



THE UNITED STATES ATTORNEY'S OFFICE

EASTERN DISTRICT *of* PENNSYLVANIA

Government Contractor, Its Owner, and Two Employees Charged in Multi-Million Dollar Fraud Scheme

FOR IMMEDIATE RELEASE

October 29, 2014

PHILADELPHIA – Devos Ltd., doing business as Guaranteed Returns (“Guaranteed Returns”), in Holbrook, NY, its Chief Executive Officer, Dean Volkes, and two others were charged by indictment, unsealed today, in a multi-million dollar scheme to defraud customers, including the government. Volkes, 51, of Port Jefferson, NY, Donna Fallon, 50, of Miller Place, NY, and Ronald Carlino, 66, of Deer Park, NY, are all charged in a conspiracy to obstruct justice and were arrested this morning, announced United States Attorney Zane David Memeger.

The indictment alleges that more than \$116 million worth of drug products had been returned for refund and more than \$14 million of those drugs belonged to federal government agencies, including the Department of Defense and the Veterans Administration. Other victims include numerous hospitals, pharmacies, and long-term care facilities.

Fallon serves as Chief Financial Officer for Guaranteed Returns and Carlino is an Information Technology employee. All four defendants are charged with conspiring to obstruct justice by concealing and destroying records involved in a Defense Department investigation, six counts of obstruction of justice, and three counts of lying to federal agents about those records. Volkes, Guaranteed Returns, and Fallon are also charged with money laundering conspiracy. Volkes and Guaranteed Returns are charged in 18 counts of wire fraud, 14 counts of mail fraud and one count of conversion of government property.

According to the indictment, Guaranteed Returns was in the business of managing the returns of pharmaceutical products for healthcare providers, including the Department of Defense (DoD) and the Veterans Administration. Manufacturers of pharmaceutical products frequently allow expired drugs to be returned for a refund. Guaranteed Returns handled this process for healthcare provider clients in exchange for a fee based on a percentage of the return value.

The indictment charges that Guaranteed Returns promised its clients that it would hold the clients’ “indate” (not yet expired) drug products until they expired, and then return them on the clients’ behalf, in exchange for a fee. Instead, according to the indictment, Guaranteed Returns, at the direction of CEO Dean Volkes, stole a significant portion of the “indate” drug products that it received from its clients; returned the drugs to the manufacturers; and kept the resulting refund money for itself and Dean Volkes.

The indictment further alleges that during the course of the scheme, a federal grand jury sitting in this district began investigating the diversion of funds under a contract with the DoD. During that investigation, an agent from the Defense Criminal Investigative Service met with Dean Volkes and served him with a grand jury subpoena requiring Guaranteed Returns to turn over records related to the DoD contract. Volkes and other Guaranteed Returns employees stated that they would comply with the subpoena. Instead, it is charged that with the help of Donna Fallon and Ronald Carlino, they destroyed some records and concealed others, and then lied to the investigating agents about why the records were not produced.

“The defendants in this case found a way to defraud the government, hospitals, pharmacies, and long-term care facilities by exploiting the system for returning expired drugs to pharmaceutical companies,” said Memeger. “My office will continue to aggressively prosecute and seek to recover illegal proceeds from those who use our precious health care dollars to enrich themselves at the expense of everyone else.”

“Fraud against the government amounts to stealing from American taxpayers, in service of pure greed,” said FBI Special Agent-in-Charge Edward J. Hanko said. “The FBI takes that very seriously, and we’re committed to tracking and shutting down financial fraud schemes.”

If convicted of all charges, defendant Guaranteed Returns faces a possible fine of over \$200 million along with a \$4,400 special assessment; Volkes faces a maximum possible statutory sentence of 810 years in prison, a fine of over \$200 million, three years of supervised release, and a \$4,400 special assessment; Fallon faces a maximum possible statutory sentence of 160 years in prison, a fine of over \$200 million, three years of supervised release, and a \$1,100 special assessment; and Carlino faces a maximum possible statutory sentence of 140 years in prison, a \$2.5 million fine, three years of supervised release, and a \$1,000 special assessment.

This case was investigated by the Defense Criminal Investigative Service and the Federal Bureau of Investigation. It is being prosecuted by Assistant United States Attorneys Nancy Rue and Paul Shapiro.

An Indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

[Click here to view the indictment.](#)

UNITED STATES ATTORNEY'S OFFICE, EASTERN DISTRICT of PENNSYLVANIA
Suite 1250, 615 Chestnut Street, Philadelphia, PA 19106
PATTY HARTMAN, Media Contact, 215-861-8525