklyn district attorney's office.

Mr. Brook-Krasny helped direct unnecessary laboratory testing of urine samples through his affiliation with Quality Laboratory Services in Sheepshead Bay, officials said. (His LinkedIn page describes him as the company's chief operating officer.) He also arranged to alter test results with conditions like the presence of alcohol that would have made opioids difficult to prescribe.

Frank V. Carone, Mr. Brook-Krasny's lawyer, said that his client would turn himself in when he returned from a family trip and that he was "simply a third-party service provider and nothing more."

"My client understands the seriousness of the charges, and of course opioid abuse, but as for the allegations that he is somehow culpable is an incredible injustice," Mr. Carone wrote in an email.

As he was led into a Manhattan courthouse at the head of a line of

suspects, Dr. Feygin denied that he or his co-defendants had ever fed anyone's addiction.

"We're not treating addicts; we're treating very, very sick people," he said. "We're primary-care physicians."

Judge Neil Ross of Manhattan Criminal Court ordered Dr. Feygin held without bail. Prosecutors noted that he had an apartment in Russia.

Arthur Gershfeld, a lawyer for Mr. Krasnou and Dr. McClung, said the large number of pills prescribed was proof of a great number of patients served, not of wrongdoing.

Dr. Feygin, a native of Belarus who moved to the United States more than 25 years ago, was featured in a 2013 New York Times video about style in Brighton Beach, a Russian-American enclave in Brooklyn. He talked about his personal shopper and pointed out his Ferragamo shoes.

"This style in Russia was almost impossible," he says in the video. "I didn't have enough money. I worked, and I still work very, very hard to have an opportunity to spend enough money to be stylish."

**New York Times, April 8, 2017**

Krasny, who left public office in the middle of his term and took a job at Quality Laboratory Services, handled most of the urinalysis tests ordered by Feygin's clinics. Brook-Krasny is charged with directing unnecessary laboratory testing of specimens, which were reimbursed by Medicaid and Medicare. Brook-Krasny also allegedly arranged for laboratory test results to be altered to remove contraindications for opioid prescribing, such as positive tests for alcohol. Patients prescribed opioids are instructed not to consume alcohol. Rather than denying opioid prescriptions to these patients, Feygin's clinics and Brook-Krasny instead had the alcohol results systematically deleted from reports.

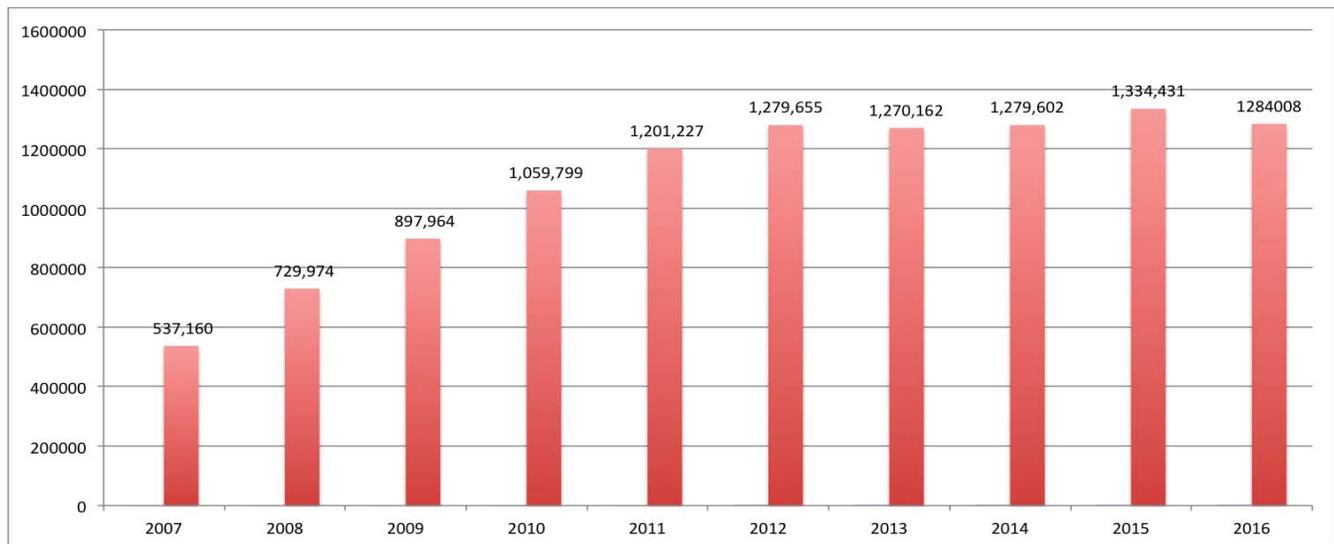
Increased awareness on the part of medical professionals and regulatory changes under New York State's I-STOP/PMP, the Internet System for Tracking Over-Prescribing — Prescription Monitoring Program, appear to have had a positive impact. The number of prescriptions filled for

oxycodone, the pain medication most commonly sold on the black market, went down by 4% in 2016. This decline is significant because the majority of people who develop heroin addiction first become dependent on prescription pills.

Meanwhile, my office and our law enforcement partners continue to focus on dismantling major trafficking networks and to seize large quantities of heroin, cocaine and other narcotics. Over the course of the past year, SNP has coordinated with local, state and federal partners to track the source of narcotics in our communities. Through the work of SNP's Heroin Interdiction Team (HIT), we have shared our expertise with law enforcement agencies across New York State.

Last week, the SNP's HIT joined the New York City Police Department's (NYPD) Gun Violence Suppression Division, the Brooklyn District Attorney's Office, the Albany County District Attorney's Office

## Oxycodone Prescriptions Filled by NYC Residents: 2007-2016



and the New York State Police in announcing the results of a yearlong investigation that disrupted a major narcotic supply chain from New York City to Albany County and led to the seizure of six guns. The investigation targeted members of a Brooklyn-based criminal gang known as the Outlaws and probed reports of links to violence in Brownsville, Brooklyn. The investigation was originally sparked by intelligence developed by the Albany County District Attorney's Office and the New York State Police,

which identified two Brooklyn-based individuals as suppliers of heroin and cocaine to dealers in Upstate New York. Acting Brooklyn DA Eric Gonzales and Albany County DA P. David Soares submitted multiple eavesdropping applications for court authorization. The New York State Police monitored the wiretap in Albany. These two individuals and three other defendants were indicted and arrested on conspiracy, narcotics and weapons charges.

## Supply Reduction

The highly potent synthetic opioid fentanyl is increasingly prevalent in SNP's seizures of heroin, as well as other narcotics such as cocaine. Fentanyl is at least 50 times as strong as heroin and is driving the alarming increase in drug overdose deaths. Fentanyl is being mixed into the illicit drug supply in New York City, often without the user's knowledge. Two recent cases handled by SNP reflect this trend.

Earlier this month, an investigation into street-level drug dealers in Washington Square Park grew into a wiretap investigation that identified major citywide narcotics suppliers. The investigation was conducted by SNP, the NYPD's Manhattan South Major Case Unit and the Manhattan District Attorney's Office. The defendants made 15 sales of narcotics to undercover officers, including cocaine, heroin, a mixture of cocaine and fentanyl and a mixture of heroin and fentanyl. Sales occurred in various neighborhoods in Manhattan, includ-



*Police seized glassine envelopes stamped with the brand name "Black Jack" from a smoke shop near Washington Square Park.*

ing Chelsea, the Upper East Side and the Aladdin Hotel, a homeless shelter in Hell's Kitchen. Sales also occurred in the Bronx. During a court authorized search of a smoke shop near Washington Square Park, police recovered equipment of the type used to package large quantities of narcotics.

Also this month, Narcotics Borough Brooklyn South conducted an investigation into a delivery service that sold crack-cocaine, heroin and fentanyl in Bensonhurst, Borough Park and Sunset Park. The head of the organization made frequent trips between Brooklyn and his residence in Bethlehem, Penn., which allegedly doubled as a drug stash house.

During the investigation, one defendant initially sold pure fentanyl to an undercover officer through the delivery service and then began selling to the undercover directly. This individual "supersized" the glassine envelopes of fentanyl by filling the envelopes with five times as much powder than is typically found inside similarly sized envelopes of heroin. The defendant referred to the drug he sold as "China White."



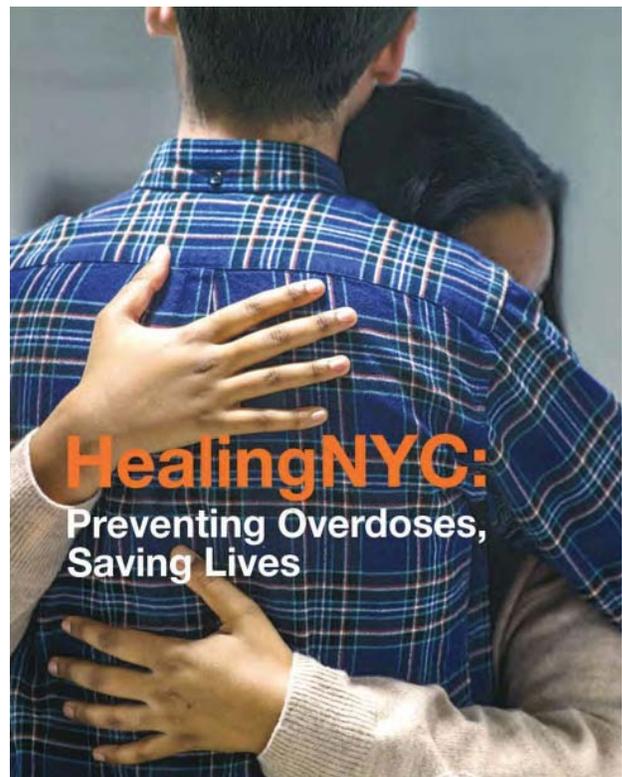
**A Brooklyn drug dealer who sold pure fentanyl to an undercover officer during a long-term investigation was arrested with these 600 glassine envelopes.**

## Prevention and Public Awareness

While reducing the supply of dangerous narcotics is vital to addressing the opioid epidemic, a problem of this magnitude requires a multifaceted and creative approach. Law enforcement officials in New York City and across the nation have recognized the need to collaborate with public health officials and drug treatment providers. By working together, we will have far greater success.

The City has assumed a leadership role in providing resources and information to the public through the new initiative HealingNYC, which was announced by Mayor Bill de Blasio in March in conjunction with the Department of Health and the NYPD. Under the initiative, the City plans to distribute 100,000 kits of the anti-overdose medication naloxone, expand addiction treatment and track the drug supply and its consequences.

Goals of HealingNYC include preventing opioid overdose deaths, misuse and addiction, protecting New Yorkers through effective drug treatment



**HealingNYC is the city's new initiative aimed at tackling the opioid epidemic.**

and reducing the supply of dangerous opioids. In a companion program, the City offers a 24/7 hotline called “NYC Well,” where callers can be linked to free, confidential crisis counseling and mental health and substance misuse support.

The City is to be commended for focusing attention and resources on the acute challenge of preventing overdoses among the highest risk populations. Additionally, substantial resources are being invested in providing mental health support to adolescents.

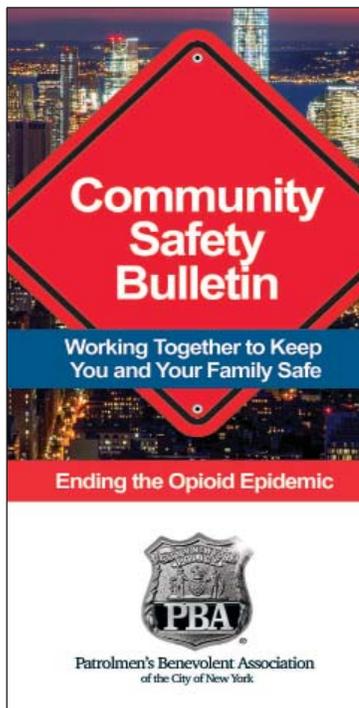
Other entities have thrown their hats into the prevention ring with an eye towards reaching a broader population. We strongly believe that all New Yorkers have a right to complete and straight-forward information about serious health threats, such as the presence of fentanyl in our communities. This information should be shared widely and not only to those deemed to be most at risk. My office is developing a public service announcement to alert the general population to the prevalence of fentanyl in New York City and the dangers of this highly potent drug.

In April, the Patrolmen’s Benevolent Association mailed a Community Safety Bulletin to 14,000 households in the Bronx and Staten Island warning

New Yorkers of the growing opioid epidemic. The mailing targeted the top five neighborhoods afflicted with the highest per capita rates of opioid overdose deaths. Additionally, PBA members gathered at major transit hubs in these areas to distribute the pamphlets. The bulletin notes that PBA members have already saved 111 lives using naloxone and the union agreed under the terms of its latest contract to have all members carry the antidote. As Staten Island District Attorney Michael McMa-



**A ground-breaking study examined gaps in opioid addiction.**



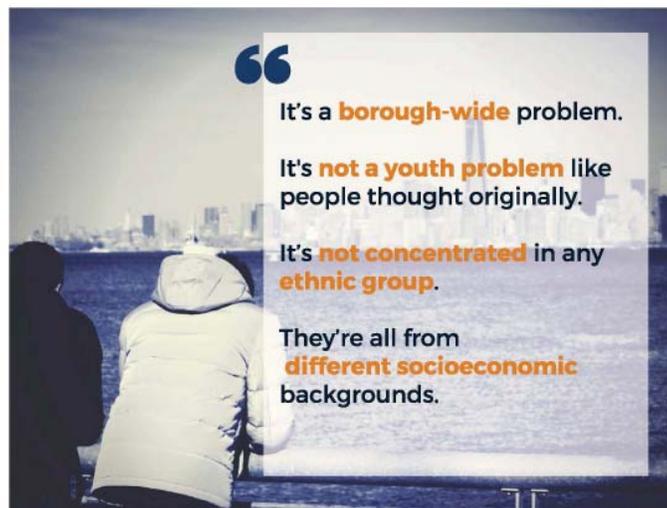
**The PBA mailed a bulletin to 14,000 households warning of the dangers of the opioid epidemic.**

hon has described in previous testimony, his office has launched several innovative initiatives, including the Heroin Overdose Prevention & Education (HOPE) initiative, which has enjoyed initial success. The pre-arraignment diversion program redirects low-level drug offenders to community-based health and treatment services, instead of jail or prosecution.

Over the past several months, SNP, the Richmond County District Attorney’s Office and Staten Island Partnership for Community Wellness served as clients for a ground-breaking capstone research project by Columbia University’s School of International and Public Affairs (SIPA). Graduate students with diverse backgrounds as medical doctors, social workers, communications professionals and urban policy specialists collaborated to develop a report entitled, “Needs Assessment of the Opioid Addiction Prevention and Treatment Systems of Care on Staten Island, NY.” The purpose of the project was to find and address the gaps in opioid addiction treatment and

care in the borough. Through interviews with key stakeholders and analysis of relevant demographic information and treatment data, the capstone team developed findings and mapped current overdoses and existing services available on Staten Island. Some of these findings challenge common misperceptions about the opioid epidemic.

The report explains causal and aggravating factors of the crisis, such as stigma, information gaps and mental health issues. It also addresses the unique roles law enforcement, medical, government and counseling officials can play in finding and implementing solutions. We are in the process of finalizing this report and will be happy to share it with members of the City Council as soon as it is completed. Over the past year, I have presented on the opioid epidemic at numerous panel discussions and conferences hosted by a wide variety of groups, including the University of Baltimore’s “Addiction and the Urban Child Symposium,” City & State’s “On Health Care 2017,” the civic leadership training program Coro New York and the District Attorney’s Association of the State of New York’s Winter Conference 2016.



*Findings challenge common misperceptions about the opioid epidemic.*



*Bridget Brennan served as moderator for a City & State panel discussion at Columbia University with New York City Council Member Andrew Cohen, New York State Senator Fred Ashkar and New York State Health Department Deputy Commissioner Brad Hutton.*

# FUNDING

## Overall Funding Outlook

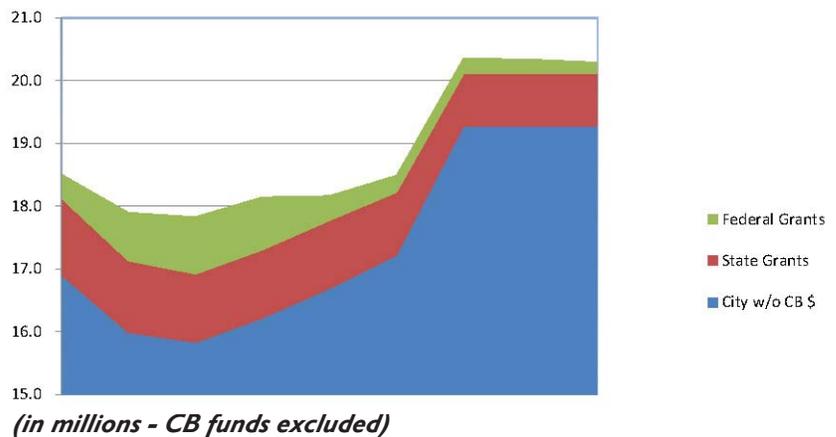
For current fiscal year 2017, our state and federal grant funds have continued to decline. City funds allocated for this year have increased by approximately half a million dollars to cover increases under various collective bargaining (CB) contracts. These contracts were settled between the City and the respective unions in prior years with CB funds allocated to agencies in its November 2014 and April

2016 financial plans. In the City's executive plan for fiscal year 2018, a total of \$231,750 in CB funds were proposed for our office to cover salary adjustments due per the various union contracts referenced above. Based on the same union contracts, additional collective bargaining funds were also proposed for fiscal year 2019 and the future years.

## City Funding Needs

We are very grateful for the support we have received from the City Council over the past years. With the additional funding provided by the City in fiscal year 2016, for the first time in over 15 years we were able to hire eight new Assistant District Attorneys.

## SNP FY 2010 Modified to FY 2018 Projected



## State Funding Reductions

Two of our three state grant programs, Crimes Against Revenue Program (CARP) and Drug Treatment Diversion Program (DTDP) were ended by the New York State Division of Criminal Justice Services (DCJS) in fiscal year 2016. The total annual loss in state funding that year alone was \$257,100 or 24%.

We currently have one state grant left, which is our SNP Aid to Prosecution program. In fiscal year 2018, we are hopeful that state funding for this program remains the same as in the prior year. However, funding for this longest running grant of ours has been reduced six times from \$1,425,000 over a decade ago in fiscal 2003 to a total of \$825,000 in fiscal 2017. The loss in this state grant alone amounted to a stunning \$600,000 or 42%.

## Federal Funds

Our total federal grant funds for fiscal year 2017 is \$236,728 or 69.3% (\$534,740) less than what we received in fiscal 2011. As mentioned in our prior testimony, we currently do not have any information pertaining to the amount of funds we could expect for fiscal year 2018. Therefore our projected total allocation for next year is approximately \$189,382 based on prior year changes.