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12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14 SAN FRANCISCO DIVISION

16 UNITED STATES OF AMERICA,

17 Plaintiff,

18 v.

19 STEPHEN SILVERMAN,

20 Defendant.

) CASE NO. 3:18-CR-533-RS

) **UNITED STATES' SENTENCING AND**
) **FORFEITURE MEMORANDUM**

) Date: March 5, 2024

) Time: 2:30 p.m.

) Court: Hon. Richard Seeborg

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I. INTRODUCTION

Stephen Silverman pleaded guilty to Count Three of the Second Superseding Indictment charging Conspiracy to Engage in the Unlawful Wholesale Distribution of Drugs, a violation of 18 U.S.C. § 371 and 21 U.S.C. §§ 331(t), 333(b)(1)(D), 353(e)(1). Dkt. 266, ¶ 1. He admitted in his plea agreement to engaging in a sprawling, multi-million-dollar prescription drug diversion scheme in which he and his co-conspirators sold large quantities of street-bought prescription drugs with faked pedigrees to retail pharmacies and wholesalers across the United States. Dkt. No. 271, ¶ 24 (“PSR”). In particular, Silverman and his co-conspirators specialized in the illegal distribution of expensive HIV drugs, which were illegitimately sourced but then sold, fraudulently, as lawfully sourced, to others. *Id.*

Probation calculates Silverman’s range as 24 to 30 months. PSR ¶ 95. Probation agrees with the government that Silverman used his skills and knowledge as a licensed attorney to disguise the scheme and assist his co-conspirators, warranting a special role adjustment increasing his offense level by two levels. PSR ¶ 61. No factors warranting a departure were identified. PSR ¶ 114. Probation recommends two years of home detention and two years of supervised release. *See* PSR Sentencing Recommendation.

That proposed sentence is inadequate. Silverman helped mastermind a multi-year, highly profitable criminal conspiracy. His victims include independent pharmacies and medical patients who unknowingly received diverted black-market pharmaceuticals—drugs on which patients often relied to survive. They had every right to trust that they received safe medication. Silverman betrayed that trust and the legal ethics that he was duty-bound, as a lawyer, to uphold. He did so clear-eyed and for greed, *knowing* that it could result in a prison sentence—as he himself said in one surreptitious recording (more below). The government urges a sentence of 12 months and a day of imprisonment.

The government requests a fine of \$58,544. Under USSG §5E1.2(c)(3), the offense’s range is \$10,000 to \$95,000. As the PSR notes, the defendant has retained counsel and has substantial assets and income, with a monthly positive cash flow of \$11,485.94. PSR ¶ 92. Probation notes the costs of prosecution shall be imposed on the defendant by statute and recommends a fine of \$20,000. *See* PSR Sentencing Recommendation; U.S.S.G. §5E1.5; PSR ¶ 103. The government’s fine recommendation is equal to the cost of 12 months and a day’s imprisonment and two years of supervision.

The government seeks a forfeiture money judgment of at least \$1,197,897.34. This amount

1 disgorges from Silverman the criminal profits that accrued to him personally. The figure is firmly
 2 documented in the amount of conspiracy proceeds that, instead of being deposited and laundered
 3 through his law firm’s trust, were deposited into his own personal accounts.

4 II. PROCEDURAL HISTORY

5 On November 1, 2018, a five-count Indictment was filed, charging Edvin Ovasapyan and Hakob
 6 Kojoyan with violations of 18 U.S.C. §§ 1343 and 1349 – Conspiracy to Commit Wire Fraud (Count 1);
 7 18 U.S.C. §§ 1343 and 2 – Wire Fraud and Aiding and Abetting (Counts 2 and 3); 18 U.S.C. § 1956(h) –
 8 Conspiracy to Commit Laundering of Monetary Instruments (Count 4); and 18 U.S.C. § 371 –
 9 Conspiracy to Engage in Unlawful Wholesale Distribution of Drugs (Count 5). Dkt. 16.

10 On September 5, 2019, a three-count Superseding Indictment was filed, charging Edvin
 11 Ovasapyan, Hakob Kojoyan, Lorik Papyan and Stephen Silverman with violations of 18 U.S.C. § 1349 –
 12 Conspiracy to Commit Wire Fraud (Count 1); 18 U.S.C. § 1956(h) – Conspiracy to Commit Laundering
 13 of Monetary Instruments (Count 2); and 18 U.S.C. § 371 – Conspiracy to Engage in the Unlawful
 14 Wholesale Distribution of Drugs (Count 3). Each defendant was named in all three counts. Dkt. 51.

15 On March 30, 2023, a Second Superseding Indictment was returned against Silverman alone,
 16 charging the same three offenses. Dkt. 201.

17 On October 10, 2023, pursuant to a plea agreement, Silverman pleaded guilty to Count Three of
 18 the Second Superseding Indictment, which charged Silverman with Conspiracy to Engage in the
 19 Unlawful Wholesale Distribution of Drugs in violation of 18 U.S.C. § 371 and 21 U.S.C. §§ 331(t),
 20 333(b)(1)(D), and 353(e)(1). Dkt. 266 (“Plea Agreement”) ¶1 .

21 III. FACTS

22 A. Silverman, with Edvin Ovasapyan, Lorik Papyan, and Hakob Kojoyan engaged in a 23 massive wholesale prescription drug distribution fraud, specializing in HIV drugs

24 Beginning no later than February 2017 and continuing until at least March 2019, Silverman
 25 agreed with Edvin Ovasapyan, Lorik Papyan, Hakob Kojoyan, and others, to execute a scheme to engage
 26 in the unlicensed and fraudulent wholesale distribution of prescription drugs through multiple front
 27 companies—chronologically, “Covidien Sales,” “Mainspring Distribution,” and “RSL.” PSR ¶¶ 34-37.
 28 The scheme worked as follows: Ovasapyan and his co-conspirators procured, from the black market,

1 varieties of prescription drugs. They then relabeled, repackaged, and shipped the prescription drugs to
2 unwitting pharmacies and wholesalers, including Colossal Health, Inc., representing the drugs as
3 legitimately sourced. PSR ¶¶ 24, 34-35.

4 The conspirators focused on HIV drugs because of their immense profitability: they were bought
5 for pennies on the dollar on the street and resold at full price for huge margins. Silverman and his co-
6 conspirators convinced buyers that the pharmaceutical drugs had traveled through the safe, regulated
7 stream of commerce by fabricating “pedigrees,” documents required by law that trace and disclose the
8 history of a batch of pharmaceuticals from manufacture to final customer-facing seller. *Id.* It is a key
9 method by which the American regime ensures that patients know and trust what actually is in the bottle,
10 vial, or syringe they have been prescribed. The conspiracy’s fake pedigrees misrepresented the drugs as
11 having a safe, lawful provenance. *Id.* Pharmacies or pharmaceutical distributors bought from the
12 conspiracy, and ultimately the mislabeled or misbranded drugs were dispensed to thousands of patients.
13 PSR ¶¶ 24 and 54. Highly vulnerable patients were put at risk by their medications being ineffective or
14 contaminated. *Id.*

15 Over the course of this scheme the criminal operation earned over \$50,000,000. PSR ¶¶ 23-26.
16 Silverman and his group made a fortune. PSR ¶¶ 24, 34-35.

17 **B. Silverman fabricated multiple emails to avoid scrutiny and continue undetected**

18 The conspiracy would not have succeeded without Silverman. He alone among the conspirators
19 was a professional with experience in communicating in writing and in handling of complaints. Time
20 after time Silverman proved indispensable—which is why he was invited into the scheme in the first
21 place. It was why he was trusted by its members. It was why he received a cut of the profits.

22 Take one example from 2016, early on in the conspiracy, when Silverman ghost-wrote letters to
23 quell concerns raised by customers. PSR ¶ 31. Specifically, Silverman drafted an entire correspondence
24 between an invented employee (“David Lenvin”) at Covidien Sales, the conspiracy’s fraudulent
25 distributor in the initial iteration of the conspiracy, and a fictional employee (“Avi Weiss”) at Cardinal
26 Health, a legitimate company from which Covidien claimed to have to bought the drugs it was selling.
27 PSR ¶ 35. The customer, Doug Sanders, who is a real person, was suspicious about the source of the
28

1 drugs he was purchasing from Covidien, despite being provided the pedigrees (made using the “Track
2 and Trace” system). *Id.*

3 To respond, Silverman
4 drafted a message, around January
5 25, 2016, between “David Lenvin”
6 of Covidien Sales and “Avi Weiss”
7 of Cardinal Health. (Image at right.)
8 Lenvin purported to notify Weiss
9 that his customer, Sanders, had
10 requested pedigrees from Cardinal
11 Health. The communication was
12 intended to show that Covidien was
13 taking the complaint seriously—but
14 also to prevent Sanders from
15 communicating directly with the real
16 Cardinal Health (MS-159477).



17 Silverman’s letter specifically mentioned the statutory basis for the customer’s request (“Title 21
18 CFR, Chapter I Part 203”), a statute that governs the marketing and sale of prescription drugs, including
19 requirements for the wholesale distribution of prescription drugs. Silverman was using his legal
20 expertise to cover the crime.

21 Then Silverman crafted a *response* to his faked letter. Pretending to be the fictional Avi Weiss,
22 Silverman sent Ovasapyan a second message to forward to Sanders. In this letter Weiss acknowledged
23 Lenvin’s e-mail and stated that he would reach out to Sanders directly (MS-159470):
24
25
26
27
28

1
2 From: "Stephen A. Silverman" <silverman@silmillaw.com>
Date: January 26, 2016 at 9:42:33 AM PST
3 To: "24collections@gmail.com" <24collections@gmail.com>

4 David:

5 This is to acknowledge your email letter of January 25 concerning the concerns of Doug Sanders of Colossal Health with respect to confirmation of the pedigree of those products which Covidien has purchased from Cardinal.

6 I am forwarding a copy of this email directly to Mr. Sanders in order to inquire from him what further information he would like to receive in order to have comfort of the pedigree of these products. I am asking him to email me his request so that I can respond directly to him.

7 It is my understanding that Covidien already provides Colossal with information to satisfy the requirements of 21 CFR part 203.

8 Sincerely,

9 Avi [Weiss](#)

10
11 On January 27, 2016, Sanders responded to "Weiss" and queried whether the pedigrees from
12 Cardinal Health were accurate (MS-159470). In response, Silverman, Ovasapyan, and Papyan fabricated
13 further messages to dupe Sanders, including a letter from Weiss at Cardinal Health providing the forged
14 pedigrees that Sanders requested (MS-159488). Silverman used his work email to send that message,
15 which is why his contact information remained at the bottom of the message (below):

16 Mr. Sanders:

17 Attached are the copies of the pedigrees which you sent to me and which we
18 have now confirmed to be accurate.

19 I will expect to hear from you each calendar quarter for further requests for
20 confirmation.

21 Sincerely,

22 Avi

We've moved! Our new suite number is 610.

23 Stephen A. Silverman
24 Silverman & Milligan LLP
25 10877 Wilshire Boulevard, Suite 610
26 Los Angeles, CA 90024
27 Direct Phone: 310-586-2424
28 Cell: 424-339-3900
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1 Silverman also wrote the group’s correspondence with regulators. PSR ¶¶ 31, 36, 37 and 42. He
2 falsely represented to the FDA, for instance, that Mainspring was a lawful distributor. As discussed
3 further below, he personally participated in the deception of Washington State regulators.

4 **C. Silverman acted as attorney and banker to the conspiracy**

5 Silverman’s role as the attorney for the criminal enterprise included establishing the business
6 structure for the illicit entities, obtaining necessary licenses, filing corporate registration paperwork in
7 Pennsylvania, communicating with and meeting regulators, drafting correspondence and sales materials,
8 and assisting Ovasapyan and their co-conspirators in procuring a space to store, alter, and ship the illegally
9 obtained diverted pharmaceutical drugs. PSR ¶¶ 31, 36, and 42.

10 Silverman also served as the conspiracy’s banker. PSR ¶¶ 35. As Silverman admitted in his Plea
11 Agreement, after Ovasapyan was indicted in the District of Puerto Rico in 2018 for pharmaceutical
12 diversion, Ovasapyan could no longer use lawful banking services to receive revenue from their
13 pharmaceutical diversion scheme. PSR ¶ 35; Plea Agreement ¶ 2. To ensure that Covidien could
14 continue both to receive payments and sell diverted pharmaceuticals, Silverman established a “client
15 trust” bank account with his law firm, Silverman & Milligan LLP, that then received approximately \$9.5
16 million from Colossal Health, Covidien’s primary customer. *Id.* Silverman’s outside accountant, Kathy
17 Rees—largely ignorant of the offense being committed—confirmed that Silverman understood that the
18 indicted Ovasapyan had been “kicked out” of the banking system, and indeed one bank called Silverman
19 directly to inform him of this. (MS 218288-90.) She remembers being instructed by Silverman to send
20 wires, using Silverman’s trust accounts, to payees named by Ovasapyan, for the simple reason that
21 Ovasapyan could not lawfully send such wires himself. *Id.* Silverman also obtained a credit card for
22 Ovasapyan under the guise of Ovasapyan being an “employee” of Silverman’s. *Id.* Thus the banking
23 system and a credit card company was defrauded by Silverman.

24 Silverman was not deterred by Ovasapyan’s indictment. Their partnership continued in a similar
25 scheme when Silverman assisted Ovasapyan in establishing Mainspring Distribution. PSR ¶ 36.
26 Silverman even flew in person to Pennsylvania, intending to create a front to conceal continued illegal
27 drug diversion. *Id.* Silverman acted as “general counsel” for Mainspring, including in correspondence
28

1 with the FDA. PSR ¶ 36. Silverman presented himself and acted as a part owner of Mainspring. *Id.* For
2 example, on April 5, 2017, Silverman and Ovasapyan together submitted an application to Elavon, a
3 credit-card payment processing company, to open a merchant services account for Mainspring
4 Distribution to receive payments from customers, including Colossal Health. *Id.* Silverman signed as
5 an “Officer” of Mainspring on April 5, 2017, and was listed as a 50% owner of Mainspring. *Id.*

6 As with “Avi Weiss” and “David Lenvin,” Silverman fabricated communications to further the
7 new Mainspring venture, this time using the fictitious “Benjamin Wellington,” whom Silverman
8 represented to be an employee of one of Mainspring’s purported drug suppliers. Plea Agreement ¶ 2.

9 As a sophisticated attorney with experience in this field, Silverman regularly counseled
10 Ovasapyan on issues that could affect their criminal operation. PSR ¶¶ 43 and 49. For example, on
11 April 3, 2019, Silverman alerted Ovasapyan to a new technology that could laser-print identification
12 numbers on legitimate pills for tracking purposes and to prevent diversion. Silverman explained to
13 Ovasapyan that this could be an opportunity for them to print their own markings on pills they obtained
14 from the black market, thereby making their diverted pharmaceuticals seem legitimate. PSR ¶ 49.

15 Later in the conspiracy, a third entity (after Covidien and Mainspring), RSL, was created to
16 continue the conspiracy. Silverman personally appeared at RSL’s site inspection, in Washington State,
17 when it opened an office there. Daniel Lari, a Washington State Board of Pharmacy inspector, recalled
18 Silverman’s presence along with a man named Ruel Gonzalez, the “applicant” for the Washington
19 license to distribute pharmaceuticals. Lari remembered that Silverman, as the attorney for RSL, did
20 most of the talking. This struck Lari as odd, both because hiring an attorney to obtain such a license was
21 rare and because an attorney’s presence at a site inspection was even rarer. But Silverman *had* to be
22 there: Ruel Gonzalez, a one-time dishwasher, had no experience in pharmaceutical wholesaling and was
23 there only because he had been promised a payoff to purport to be the face of the RSL operation. Ruel
24 later told investigators that Silverman instructed him to claim prior industry experience and not to ask
25 questions. Gonzales was coached by Silverman on how to answer regulators’ questions but otherwise
26 told to stay calm and defer difficult questions to Silverman. (MS 218286.) And indeed, Silverman, as
27 Lari recalled, successfully fielded the inquiries without raising suspicions about what struck Lari as
28

1 RSL's unusual business proposition. (MS-229275-77.) Silverman's handling of the inspection resulted
2 in a successful site inspection.

3 Chris Hizo, another bit player recruited by Ovasapyan to handle minor aspects related to RSL,
4 recalled meeting with Silverman and Ovasapyan on multiple occasions. Hizo recalled that Silverman
5 created the LLC for RSL and explained to Hizo the licensing approval process. To Hizo, "it seemed like
6 [Ovasapyan] was running the pharmaceutical side and Silverman was running the legal side of things."
7 Hizo, like Gonzales, was largely unfamiliar with the industry but said that he had little compunction
8 about participating because "[f]rom the conversation with Silverman, it seemed like everything was
9 taken care of in terms of paperwork and licensing." (MS 229393.)

10 Sean Osorio, a third person recruited to handle a small part of the nascent RSL gambit, recalled
11 that Silverman provided Ovasapyan with a credit card when Ovasapyan could not obtain one – a fact
12 confirmed by Kathy Rees, Silverman's accountant, noted above. (MS 218289.) Osorio also noted that
13 Silverman was "better at drafting sales pitches for potential customer pharmacies." (MS 218466.)
14 (Osorio was a real estate broker, friendly with Ovasapyan, whom Ovasapyan considered complaint.)

15 **D. Silverman, knowing the drugs were black-market sourced, further participated by**
16 **providing part of his law offices for their storage, mislabeling, and distribution**

17 Silverman admitted that he assumed that Mainspring customers believed that they were receiving
18 legitimately sourced, safe prescription drugs when they were not. Plea Agreement, ¶ 2. As with the
19 earlier Covidien iteration of the scheme, Silverman knew that Mainspring forged pedigrees. PSR ¶ 36.
20 Since the drugs were purchased from the black market, all indications of their true origin had to be
21 removed, such as prescription labels. *Id.* To aid in this illegal effort, Silverman provided office space to
22 Ovasapyan, *within* Silverman's very own law offices, for Ovasapyan and others to store the drugs,
23 scrub them of their prescription labels, and inspect the drugs before shipping them to Mainspring offices
24 in Pennsylvania for distribution to unsuspecting customers. PSR ¶ 36.

25 Convicted co-conspirator Lorik Papyan recalled removing prescription-bottle labels using lighter
26 fluid and then repackaging the illicitly obtained drugs *in front of* Silverman, in his office, as he watched.
27 (MS 219195.) Silverman even arranged for special elevator access for Papyan and Ovasapyan so that
28 they could enter the building and office with boxes of drugs, unobserved. Papyan remembered

1 Silverman advising not to record drug information to avoid creating a paper trail. Papyan also
2 remembered that on the day Ovasapyan was arrested on his Puerto Rico case, a panicked Silverman
3 demanded that Papyan come by and clear the drugs out of his law office. Silverman advised Papyan,
4 too, on how to respond to customers and allay concerns.

5 **E. Silverman laundered money for the conspiracy, which received \$70,000,000**

6 The scheme generated millions in revenue. PSR ¶ 36. Silverman concedes that between about
7 February 2017 and Ovasapyan's arrest in November 2018, Mainspring sold diverted drugs to customers
8 in exchange for payments of more than \$50,000,000. PSR ¶ 36; Plea Agreement ¶ 2. The government
9 believes, however, that Mainspring was actually paid over \$70,000,000 by customers. PSR ¶ 30.

10 Ovasapyan was suspended from the lawful banking system in or around 2016, and Silverman then
11 began to launder the conspiracy's funds using law firm trust accounts and American Express credit cards
12 issued under his law firm's name. PSR ¶¶ 31, 35, 38-39. Silverman admitted in his plea agreement that the
13 "illicit proceeds from Mainspring's operations were received into client trust accounts or bank accounts
14 that [Silverman] could control" and that he "disbursed money belonging to co-conspirators at their
15 direction." Plea Agreement ¶ 2.

16 Silverman was familiar with money laundering and even defined it for Ovasapyan in a recorded
17 conversation on June 12, 2019 (MS 21668):

18 SILVERMAN: But everybody's getting charged these days with money laundering, ok? Why, I
19 don't know, cause it isn't what I think of as money laundering, ok, is taking--

20 OVASAPYAN: I don't know what money laundering is anymore to be honest with you.

21 SILVERMAN: No, no. But I looked it up because I didn't really know what the definition
22 was.... So I looked up the definition of money laundering. And money laundering, traditionally,
23 traditionally, has been, if you take uh, the proceeds of a crime, let's say a uh a robbery, or you
24 rob a market and you turn it into legitimate looking checks and stuff like that. That's what
25 generally has been money laundering.

26 Much of the recorded conversations between Ovasapyan and Silverman in 2019 revolved around
27 laundering the money from the RSL operation. PSR ¶¶ 38-40. (More on these recordings below.)
28

1 **F. Silverman, for his essential role, earned a percentage of its profits**

2 On multiple occasions, Silverman and Ovasapyan discussed Silverman’s share of profits,
3 ultimately agreeing that Silverman would receive 1% of total sales and 15% of Ovasapyan’s profits from
4 the new illegal pharmaceutical diversion business. PSR ¶¶ 39, 46. Proceeds in the amount of 15% is the
5 same share Ovasapyan’s early co-conspirators, the Rozenbergs, received for setting up Covidien to
6 supply diverted drugs to Colossal Health; Silverman later provided a similar service in setting up
7 Mainspring and RSL. PSR ¶¶ 20, 31, 47-48. Silverman admitted he accepted a cut of profits of RSL in
8 exchange for his assistance, though – incredibly – he now denies ever receiving any money. PSR ¶ 47.

9 **G. Silverman, in recorded conversations, describes his intent and role in his own words**

10 After Ovasapyan was arrested and agreed to cooperate, Silverman was recorded in conversations
11 with him. Silverman knew of the arrest but nonetheless sought to continue to create the next phase of the
12 conspiracy with RSL in Washington State. (Complete transcripts of these recordings are attached as
13 Exhibit A to this memorandum.) Silverman, in his own words, advised how to run the illegal operation
14 and to launder money successfully. Samples below reveal the depth of Silverman’s involvement.

15 During a February 27, 2019, meeting, Ovasapyan discussed the anticipated RSL venture.
16 Silverman asked about whether the “U.S. Government” had “found anything” to connect Ovasapyan,
17 evidently, to Silverman. Ovasapyan said he was “very careful” and Silverman replied: “I just want to
18 make sure.” Ex. A at 16. Ovasapyan mentions that he had arranged for monthly payments to “Ruel” so
19 that “we don’t lose the license,” a reference to the company nominally headed by Ruel Gonzalez. *Id.* at
20 15. Ovasapyan goes on to say that he and Papyan would do the work of “checking the products”
21 (meaning inspecting, counting, and cleaning the drugs) but that he and Papyan “need your help in a few
22 things,” including getting a Tennessee license and preparing tax items. *Id.* at 17-18. Ovasapyan adds
23 that, unlike Mainstream, they would have real employees to send out emails, to which Silverman
24 replied: “not names that you create that are you,” referring to the fictional Lenvin, Weiss, and
25 Wellington messages. *Id.* Ovasapyan asks Silverman to find new office space to handle the drug work.
26 Silverman offers “my thinking,” namely, to choose an office in Los Angeles rather than Culver City,
27 with its less busy police, because in L.A. there was “zero chance” of “some cop knocking on the door.”
28 *Id.* at 21; *see also* PSR ¶ 43. They then discuss Silverman’s cut – Ovasapyan throwing out 15% of

1 Ovasapyan’s own profits – to which Silverman replies: “Sounds great to me.” *Id.* at 23. Silverman was
2 to bill for legal or consulting work to hide the payments and Silverman says the money would come to
3 him “outside the law.” *Id.* at 25. Silverman asks whether the drug handlers will need “underground
4 parking” so that “nobody can see what’s going in or going out.” *Id.* at 28. Silverman advises
5 Ovasapyan – again, then under a recent indictment – not to drive a Tesla since those, he said, can be
6 tracked and suggests that Ovasapyan’s property cannot be seized until the case is over. *Id.* at 31.

7 On March 1, 2019, they met again. Ovasapyan complained that a Mainspring customer was
8 making public allegations even though “he knew he was buying drugs from us that was not real.” *Id.* at
9 55. “Of course he knew,” replied Silverman. *Id.* Ovasapyan remarks that, with RSL, they will figure out
10 how to “get my money, your money” and Silverman confirms that he has an idea about how to export the
11 money. *Id.* at 55-56. Silverman says: “I’m thinking is there a way I can structure everything that makes
12 that better so that, so that it works seamlessly and...so that nobody can figure it out.” *Id.* at 58.

13 On April 3, 2019, Silverman complains about Sean Osorio “calling me and making [me] fucking
14 crazy,” asking, apparently, about the status of the RSL scheme. *Id.* at 82. Silverman discusses renting a
15 place for Ovasapyan to process the drugs and suggests a residential neighborhood, since in “a commercial
16 neighborhood, it’s unusual to see activity on a Sunday.” *Id.* at 96-97. (A few days later Silverman
17 emailed images of warehouse space in Culver City to Ovasapyan.) Silverman tells Ovasapyan that he is
18 going to use an accountant who is “not the smartest guy I ever talked to” instead of his usual accountant
19 who, Ovasapyan says, “asks too much questions.” *Id.* at 103. Silverman proposes using an American
20 Express card to “buy the watches” that Ovasapyan used to launder money. *Id.* at 91. “And you’re cool
21 with the percentage for you?” asked Ovasapyan. “Oh, yeah, “ replied Silverman. *Id.* at 99.

22 On March 25, 2019, Ovasapyan and Papyan met where some \$300,000 worth of drugs had been
23 delivered to an address in North Hollywood. The next day, Papyan was arrested.

24 On April 22, 2019, another Silverman-Ovasapyan meeting occurs. They discuss renting AirBNB
25 locations for each drug-processing session to reduce the risk of detection; Silverman adds that “you
26 might want to think about is rent it for two nights, so that you don’t have any risk of somebody coming
27 in or leaving” and to check whether the address is “in a high policed area.” *Id.* at 113-15. Ovasapyan
28 says that they already have their \$20,000 cut from the scheme but that he needs “an account number to

1 send the money to.” Silverman replies: “I’ll open it tomorrow.” *Id.* at 116. Silverman makes a
 2 comment about how “Off the street there’s a lot of drugs available,” *id.* at 117, but tells Ovasapyan that
 3 “I want you to be looking out...over your shoulder.” *Id.* at 121-22. Ovasapyan replies that “drug selling
 4 101” is for him and “money laundering 101” is for “Stephen.” (Ovasapyan told investigators that this
 5 was an allusion to a remark Silverman had made to him, early on in their collaboration, about Silverman
 6 teaching him, Ovasapyan, “money laundering 101.”) Silverman laughed and said: “That’s what the fuck
 7 we do.” Ovasapyan said: “They don’t want you pretty ass in jail.” Silverman laughed again. *Id.* at 122.

8 On May 8, 2019, Silverman emailed Ovasapyan about needing to revise filings with the
 9 California Secretary of State and, two days after that, emailed Ovasapyan to say that he had opened a
 10 Chase account. On May 14, 2019, Silverman advised Ovasapyan that he had created the LLP to receive
 11 the invoices (to conceal the nature of the payments) under the names “Glendon and Lindbrook
 12 Marketing.” During an exchange the next day, Silverman grumbled that the bank was invasive with its
 13 questions about the nature of the new business yet, a few days later, advised Ovasapyan that they
 14 shouldn’t push back too hard as the bank did its due diligence. On May 29, 2019, Silverman advised
 15 Ovasapyan that another lawyer had assured him that, by the structures he had set up, Ovasapyan would
 16 not be violating any order – referring to pretrial orders in *this* case. Silverman added that advice of
 17 counsel “gives you complete protection from any criminal charges.”

18 On May 31, 2019, Silverman elaborated on how, in his view, the opinion letter he secured
 19 protects us from being charged with any crime. Because an opinion letter from a lawyer,
 20 even if the opinion is incorrect, is a valid defense.... [S]o I feel it’s like buying an insurance
 policy. [*Id.* at 132.]

21 Ovasapyan worried that his (feigned) participation in this new scheme would allow the federal
 22 government to “tag on like extra charges on my ass,” but Silverman reassures him: “We can completely
 23 eliminate that with an opinion letter.” *Id.* at 133. Then this exchange occurs:

24 OVASAPYAN: At the end of the day if you’re trying to protect me from getting drugs off
 the street—

25 SILVERMAN: I’m protecting [unintelligible] both of us.

26 OVASAPYAN: Yea so. You know. But I gotta tell you—

27 SILVERMAN: Trust me, at age 77 I don’t want to [unintelligible] fucking.

28 OVASAPYAN: I understand, I understand you don’t want to have anything up your
 fucking ass. [Laughter]

1 Then Silverman reassures himself, yet again, that the risk is worth it. Ovasapyan says that “We bought
 2 about 4 million in drugs that we’re gonna sell, so that’s a lot of money coming our way.” Silverman
 3 replies: “That’s a lot.” *Id.* at 140.

4 On a June 12, 2019 recorded conversation, Silverman expresses concern about reading about
 5 others charged with money laundering. Ovasapyan then says: “Like we’ve been doing this together for
 6 the past 6 years, whatever we’ve done, you help me and I help you out and we haven’t had any issues
 7 the way we’ve done it.” *Id.* at 163-64. Silverman replies: “I’ll figure out how to get it done.” *Id.* at
 8 165. Silverman then discloses something else on his mind that he learned about a man close to his,
 9 Silverman’s, age, sent to prison for a money-laundering offense:

10 SILVERMAN: There’s a guy name Ron [U/I] ok, he’s a doctor, and they nailed him, in
 11 addition to Medicare fraud, not Medicare fraud, workers comp fraud. They got him for
 money laundering. Guess what his sentence is? He’s 80.

12 OVASAPYAN: Mm hmm.

13 SILVERMAN: Ten fucking years.

14 OVASAPYAN: What the fuck is he gonna do, he’s 80 years old sentenced to ten years.

15 SILVERMAN: He’s in Lompoc. [*Id.* at 168.]

16 Silverman chose, despite these perils, to persist in the conspiracy.

17 **IV. SENTENCING GUIDELINES CALCULATION**

The parties agreed that the Sentencing Guidelines calculation for the offense is as follows:

18	a.	Base Offense Level, U.S.S.G. § 2X1.1(a):	6
19	b.	Specific offense characteristics under U.S.S.G. Ch. 2	+14 or +16
20	c.	More than \$550,000 but not more than \$3,500,000, § 2B1.1(b)(1)(H) and (I)	
21	c.	Adjustments under U.S.S.G. Ch. 3	
22		§ 3B1.2 – Mitigating Role	Open
23		§ 3B1.3 – Use of Special Skill	Open
24	d.	Acceptance of Responsibility:	- 3

25 The government agrees with Probation in calculating Silverman’s total Offense Level as 17, and
 26 his Criminal History Category as I, resulting in a Guidelines Range of 24-30 months. PSR ¶ 95.

27 The government agreed to recommend a sentence of either one year and a day of imprisonment,
 28

1 or two years of home confinement, unless defendant violated the terms of the Plea Agreement or failed
2 to accept responsibility. Plea Agreement ¶ 16.

3 **V. GOVERNMENT’S SENTENCING RECOMMENDATION**

4 The government respectfully requests a sentence of 12 months and a day of imprisonment and
5 two years of Supervised Release.

6 **A. The special skill adjustment applies**

7 U.S.S.G. Section 3B1.3 provides in part: “If the defendant...used a special skill, in a manner that
8 significantly facilitated the commission or concealment of the offense, increase by 2 levels.” The
9 Commentary and Application Notes explain that a “special skill” is one “not possessed by members of
10 the general public and usually requiring substantial education, training or licensing. Examples would
11 include...lawyers.” See, e.g., *United States v. Farrace*, 805 F. App’x 470, 475 (9th Cir. 2020) (agreeing
12 that defendant’s special skills as real estate attorney and former real estate broker facilitated fraud).

13 This enhancement applies. Silverman used his legal training to assist the conspiracy in
14 accomplishing its goals, from forming front companies to obtaining licenses to distributing diverted
15 pharmaceuticals on to negotiating with regulators. Silverman took on precisely the role one would
16 expect that an attorney would when working in a criminal group. He served as a type of *consigliere*, a
17 criminal advisor who handled anything that required professionalism, stature, good communication
18 skills, experience with contracts, and business acumen. Silverman used his professional experience and
19 knowledge – even citing appropriate legal statutes – when drafting correspondence to address customer
20 suspicions. Ovasapyan told investigators that Silverman gave him business advice about who to hire,
21 how much to pay them, and whether to pay bonuses. Silverman was asked to draft sales pitches for the
22 customers the schemers hoped to (and did) defraud.

23 Silverman also used his law firm’s entitlement to maintain trust accounts – accounts shielded
24 from certain levels of scrutiny and grounded in trust – to serve effectively as a bank for the group,
25 funneling millions of dollars through these trust accounts and then distributing the funds at the behest of
26 co-conspirators, all to conceal their destination and origin.

27 Not only did Ovasapyan and their co-conspirators rely upon Silverman’s skill as an attorney, but
28 this skill (alongside his moral plasticity) was the *reason* he was brought into the scheme. He was

1 invaluable. Silverman handled the white-collar work while Ovasapyan, Papyan, and others handled the
2 task of obtaining, relabeling, and shipping the product. Without Silverman they could not have been as
3 successful. Likely they would have been discovered or their operation disrupted by any number of
4 parties Silverman negotiated with and handled, from clients like Doug Sanders to curious Washington
5 State inspectors. What’s more, the conspiracy would not have been able even to receive payments after
6 Ovasapyan was cut off from the banking system due to the federal charges in Puerto Rico.

7 **B. Neither the minimal or minor role adjustment is warranted**

8 U.S.S.G. Section 3B1.2 provides for a four-level decrease when a defendant is a “minimal”
9 participant and a two-level decrease when a defendant is a “minor” participant. Neither applies here. The
10 Commentary and Application Notes provide that these adjustments are meant for defendants who “plays a
11 part in committing the offense that makes him substantially less culpable than the average participant in
12 the criminal activity.” The analysis turns on the “totality of factors” that include the “the degree to which
13 the defendant understood the scope and structure of the criminal activity”; “the degree to which the
14 defendant participated in planning or organizing the criminal activity”; “the degree to which the defendant
15 exercised decision-making authority or influenced the exercise of decision-making authority”; “the nature
16 and extent of the defendant’s participation in the commission of the criminal activity, including the acts the
17 defendant performed and the responsibility and discretion the defendant had in performing those acts”; and
18 “the degree to which the defendant stood to benefit from the criminal activity.”

19 Silverman fails to qualify for a downward adjustment under each criterion.

20 *He understood the scope of structure of the activity.* Indeed, Silverman helped invent and
21 implement it, from overcoming regulatory hurdles to advising Ovasapyan on who to hire and how to keep
22 them happy (and quiet). He drafted or reviewed formation documents for the various entities used to
23 accomplish the conspiracy. He engaged regularly with Ovasapyan and managed the conspiracy’s money.
24 At Mainspring, Silverman was physically present in Pennsylvania to assist in its creation. Silverman, to
25 set up RSL, met with regulators in-person in Washington to ensure the operation received its license.

26 *He helped plan and organize the activity,* especially its legal and monetary aspects. Silverman
27 made significant decisions and advised Ovasapyan on others. The Mainspring scheme operated out of
28 Silverman’s very office, with Silverman’s bank and trust accounts, and in some cases, using Silverman’s

1 name as the attorney and corporate officer. There were few aspects that Silverman was *not* clued in on.
2 In multiple recordings often Silverman is heard instructing Ovasapyan on how to commit their crimes
3 without being caught or prosecuted and captured refining Ovasapyan's proposals. These recordings
4 make clear that Silverman's mind was not deteriorating and that was not a feeble older gentleman being
5 preyed upon by co-conspirators; he is a quick-witted attorney ready to persist in criminal activity. Not
6 only did Silverman engage in the drug diversion scheme directly in setting it up, but he also helped them
7 open bank accounts so they could receive and transfer their criminal proceeds.

8 *And he stood to benefit handsomely*, by having a cut of the illicit profits poured into his bank
9 accounts. Silverman was a partner of Ovasapyan's, not an employee of or a lawyer for him.
10 Silverman's *modus operandi* was to take a percentage or share of the profits. Bank records show that
11 Silverman received more than \$1 million dollars from the criminal scheme, though his true profit is
12 almost certainly greater considering part of Silverman's job was to launder his co-conspirators' funds.

13 By his own admission, Silverman provided Ovasapyan and Papyan with their headquarters at his
14 law firm's office, with a private entrance, where they collected, stored, relabeled, and shipped diverted
15 pharmaceuticals. Silverman even assured their ability to process drugs in the office space after business
16 hours by communicating to the building managers that they should keep the lights on at night.

17 If not for Silverman's involvement, and provision of banking services, Ovasapyan would not
18 have been able to open new bank accounts and certainly would have faced increased scrutiny of his
19 criminal activities, likely leading to the cessation of operations. Instead, Silverman assisted Ovasapyan
20 and his co-conspirators access the financial system despite Ovasapyan's indictment by providing deposit
21 accounts that could withstand bank scrutiny.

22 As Silverman admitted in his plea agreement, during the meetings in 2019 Silverman counseled
23 Ovasapyan on ways to avoid law enforcement scrutiny, including setting up a "count location," i.e.,
24 where the black-market diverted prescription drugs would be inspected before being sent to customers,
25 just as Silverman's office was used in the Mainspring era of the conspiracy – in a location with less
26 police presence. Plea Agreement Page ¶ 2.

27 A "minimal" participant is a defendant who is "plainly among the least culpable of those involved
28 in the conduct of a group," indicated by his "lack of knowledge or understanding of the scope and

1 structure of the enterprise and of the activities of others is indicative of a role as minimal participant.”
2 U.S.S.G. § 3B1.2, App. Note 4. A Ruel Gonzalez, a Chris Hizo, or a Sean Osorio might qualify for this
3 adjustment; Silverman does not. Far from being among the least culpable, he was among the most
4 culpable. He played a role that *only* he could have played. Far from demonstrating a “lack of knowledge
5 or understanding of the scope and structure of the enterprise,” Silverman *designed* those enterprises.

6 A “minor” participant is one who “is less culpable than most other participants in the criminal
7 activity, but whose role could not be described as minimal.” U.S.S.G. § 3B1.2, App. Note 5. This also
8 cannot apply to Silverman. A conspiracy is an agreement; the co-conspirators’ circle was small and every
9 key member had his role. Ovasapyan, Kojoyan, and Papyan had the connections to obtain the drugs; they
10 provided the muscle in terms of “cleaning,” packaging, and shipping. They also, in different periods,
11 assisted in running the front-companies used for the pharmaceutical diversion or worked to set up bank
12 accounts before Silverman. But it was Silverman who guided them through legal thickets; who
13 legitimized their operation; who held their money; who advised on avoiding detection; who furnished
14 office space; who hoodwinked regulators. No one else could have so facily accomplished those things.

15 In the end, “[t]o be eligible for a mitigating-role adjustment...a defendant must prove that he is
16 ‘*substantially less culpable* than the average participant in the criminal activity.’” *United States v.*
17 *Lazcano*, No. 23-339, 2024 WL 490354, at *1–2 (9th Cir. Feb. 8, 2024) (emphasis added), *United States*
18 *v. Diaz*, 884 F.3d 911, 914 (9th Cir. 2018). Silverman may be many things but he is not that.

19 **C. A sentence of 12 months and a day is sufficient, but not greater than necessary, to**
20 **achieve the goals of sentencing.**

21 At no point did Silverman express moral qualms about the fact they he was profiting from the
22 illicit distribution of pharmaceuticals that could have been compromised or mislabeled and on which
23 very sick patients depend. Silverman’s concerns, rather, turned on how much he would be paid, how to
24 hide the illegal operations and funds, and how to avoid prosecution.

25 Victim pharmacists told FBI agents that they never would have purchased pharmaceuticals from
26 the Silverman-Ovasapyan operation had they known that the drugs were sourced from unknown,
27 unscrupulous sources. Silverman, Ovasapyan, and their co-conspirators violated the system meant to
28 protect the most vulnerable – seriously ill patients depending on life-extending medication. The

1 pedigrees used to protect consumers from drug diversion were fabricated; communications from
2 legitimate suppliers faked; the very labels on the drugs themselves removed and replaced. All this
3 occurred with Silverman’s guidance, an unscrupulous lawyer who used legal acumen, business
4 knowledge, and communication skills to ensure the criminal diversion conspiracy succeeded.

5 Silverman grasped the ramifications of his actions. He knew the law and how to skirt it. He
6 participated in the scheme eagerly, defying his ethical obligations as a lawyer, and doing so even after
7 his key co-conspirator was arrested by the FBI. He discussed the possibility of his own custody with
8 Ovasapyan *after Ovasapyan had already been arrested for the conduct that led to this case.*

9 These sorts of scheme – highly profitable, and highly dangerous, with untold victims – must
10 cease. Courts elsewhere have imposed significant sentences for similar frauds involving HIV
11 medication. *See, e.g., United States v. Lazaro Hernandez*, 22-CR-60129 (S.D. Fla.) (180 months)¹;
12 *United States v. Armando Herrera*, No. 22-CR-60129-AHS (S.D. Fla.) (51 months).²

13 Finally, the government notes that the sentence it seeks, which is well below Guidelines, and
14 below what the government has sought for other, non-sophisticated defendants like Kojoyan (who
15 received 33 months), accounts for Mr. Silverman’s health issues. The government only adds that
16 Silverman was able to commit his crime while suffering some of the chronic ailments of which he now
17 complains. He sought four continuances of trial, the first from a June 2022 trial date, and in a recording
18 with Ovasapyan specifically endorsed the well-worn defense tactic of delaying proceedings, by advising
19 Ovasapyan: “Listen, the older cases get, the better they are for the defense.” Dkt. 245 at 4, 7-8. He was
20 well enough in December 2022 to seek a modification of his conditions of release in order to travel for a
21 month to Bali, some 8,600 miles away, and then felt well enough to make the nearly 19-hour return flight
22 at the end of January 2023. Dkt. 245 at 4.

23
24
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27 ¹ <https://www.justice.gov/criminal/criminal-vns/case/united-states-v-lazaro-hernandez>.

28 ² <https://www.justice.gov/opa/pr/man-sentenced-illegally-distributing-over-16m-adulterated-hiv-medication>.

1 **D. A forfeiture judgment in the amount of \$1,197,897.34 is justified**

2 **1. Legal standards**

3 Criminal forfeiture is part of the sentence. *Libretti v. United States*, 516 U.S. 29 (1995). The
4 government need only establish the forfeiture by a preponderance of the evidence. *Id.* But unlike
5 discretionary sentencing considerations, criminal forfeiture is mandatory. *United States v. Davis*, 706 F.3d
6 1081, 1084 (9th Cir. 2013); *United States v. Newman*, 659 F.3d 1235, 1239 (9th Cir. 2011). Therefore,
7 “unlike a fine, which the district court retains discretion to reduce or eliminate, the district court has no
8 discretion to reduce or eliminate mandatory criminal forfeiture.” *Newman*, 659 F.3d. at 1240. Similarly,
9 because forfeiture is separate from restitution, defendants can be required to pay both restitution and
10 forfeiture for the same criminal activity, and payment of restitution does not entitle a defendant to a
11 reduction of the forfeiture amount. *Id.* at 1241.

12 The proceeds of the present crime are forfeitable whether they are direct or indirect proceeds of
13 the crime. 18 U.S.C. §§ 981(a)(1)(C), 982(a)(7). The present offense of conviction qualifies as a
14 federal health care offense. *See* 18 U.S.C. 24(a). A federal health care offense constitutes a “specified
15 unlawful activity” under 18 U.S.C. 1956(c)(7)(F) and, pursuant to 18 U.S.C. § 981(a)(1)(C), “any
16 property, real or personal, which constitutes or is derived from proceeds traceable to” the offense is
17 subject to forfeiture. Similarly, 18 U.S.C. § 982(a)(7) provides that a person convicted of a federal
18 health care offense shall forfeit “property, real or personal, that constitutes or is derived, directly or
19 indirectly, from gross proceeds traceable to the commission of the offense.”

20 One of the chief goals of forfeiture is to remove the profit from crime by separating the criminal
21 from his or her dishonest gains. *Id.* at 1242; *United States v. Casey*, 444 F.3d 1071, 1073 (9th Cir.
22 2006). To that end, if property appreciates in value or earns interest, any appreciation or interest is
23 subject to forfeiture. *See United States v. Hawkey*, 148 F.3d 920, 928 (8th Cir. 1998).

24 When seeking to forfeit the proceeds of crime, “the government may seek the forfeiture of
25 specific property, or the government may seek a money judgment.” *Newman*, 659 F.3d at 1242; Fed. R.
26 Crim. P. 32.2(a) (“The indictment or information need not identify the property subject to forfeiture or
27 specify the amount of any forfeiture money judgment that the government seeks”).
28

1 The calculation of forfeiture amounts is “not an exact science. ‘[T]he court need not establish
2 the loss with precision but rather need only make a reasonable estimate of the loss, given the available
3 information.’” *United States v. Treacy*, 639 F.3d 32, 48 (2d Cir. 2011) (quoting *United States v. Uddin*,
4 551 F.3d 176, 180 (2d Cir. 2009)). “A court is permitted to use general points of reference as a starting
5 point for calculating the losses or gains from fraudulent transactions and may make reasonable
6 extrapolations from the evidence established by a preponderance of the evidence at the sentencing
7 proceeding.” *Id.*; see also *United States v. Pierre*, 484 F.3d 75, 86 (1st Cir. 2007) (affirming money
8 judgment based on co-conspirator's estimates of drug proceeds collected per week over course of
9 conspiracy); *United States v. Prather*, 456 Fed. Appx. 622, 626 (8th Cir. 2012) (upholding district
10 court’s determination of forfeiture amount based on statements defendant made); *United States v.*
11 *Huggins*, 392 F. Appx 50, 63 (3d Cir. 2010) (upholding district court's determination of a forfeiture
12 amount based in part on statements defendant made).

13 In *Honeycutt v. United States*, 137 S.Ct. 1626, 1631-1635 (2017), the Court held that forfeiture
14 liability against co-conspirators is not joint and several, but rather individually determined based on the
15 actual criminal proceeds received by each co-conspirator. The court held that the forfeiture liability of each
16 co-conspirator on the actual criminal proceeds that a conspirator personally obtained and acquired. *Id.*

17 **2. Silverman made at least \$1,197,897.34 in profits from the scheme**

18 Silverman’s role in the pharmaceutical diversion scheme—between Covidien, Mainspring, and
19 RSL—was significant. This included his management of the group’s criminal proceeds. Not only was
20 Silverman the group’s lawyer, but he was also their banker; he received their illicit gains and admitted that
21 he “disbursed money belonging to co-conspirators at their direction.” Plea Agreement ¶ 2. According to
22 Ovasapyan, Silverman was paid up to 10% of the revenue from the scheme. Considering that Mainspring
23 earned between \$50 to \$70 million, this would represent approximately \$5,000,000. This payment would
24 be reasonable, considering the massive amount of profits earned by Ovasapyan, Papyan, and others
25 involved in the conspiracy, and the significance of Silverman’s contributions to the scheme.

26 It is unlikely that Silverman would have continued to engage in the conspiracy—particularly
27 with Ovasapyan, whom Silverman knew towards the end to have been *twice indicted* for similar
28 conduct—without significant reward. In the RSL era of the conspiracy, Silverman demanded a 10% cut.

1 The purpose of this forfeiture is to disgorge Silverman of the proceeds he obtained from the
2 criminal scheme, as the government has similarly forfeited from his co-conspirators. From co-defendant
3 Ovasapyan the government has forfeited more than \$2 million in funds and seized the sales proceeds of
4 multiple real properties, including from a high-end luxury residence in Hawaii, from residences in
5 Marina Del Rey and North Hollywood, and from a warehouse in Culver City. The government further
6 forfeited sales proceeds from his luxury personal assets, including 15 high performance sports cars
7 (including six Ferraris and one McLaren), two Ducati motorcycles, and multiple luxury watches and
8 diamonds. From co-defendant Hakob Kajoyan, the government has forfeited his residence in Palm
9 Springs. Co-defendant Lorik Papyan's sentencing remains pending, and the government is in the
10 process of forfeiting his Wilshire Boulevard residence in Los Angeles.

11 From Silverman, the government seeks a forfeiture money judgment in the amount of
12 \$1,197,897.34, representing the documented deposits into only *his* personal bank accounts. These bank
13 records, alone, document that between December 2014 and September 2018, Silverman personally
14 received \$1,191,897.34 deposited into two different accounts held in his name alone, as follows:

15 (1) \$567,473.32 deposited into Stephen Silverman's 1st Century Bank money market account
16 ending in 1862.

17 (2) \$630,424.02 deposited into Stephen Silverman's 1st Century Bank checking account ending
18 in 1854 (less one \$6,000 transfer return on June 1, 2015).

19 These payments to Silverman came from three different accounts: (a) Mainspring Distribution's
20 Bank of America account ending in 3759 (\$976,544.73), (b) Covidien Sales's 1st Century Bank account
21 ending in 1129 (\$182,910.09), and (c) Edvin Ovasapyan's 1st Century Bank account ending in 9401
22 (\$38,442.52). *See* Ex. B (List of deposits into Silverman's personal bank accounts). On June 1, 2015,
23 Silverman transferred \$6,000 back to the Mainspring Account ending in 3759, so this was deducted from
24 the forfeiture total.

25 These bank accounts, which received criminal proceeds, were used by Silverman for personal
26 expenses. Examples of spending from these accounts indicate expenditures for personal items.
27 Silverman had numerous debits from his personal checking account -1854 that appeared on their face to
28 be for personal expenses, including (1) \$237,415 in checks written to the U.S. Treasury for personal

1 taxes (checks 2092, 2218, 2012, 1958, and 2334); (2) a \$5,200 transfer to “Emma” (his wife’s first
2 name), and (3) \$43,670 to Highlands School. Similarly, Silverman’s money market account -1862 had
3 multiple transactions for personal expenses, including transfers to Silverman’s own “SA Silverman Law
4 Corp” account and over \$1 million in transfers to his -1854 personal checking account.

5 From these accounts Silverman also paid off his law firm’s American Express (“AmEx”) credit
6 cards. Under his law firm’s credit line, Silverman obtained AmEx cards for multiple individuals,
7 including Edvin Ovasapyan, Svitlana Pliuto (Ovasapyan’s wife), a woman named Priscilla Vilchis, and
8 his wife, Emma -Murmuridis. Between 2016 and 2018, Silverman used two primary AmEx account
9 numbers, ending in 4-01002 (under the Silverman and Milligan law firm name) and 5-87003 (under
10 Stephen Silverman’s own name). Based on AmEx records, Silverman’s wife Emma Murmuridis used an
11 AmEx cards under Silverman’s account (4-02034) as well as the 5-87003 AmEx card under Silverman’s
12 law firm. *See* Exhibit C (AmEx charges limited to Silverman and Murmuridis over \$4,000) and Exhibit
13 D (AmEx charges limited to Silverman and Murmuridis under \$4,000). Based on other credit-card
14 payment records, Silverman engaged in the same activity with JPMorganChase Bank, and obtained
15 cards with Chase under his name, and for others, with his line of credit, including for Edvin Ovasapyan.

16 A review of the AmEx credit card records reveals lavish spending on luxury items during the
17 relevant period, including charges for “Celebrity Cruises” on January 6 and February 19, 2017
18 (\$11,629.14), to Beverly Hills Watch on March 17, 2018 (\$35,000), and to Surf & Sand Resort on July
19 7, 2017 (\$6,498.73). Silverman and his wife also traveled, as shown in plane tickets he purchased for
20 both of them, to Ecuador and Colombia on May 10, 2017 (\$2,990.26), and a ticket for his wife Emma
21 Murmuridis to travel to Paris on July 23, 2017 (\$1,407.80).

22 From Silverman’s bank accounts (1854 and 1862) there are clear and direct payments for
23 Silverman’s benefit, paid-for with criminal proceeds. *See* Ex. E (Silverman Acct 1862 Debits) and Ex. F
24 (Silverman Acct 1862 Debits). For example, on August 24, 2017, a check was written from
25 Mainspring’s Bank of America account ending in 3759 for \$10,000 (MS 005911). This \$10,000 check
26 was deposited into Silverman’s 1854 bank account. The same day, check number 2258 was written from
27 Silverman’s 1854 bank account, payable to Silverman’s son, Scott D. Silverman (MS 005994).

MAINSRING DISTRIBUTION LLC 509 ABBOTT DRIVE, SUITE D-1 SARISVILLE PA BROOMALL, PA 19008		Bank of America 11-301210-CA 76-00	2328
Pay <i>*****</i> Ten Thousand and 00/100 <i>*****</i>		DATE	08/24/2017
To The Order Of STEPHEN A. SILVERMAN		AMOUNT	\$10,000.00
		<i>Kathy Rees</i>	
⑈002328⑈			

EAF 0 Account 325050293759 Serial 2328 Amount 10000.00
 Sequence 7547601620 Bank 1 TR 121000358 TranCode 0
 Date 08-24-2017 DbCr D

STEPHEN A. SILVERMAN 10877 WILSHIRE BLVD., #810 LOS ANGELES, CA 90024 (310) 596-2424		1st Century Bank Los Angeles, CA 90067 20-4375/1222	2258
Pay <i>*****</i> Ten Thousand and 00/100 <i>*****</i>		DATE	08/24/2017
To The Order Of SCOTT D. SILVERMAN		AMOUNT	\$10,000.00
		<i>Kathy Rees</i>	
⑈002258⑈			

EAF 0 Account 1100021854 Serial 2258 Amount 10000.00
 Sequence 7922957390 Bank 1 TR 122243761 TranCode 800
 Date 08-28-2017 DbCr D

Similarly, on April 5, 2017, and April 19, 2017, Silverman’s Account Number 1854 received two checks totaling \$85,000 (see MS 066287 and MS 066275). On April 17, 2017, Silverman wrote a check for this amount - \$85,000 – to the IRS for the payment of taxes (using his social security number), which was deposited by the IRS on April 24, 2017 (MS 005125).

Between June 2017 and September 2018, 30 checks were written to a European woman named Laura Razmyte, who used a Swiss bank account, for a total of \$119,240. The memo on many of these checks are “Gift Re Medical.” But per Ovasapyan, Razmyte provided sexual services to Silverman. It was Silverman’s idea to notate these payments as medical-related to avoid bank suspicions and to pacify Silverman’s accountant Kathy Rees (who thought Silverman was simply being generous to a foreign

1 woman).

2 On July 26, 2017, Silverman received into his Money Market account -1862 a \$420,000 check
 3 written from the Mainspring Account ending in 3759. Two days later on July 28, 2017, \$419,854.91 was
 4 wired to the law firm Stubbs Alderton & Markiles LLP, with the notation “Pack It” Purchase. Per
 5 Ovasapyan, this payment represented Silverman’s investment in the “Pack It” start-up business. The
 6 criminal proceeds funneled to Silverman’s personal bank accounts were ultimately spent, or distributed to
 7 other bank accounts – e.g., Silverman’s own law firm. Or, for example, on December 29, 2017, Silverman
 8 transferred \$50,000 to SA Silverman Law Corp. Further, many big-ticket items from the bank account and
 9 on the AmEx credit cards appear part of the group’s money laundering conspiracy, including payments to
 10 jewelers (\$366,680 paid by Silverman to jeweler Ilan Portugal) and watch-vendors (\$25,000 paid by
 11 Silverman to watch-vendor Westime), and a \$156,242 wire to the “Bank of the Pacific” (to pay off a
 12 Mercedes car that Ovasapyan evidently bought).

13 For this reason, the government recommends a forfeiture judgment against Silverman to disgorge
 14 him of at least these illegal profit—those directly deposited by Covidien Sales, Mainspring Distribution,
 15 and Edvin Ovasapyan, in the amount of \$1,197,897.34.

16 VI. CONCLUSION

17 The government respectfully requests that this Court impose a sentence of 12 months and a day’s
 18 imprisonment followed by 24 months of Supervised Release, a fine of \$58,544, and a mandatory \$100
 19 special assessment. The government also respectfully requests that this Court enter a Preliminary Order
 20 of Forfeiture of \$1,197,897.34.

21
 22 DATED: February 27, 2024

Respectfully submitted,

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