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9 **BEFORE THE**
10 **MEDICAL BOARD OF CALIFORNIA**
11 **DEPARTMENT OF CONSUMER AFFAIRS**
12 **STATE OF CALIFORNIA**

13 In the Matter of the Accusation Against:

Case No. 800-2019-054579

14 **GEORGE DEMETRIUS KARALIS, M.D.**
235 El Camino Del Mar
15 San Francisco, CA 94121-1114

A C C U S A T I O N

16 Physician's and Surgeon's Certificate
No. A 24412,

17
18 Respondent.

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20 **PARTIES**

21 1. William Prasifka (Complainant) brings this Accusation solely in his official capacity
22 as the Executive Director of the Medical Board of California, Department of Consumer Affairs
23 (Board).

24 2. On or about September 1, 1971, the Medical Board issued Physician's and Surgeon's
25 Certificate Number A 24412 to George Demetrius Karalis, M.D. (Respondent). The Physician's
26 and Surgeon's Certificate was in full force and effect at all times relevant to the charges brought
27 herein and will expire on November 30, 2021, unless renewed.

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1 **JURISDICTION**

2 3. This Accusation is brought before the Board, under the authority of the following
3 laws. All section references are to the Business and Professions Code (Code) unless otherwise
4 indicated.

5 4. Section 2227 of the Code states:

6 “(a) A licensee whose matter has been heard by an administrative law judge of
7 the Medical Quality Hearing Panel as designated in Section 11371 of the Government
8 Code, or whose default has been entered, and who is found guilty, or who has entered
9 into a stipulation for disciplinary action with the board, may, in accordance with the
10 provisions of this chapter:

11 “(1) Have his or her license revoked upon order of the board.

12 “(2) Have his or her right to practice suspended for a period not to exceed one
13 year upon order of the board.

14 “(3) Be placed on probation and be required to pay the costs of probation
15 monitoring upon order of the board.

16 “(4) Be publicly reprimanded by the board. The public reprimand may include a
17 requirement that the licensee complete relevant educational courses approved by the
18 board.

19 “(5) Have any other action taken in relation to discipline as part of an order of
20 probation, as the board or an administrative law judge may deem proper.

21 “(b) Any matter heard pursuant to subdivision (a), except for warning letters,
22 medical review or advisory conferences, professional competency examinations,
23 continuing education activities, and cost reimbursement associated therewith that are
24 agreed to with the board and successfully completed by the licensee, or other matters
25 made confidential or privileged by existing law, is deemed public, and shall be made
26 available to the public by the board pursuant to Section 803.1.”

27 **STATUTORY PROVISIONS**

28 5. Section 2234 of the Code, states:

“The board shall take action against any licensee who is charged with
unprofessional conduct. In addition to other provisions of this article, unprofessional
conduct includes, but is not limited to, the following:

“(a) Violating or attempting to violate, directly or indirectly, assisting in or
abetting the violation of, or conspiring to violate any provision of this chapter.

“(b) Gross negligence.

“(c) Repeated negligent acts. To be repeated, there must be two or more
negligent acts or omissions. An initial negligent act or omission followed by a
separate and distinct departure from the applicable standard of care shall constitute
repeated negligent acts.

1 “(1) An initial negligent diagnosis followed by an act or omission medically
appropriate for that negligent diagnosis of the patient shall constitute a single
negligent act.

2
3 “(2) When the standard of care requires a change in the diagnosis, act, or
omission that constitutes the negligent act described in paragraph (1), including, but
4 not limited to, a reevaluation of the diagnosis or a change in treatment, and the
licensee’s conduct departs from the applicable standard of care, each departure
5 constitutes a separate and distinct breach of the standard of care.

6 “(d) Incompetence.

7 “(e) The commission of any act involving dishonesty or corruption that is
substantially related to the qualifications, functions, or duties of a physician and
8 surgeon.

9 “(f) Any action or conduct that would have warranted the denial of a certificate.

10 “(g) The failure by a certificate holder, in the absence of good cause, to attend
and participate in an interview by the board. This subdivision shall only apply to a
11 certificate holder who is the subject of an investigation by the board.”

12 6. Section 2236 of the Code states, in pertinent part:

13 “(a) The conviction of any offense substantially related to the qualifications,
functions, or duties of a physician and surgeon constitutes unprofessional conduct
14 within the meaning of this chapter [Chapter 5, the Medical Practice Act]. The record
of conviction shall be conclusive evidence only of the fact that the conviction
15 occurred.

16 “...

17 “(c) The clerk of the court in which a licensee is convicted of a crime shall,
within 48 hours after the conviction, transmit a certified copy of the record of
conviction to the board. The division may inquire into the circumstances surrounding
18 the commission of a crime in order to fix the degree of discipline or to determine if
the conviction is of an offense substantially related to the qualifications, functions, or
19 duties of a physician and surgeon.

20 “(d) A plea or verdict of guilty or a conviction after a plea of nolo contendere is
deemed to be a conviction within the meaning of this section and Section 2236.1.
21 The record of conviction shall be conclusive evidence of the fact that the conviction
occurred.”

22
23 7. Section 2262 of the Code states:

24 “Altering or modifying the medical record of any person, with fraudulent intent, or
creating any false medical record, with fraudulent intent, constitutes unprofessional
25 conduct.

26 “In addition to any other disciplinary action, the Division of Medical Quality of
the California Board of Podiatric Medicine may impose a civil penalty of five hundred
27 dollars (\$500) for a violation of this section.”

1 **FIRST CAUSE FOR DISCIPLINE**

2 **(Conviction of a Crime)**

3 8. Respondent George Demetrius Karalis, M.D. is subject to disciplinary action under
4 section 2236, subdivision (a), in that he was convicted of a crime substantially related to the
5 qualifications, functions, or duties of a physician and surgeon. The circumstances are as follows:

6 9. Between August 2015 and June 30, 2020, Respondent treated U.S. Postal Service
7 employees who were receiving federal workers' compensation benefits for alleged stress and
8 psychological disorders through the Federal Employees Compensation Act (FECA). On
9 occasion, Respondent counseled his non-disabled clients on how to continue receiving FECA
10 benefits that they were not entitled to receive. On occasion, Respondent also submitted false
11 reports and certifications about his clients to the Department of Labor's Office of Workers'
12 Compensation Programs (DOL-OWCP) so that his clients could continue receiving FECA
13 benefits that they were not entitled to receive. Respondent also sometimes engaged in up-coding
14 by billing the DOL-OWCP for psychotherapy sessions with his clients that either: (1) did not
15 occur, or (2) did occur but did not satisfy the minimum duration required by the American
16 Medical Association Current Procedural Terminology code that he billed.

17 10. Between August 2015 and June 30, 2020, Respondent also helped non-disabled
18 clients prepare and submit fraudulent applications and certifications for California's State
19 Disability Insurance (SDI), which is a state program administered by the Employment
20 Development Department (EDD). SDI is a program designed to provide partial wage
21 replacement benefits to California workers who are unable to work due to a non-work-related
22 illness, injury, or pregnancy. Among other requirements, in order to receive SDI benefits, a
23 claimant must: (1) file a claim for benefits either online or via a paper claim form; and (2) submit
24 a Physician/Practitioner Certification attesting to the claimant's disability.

25 11. On occasion, Respondent knowingly provided fraudulent Physician/Practitioner
26 Certifications to support his clients' fraudulent SDI claims. In exchange for his services,
27 Respondent typically charged the non-disabled SDI applicants a \$100 fee.

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1 12. On or about July 1, 2021, in the matter entitled *United States of America v. George*
2 *Demetrius Karalis*, in the United States District Court for the Northern District of California, San
3 Francisco Division, case number CR 21-00266 CRB, an Information was filed naming
4 Respondent in Count One for a violation of title 18 U.S.C. § 641, Theft of Government Property,
5 a felony. The information also contained forfeiture allegations pursuant to 18 U.S.C. §
6 981(a)(1)(C) and 28 U.S.C. § 2461(c).

7 13. On or about July 22, 2021, Respondent executed a written plea agreement in which he
8 agreed to plead guilty to a violation of 18 U.S.C. § 641, Theft of Government Property, as alleged
9 in Count One of the Information. As part of this plea agreement, Respondent admitted facts the
10 same as set forth in paragraphs 9 through 12, *supra*. Respondent certified that his decision to
11 plead guilty was made voluntarily, and no one coerced or threatened him to enter into the
12 agreement.

13 14. In the plea agreement Respondent agreed that the loss attributable to his conduct for
14 the relevant period is between \$550,000.00 and \$1,500,000.00. He agreed to pay restitution in an
15 amount to be set by the Court at the time of sentencing; however, he agreed that \$1,400,000.00 is
16 an appropriate amount of restitution to be paid pursuant to 18 U.S.C. § 3663(a)(3). Respondent
17 agreed that restitution shall be paid to, or on behalf of, the following victims: 1) the United States
18 Postal Service, in the amount of \$920,000.00; and 2) the California Employment Development
19 Department, in the amount of \$480,000.00. Respondent also admitted that he personally obtained
20 and acquired \$200,000.00 in criminal proceeds from the violation outlined in Count One of the
21 Information, and he agreed to an entry of a forfeiture money judgment in that amount.

22 15. Respondent further agreed to surrender his California Physician's and Surgeon's
23 Certificate before the sentencing on the criminal conviction.

24 16. On or about August 11, 2021, Respondent entered a guilty plea to a violation of 18
25 U.S.C. § 641, Theft of Government Property, as alleged in Count One of the Information,
26 consistent with the terms of the plea agreement outlined above.

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1 related to the qualifications of a physician and surgeon, pursuant to sections 2236, subdivision (a),
2 and sections 2227, and 2234 of the Code, based on the above conviction.

3 (c) On or about May 11, 1990, the Board adopted a Stipulation in Case No. D-
4 3800. In the Stipulation, Respondent admitted to the violations of the Code outlined in the
5 Accusation. Respondent was placed on probation for five years and was also ordered to comply
6 with the following conditions: a thirty-day suspension from the practice of medicine; pass an oral
7 clinical examination in psychiatry; complete the community service ordered as a condition of his
8 probation by the California Superior Court, County of Alameda, in Case No. 89328; permit a
9 review of his patient billings and records; participate in ongoing psychotherapy; obey all federal,
10 state, and local laws including all rules governing the practice of medicine in California; and
11 comply with the standard terms and conditions of probation. That decision is now final and is
12 incorporated by reference as if fully set forth.

13 (d) On or about June 1, 1995, the Board filed an Accusation and Petition to Revoke
14 Probation, in Case No. D1-90-3188, which alleged violations of unprofessional conduct
15 substantially related to the qualifications of a physician and surgeon, pursuant to sections 725,
16 810, 2227, 2234, and 2261, of the Code. Specifically, the Accusation to Revoke Probation
17 contained ten causes for discipline including gross negligence, repeated negligent acts,
18 incompetence, dishonesty and corruption, presenting false or fraudulent claims under an
19 insurance contract, and excessive administration of treatment, all stemming from Respondent's
20 care of four patients.

21 (e) On June 22, 1995, the Board filed a First Supplemental Accusation and Petition
22 to Revoke Probation, in Case No. D1-90-3188, which alleged violations of unprofessional
23 conduct substantially related to the qualifications of a physician and surgeon, pursuant to sections
24 810, 2234, 2236, and 2261, of the Code. Specifically, the First Supplemental Accusation to
25 Revoke Probation alleged nine additional causes of discipline, including gross negligence,
26 repeated negligent acts, incompetence, dishonesty and corruption, and presenting false or
27 fraudulent claims under an insurance contract, all stemming from Respondent's treatment of
28 three additional patients.

1 (f) On or about September 24, 1996, Respondent entered into a Stipulated
2 Settlement and Disciplinary Order, wherein he admitted that the care of one patient (patient
3 number 6) could be viewed as negligent in that he failed to provide proper monitoring of his
4 treatment, and that grounds exist for imposing discipline on his license for repeated negligent
5 acts. He denied all other allegations contained in the Accusation. Respondent was placed on
6 probation for an additional three years and was also ordered to complete the following: provide
7 free medical and/or counseling or psychiatric services for sixteen hours a month for the first 12
8 months of probation; complete a continuing educational program annually; complete an ethics
9 course; continue the monitoring in place as part of his prior discipline; obey all federal, state, and
10 local laws including all rules governing the practice of medicine; and comply with the standard
11 terms and conditions of probation. On or about November 15, 1996, the Board adopted the
12 Stipulation and Disciplinary Order, in Case No. D1-90-3188. Respondent completed probation
13 on or about June 9, 1998. That decision is now final and is incorporated by reference as if fully
14 set forth.

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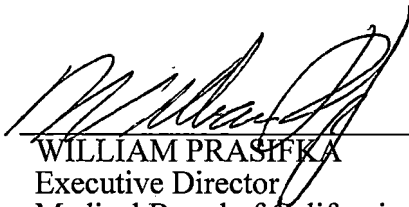
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PRAYER

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

1. Revoking or suspending Physician's and Surgeon's Certificate Number A 24412, issued to Respondent George Demetrius Karalis, M.D.;
2. Revoking, suspending or denying approval of Respondent George Demetrius Karalis, M.D.'s authority to supervise physician assistants and advanced practice nurses;
3. Ordering Respondent George Demetrius Karalis, M.D., if placed on probation, to pay the Board the costs of probation monitoring; and
4. Taking such other and further action as deemed necessary and proper.

DATED: OCT 26 2021



WILLIAM PRASIFKA
Executive Director
Medical Board of California
Department of Consumer Affairs
State of California
Complainant