UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

ELI LILLY AND COMPANY, Plaintiff, v. DRUGPLACE, INC. (FL); DRUGPLACE, INC. (TN); COMMUNITY HEALTH INITIATIVE, INC.; NAKORN WHOLESALERS, LLC; GALAXY MED, LLC d/b/a GALAXY PHARMACY; BRIGHTLINE WHOLESALE LLC; PAUL LEIGHT; KEVIN SINGER; READUS SMITH; JERRY MAYNARD SR.; JERRY MAYNARD JR.; MISHA MAYNARD; EDGAR ENRIQUEZ; LANE MAZEI; DANIELLE GISCOMBE, Defendants.	Civil Action No. 1:26-CV-23516-FAM

PLAINTIFF'S AMENDED MEMORANDUM OF LAW IN SUPPORT OF ITS AMENDED EXPEDITED MOTIONS FOR A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION, EXPEDITED DISCOVERY ORDER, AND HIPAA PROTECTIVE AND CONFIDENTIALITY ORDER

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF AUTHORITIES

Page(s)

Cases

TABLE OF AUTHORITIES
(continued)

Page(s)

TABLE OF AUTHORITIES
(continued)

Page(s)

TABLE OF AUTHORITIES
(continued)

Page(s)

TABLE OF AUTHORITIES
(continued)

Page(s)

TABLE OF AUTHORITIES
(continued)

Page(s)

Statutes

Rules

Regulations

Other Authorities

INTRODUCTION

Plaintiff Eli Lilly and Company ("Lilly") brings these amended expedited motions to halt a massive healthcare rebate fraud scheme being carried out by Defendants. Defendants' ongoing scheme has already defrauded Lilly out of hundreds of millions of dollars. The scheme is causing Lilly irreparable harm by disrupting important business relationships and inflicting monetary losses for which Lilly is unlikely to obtain full compensation. Moreover, Defendants have already begun to liquidate their assets. Given the immediate relief sought, and to ensure that evidence is preserved and Defendants' assets are not dissipated, Lilly respectfully requests that a temporary restraining order be entered immediately pursuant to Federal Rule of Procedure 65(b), and that expedited briefing on the motion for a preliminary injunction be ordered, namely that Defendants' responsive briefs are to be filed no later than May 29, 2026, and Lilly's reply brief is to be filed no later than June 3, 2026.

Lilly is the maker of TRULICITY® (hereinafter "Trulicity"), a glucagon-like peptide-1 (GLP-1) agonist used to treat type 2 diabetes. As with many brand-name prescription medicines, patients normally do not pay for Trulicity out-of-pocket. Rather, the cost is usually covered by private insurance and government health insurance programs (like Medicare and Medicaid) or, in some instances, by prescription cost-share programs functioning as alternatives to traditional insurance plans. These third-party payers, in turn, often contract with entities called pharmacy benefit managers ("PBMs") to administer their prescription drug coverage. As is common in the industry, Lilly pays rebates to PBMs in connection with the utilization of Lilly medicines, including Trulicity, by members of the PBMs' client health insurance plans.

Through extensive pre-litigation investigation, Lilly has identified a network of interconnected individuals and entities who, since at least 2020, have been exploiting Lilly's practice of paying rebates to PBMs to systematically defraud Lilly. The network centers around

Defendants DrugPlace, Inc., located in Florida ("DrugPlace FL"), and DrugPlace Inc., located in Tennessee ("DrugPlace TN") (together, "DrugPlace"), which operate as a single entity that purports to serve as both the exclusive pharmacy and PBM for Defendant Community Health Initiative, Inc. ("Community Health"). Community Health purports to operate a "prescription cost share program" providing prescription drug benefits to uninsured members of the multi-congregational Church of God in Christ (the "Church" or "COGIC"). Under these pretenses, DrugPlace and its associates and affiliates have submitted (through intermediaries) hundreds of thousands of false rebate claims for Trulicity and defrauded Lilly out of ***more than $200 million***.

DrugPlace, in its capacity as a pharmacy, purports to dispense tens of thousands of prescriptions of Trulicity for Church members in the Community Health prescription cost share program each year. But most or all of those prescriptions and patients do not exist. The purported "cost share program" is simply a front for fraud.

DrugPlace and its affiliates purchase Trulicity from authorized distributors, but instead of dispensing it to patients, they resell the medicine to other drug distributors or retail pharmacies on the secondary market. Indeed, Lilly has caught Defendants red-handed reselling its medicine to secondary drug distributors. DrugPlace, which is not licensed as a pharmaceutical wholesaler, obscures its role in the resale process by omitting itself in the chain-of-custody pedigree documents showing the medicine's movement through the supply chain.

Meanwhile, in its capacity as a PBM, DrugPlace submits rebate claims for these same boxes of Trulicity, using a series of middlemen to obscure its role in filing the claim. The rebate claims repeatedly and falsely represent that this Trulicity has been dispensed to and utilized by patients—a necessary condition to qualify for rebates. In reliance on those false representations and this falsified data, Lilly pays tens of millions of dollars of rebates each year.

Through this fraudulent scheme, Defendants make windfall profits on every box of Trulicity they buy and resell because they collect both rebate payments *and* proceeds when they resell each box. As a direct result of Defendants' fraud, Lilly suffers a substantial loss on each rebated box of Trulicity that DrugPlace resells on the secondary market.

In addition to the DrugPlace fraud, Lilly recently identified a parallel scheme associated with a Texas-based pharmacy, Defendant Galaxy Med, LLC (d/b/a Galaxy Pharmacy) ("Galaxy"). Galaxy shares a headquarters with DrugPlace, as well as an interlocking network of common principals, investors, and associates. Since at least July 2024, fraudulent rebate claims have been submitted to Lilly based on Galaxy data representing that Galaxy has dispensed Trulicity to members of a religious organization under a prescription cost share program. In fact, those dispenses are fictional, and the medicine instead has been resold to other drug distributors or retail pharmacies on the secondary market.

Despite claiming to run prescription cost share programs that cover hundreds of thousands of patients and dispense hundreds of millions of dollars of prescription medications, Defendants operate in the shadows, with barely any public-facing physical or Internet presence. Moreover, several Defendants have been involved in other healthcare fraud schemes that have been the subject of criminal and civil litigation, and they have a history of creating webs of corporate entities to perpetrate their schemes.

Given the extent of Lilly's damages and the suspicious nature of Defendants' operations and past practices, it is highly unlikely that Lilly will be able to obtain and execute a money judgment that provides full compensation for its ongoing financial losses. Furthermore, Defendants' fraud causes irreparable non-monetary harm to Lilly by disrupting Lilly's relationships with the PBMs through which Defendants route their fraudulent rebate claims.

Lilly therefore moves for a TRO and preliminary injunction to prevent Defendants from continuing their fraudulent activities while this litigation is pending.

The injunctive relief Lilly seeks is crucial but also narrowly tailored. Lilly asks the Court to restrain Defendants only from submitting any further rebate claims for Lilly medicines absent adequate substantiation that the medicine was in fact dispensed to the patient to whom it was prescribed.[1] Thus, the injunctive relief will only prohibit ***fraudulent*** rebate claims—and it will have no impact on patients' access to Lilly's medicines. The requested injunction would not prevent Defendants from submitting non-fraudulent, eligible rebate claims for Lilly medicines, so long as they can substantiate that they actually dispensed the medicine to a covered patient. Lilly, of course, would reserve the right to review and either accept or reject any such rebate claims according to its ordinary processes.

As set forth below, Lilly readily meets the requirements for injunctive relief. Lilly is highly likely to succeed on the merits of its claims and will suffer irreparable harm absent an injunction, including millions of dollars in unrecoverable losses and irreversible injury to its reputation, goodwill, and business relationships. The balance of equities overwhelmingly favors Lilly, as the narrow injunction sought would halt fraud without interfering with Defendants' ability to dispense medicine to patients or to seek rebates for any eligible medicine that was legitimately dispensed and utilized by members of Defendants' affiliated prescription cost share programs.[2] Finally, the public interest favors an injunction, as Defendants' massive fraud scheme wrongfully

[1] For substantiated claims, if any, Lilly would retain the right to determine eligibility pursuant to its ordinary procedures.

[2] Throughout this brief and supporting papers, in describing the Defendants' healthcare sharing programs, Lilly uses "members" for ease of reference to describe individuals whom Defendants ***claim*** are members of those programs. Lilly does not concede that these purported members in fact exist or participated in those programs.

exploits Lilly's commercial rebate agreements with third-party PBMs intended to increase patient access to medicine and, moreover, violates state and federal law in multiple respects.

In addition to granting Lilly's proposed TRO and preliminary injunction, the Court should also grant expedited discovery. Lilly needs narrowly tailored but immediate discovery to uncover the full scope of Defendants' scheme and stop the irreparable harm it is causing. Expedited discovery also is necessary to develop a factual record that will assist the Court in deciding Lilly's motion for a preliminary injunction. Expedited discovery is routinely granted in such circumstances.

Finally, this Court should enter Lilly's proposed Health Insurance Portability and Accountability Act ("HIPAA") protective and confidentiality order. Uncovering Defendants' unlawful schemes could necessitate the disclosure of individuals' protected health information, because Defendants' fraud relies on concealing information about whether or not Lilly's medicine was actually dispensed to and utilized by individual patients. Good cause exists for entry of the proposed order to ensure that all disclosures comply with federal law, that individuals' privacy remains protected, and that sensitive business information is safeguarded.

STATEMENT OF FACTS

The facts relevant to this motion are fully laid out in the declarations of Gregory Bell, Steve Dellinger, Brandon Sprague, Jeff Goetz, Susan Hayes, Geoffrey Potter, Angela Wadsworth, and Keith Wagner, and their accompanying exhibits, all filed concurrently. The Complaint also alleges those facts in detail. They are summarized here.

A. Lilly's Trulicity Medication

For over a decade, millions of people with type 2 diabetes have made Lilly's injectable prescription medicine Trulicity (dulaglutide) a vital part of their treatment journey. Trulicity mimics the effects of the natural hormone GLP-1 to stimulate insulin secretion,

among other effects.[3] When used in conjunction with diet and exercise, Trulicity is indicated to improve glycemic control in adult patients and pediatric patients ten years of age and older with type 2 diabetes.[4] Trulicity also is indicated to reduce the risk of major cardiovascular events (stroke, myocardial infarction, or death) in adults with type 2 diabetes who have established cardiovascular disease or multiple cardiovascular risk factors.[5]

Trulicity is a long-term treatment. It must be taken continuously to effectively control blood sugar on an ongoing basis and facilitate the body's natural release of insulin during and after meals.[6] The supply period of each patient's prescription for Trulicity varies, often depending on the prescribing physician's judgment and the terms of the patient's insurance and pharmacy benefit plan. (Declaration of Angela Wadsworth ("Wadsworth Decl.") ¶ 9.); Declaration of Susan Hayes ("Hayes Decl.") ¶ 43.) Trulicity is commonly dispensed to patients in a 30-day or 90-day supply. (Wadsworth Decl. ¶ 9.) A 30-day supply consists of one box containing four single-use injectable pens to be used every seven days.[7] (*Id.*) Each injectable pen contains 0.5 milliliters ("mL") of liquid solution, so each Trulicity box of four pens consists of a total of 2 mL, or units, of solution. (*Id.*) Trulicity is offered in .75 mg, 1.5 mg, 3 mg, and 4.5 mg doses, with dosing dependent on each patient's individual need for adequate glycemic control.[8]

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[3] TRULICITY (dulaglutide), Package Insert, Eli Lilly and Company (May 2025) ("Trulicity Label"), at 11–12, available at www.accessdata.fda.gov/drugsatfda_docs/label/2025/1 25469s063lbl.pdf. The court may take judicial notice of the FDA-approved label for Trulicity publicly available on FDA's website. *Chapman v. Abbott Labs.*, 930 F. Supp. 2d 1321, 1323 (M.D. Fla. 2013).

[4] Trulicity Label at 1, 32.

[5] *Id*.

[6] Trulicity Label at 3.

[7] Since each pen is injected once every week, four pens technically constitute a 28-day supply. However, some pharmacy recordkeeping systems log four pens as a 30-day supply of Trulicity. (Wadsworth Decl. ¶ 9 & n.1.)

[8] Trulicity Label at 3.

B. Prescription Drug Benefits and Manufacturer Rebates

Most of the Trulicity dispensed in the United States is not paid for in full by patients. Rather, it is covered by private insurance, such as employers or commercial health insurers, or by government health insurance programs such as Medicare or Medicaid. (Wadsworth Decl. ¶ 10.) These third-party payers often cover prescription drugs dispensed to patients at a pharmacy through pharmacy benefit plans. (*Id.*)

Typically, when a pharmacy dispenses a prescription medicine under such a plan, some of the cost of the medicine is covered by the plan (once the patient's deductible is met), and the patient is responsible for the remainder, paid through a co-pay or co-insurance. (*Id.* ¶ 12.) To participate in a commercial pharmacy benefit plan, patients (and/or their employers) typically pay premiums, which are usually assessed on a monthly basis and do not vary according to an individual patient's medicine usage or other health expenditures. (*Id.* ¶ 11.)

A healthcare sharing program is a non-profit, community-based, and often faith-based alternative to a traditional health insurance program. (*Id.* ¶ 13.) To cover the costs of its members' prescription medicine needs, a healthcare sharing program requires members to pay monthly contributions, akin to premiums, and uses those contributions to pay some of the cost of each member's prescription medicine, with the remainder of the cost paid by each member through a co-pay (or "co-share"). (*Id.*)

Many insurers and other providers of prescription drug coverage contract with PBMs to manage and administer the pharmacy benefit component of their health plans. (*Id.* ¶ 14; Hayes Decl. ¶ 14.) The PBM often manages the drug formulary, which is a list of medications covered by the insurer's health plan, and also separately contracts with pharmacies to manage reimbursement for medicines dispensed by the pharmacy to patients of the PBM's client third-party health insurance plans. (Wadsworth Decl. ¶ 14; Hayes Decl. ¶ 14.)

Lilly, like most major manufacturers of name-brand medicines, contracts directly or indirectly with PBMs. (Wadsworth Decl. ¶ 15.) The terms of such agreements generally include rebates on medications dispensed to patients of the PBM's client health insurance plans. (*Id*. ¶¶ 15–16.) After a prescription for a rebate-eligible medication is dispensed to a patient, the pharmacy is reimbursed by the patient's health insurer or its PBM for the cost of the medicine. (*Id.* ¶¶ 17–22.) The PBM then submits a rebate claim to the manufacturer in connection with utilization of that dispensed prescription, and the manufacturer pays that rebate to the PBM. (*Id*.; Hayes Decl. ¶ 20.)

Typically, rebates are conditioned on the manufacturer's medicine being placed in a specified position on the applicable drug formulary, thereby increasing patient access to that medicine. (Wadsworth Decl. ¶ 15.) The amounts of these rebates are negotiated between the PBMs and the manufacturer and can vary significantly depending on the circumstances. (*Id.* ¶ 16.)

Lilly's rebate process typically works as follows. First, a pharmacy dispenses a rebate-eligible medicine to a patient pursuant to a prescription. (*Id.* ¶ 17.) Then, the PBM, acting on behalf of the patient's health insurer, reimburses the pharmacy for the cost of the medicine. (*Id.*) The PBM consolidates rebate claims for medicines dispensed to patients covered by a variety of participating client health plans and submits those rebate claims to Lilly, pursuant to a contract negotiated between the PBM and Lilly. (*Id.*)

In some instances, PBMs may submit rebate claims to manufacturers through another intermediary known as a rebate aggregator. (*Id.* ¶ 18; Hayes Decl. ¶ 19.) The rebate aggregator contracts with multiple entities (such as PBMs or health plans) and submits rebate claims to other PBMs, which in turn submit the claims to Lilly. (Wadsworth Decl. ¶ 18.) Once received,

Lilly reviews submissions and pays rebates back to the submitting PBM, in accordance with the terms of the PBM's specific contract with Lilly. (*Id.* ¶ 21.)

After receiving these rebates from Lilly, PBMs may (or may not) share a portion of these rebates with their payer or health plan clients. (*Id.* ¶ 22.) Each PBM has separate contracts with its clients that specify whether and how rebate payments from Lilly will be shared between the PBM and the clients. (*Id.*) A similar process occurs between a rebate aggregator and its clients. (*Id.*) Lilly typically does not have visibility into or knowledge of the terms of PBMs' agreements with their clients. (*Id.*) The payment terms under those agreements may vary widely. (*Id.*)

To be eligible for payment by Lilly, a rebate claim must meet certain eligibility criteria specified in the contracts between Lilly and the submitting PBMs. (*Id*. ¶ 19.) One of the most fundamental eligibility conditions in a typical rebate contract is that the medicine for which a rebate is sought must actually have been dispensed to the patient for whom it was prescribed and be covered by that patient's health plan. (*Id.*) Thus, under its contracts with PBMs, Lilly pays rebates *only* for utilization of Lilly medicines dispensed to covered member patients. It does not pay rebates (for example) for a pharmacy's sale of medications to another pharmacy or to a pharmaceutical distributor. (*Id.*) Thus, to be eligible for payment, a rebate claim being submitted to Lilly indicates that the dispensed Lilly medicine was utilized by a covered member patient.

A PBM's rebate submission to Lilly typically follows a standard format set by the National Council for Prescription Drug Programs ("NCPDP"). (*Id*. ¶ 20.) That submission, transmitted electronically to Lilly on a monthly or quarterly basis, contains information about each prescription dispense covered by the PBM's client health plans during the period. (*Id.*) Some of that information originates from the dispensing pharmacy, including a unique identification number associated with the patient's prescription, the medicine dispensed to the patient, the date

on which the medicine was dispensed to the patient, the quantity and number of days supplied, and the name and National Provider Identifier ("NPI") of the dispensing pharmacy. (*Id.*) The PBM's submission also contains other information sourced from the client health plan or the PBM itself. (*Id.*)

Under its rebate agreements with PBMs, Lilly generally does not have any contractual obligation to conduct the process for verifying the eligibility or authenticity of rebate claims, as it would be commercially infeasible for it to do so. (*Id.* ¶ 21.) Rather, consistent with common industry practice, Lilly relies on the PBMs' contractually mandated review and validation of pharmacy claim level information when determining whether to pay rebate claims. These contracts obligate PBMs to review the claims to determine eligibility for rebate payments and then warrant the accuracy and completeness of submitted claims. (*Id.*)

C. Defendants' Fraudulent Scheme

Over the course of years, Defendants have knowingly submitted hundreds of thousands of fraudulent rebate claims for Lilly medicines that were never dispensed to patients and, instead, were resold to distributors and pharmacies on the secondary market.

1. Lilly Terminated Its Direct Relationship with DrugPlace in 2015 After Numerous Red Flags

From 2011 through 2015, Lilly and DrugPlace had a direct contractual relationship governed by a rebate agreement. Under that agreement, Lilly paid rebates directly to DrugPlace, in its role as PBM for Community Health, for patients utilizing certain Lilly medicines: namely, Humalog and Humulin (two insulin medicines) and Cialis. (Declaration of Steve Dellinger ("Dellinger Decl.") ¶¶ 5–6.) DrugPlace represented that the patients were all members of the Church. (*Id.* ¶ 6.) In addition to being its PBM, DrugPlace also purported to serve as the exclusive dispensing pharmacy for Community Health. (*Id.* ¶ 5.) Like its rebate agreements with other

PBMs, Lilly's 2011 agreement with DrugPlace required that covered medicines be dispensed to and utilized by patients covered by a client health plan to be eligible for rebates. (*Id.* ¶ 6.)

In August 2015, Lilly received information about DrugPlace from a business partner that led it to review and audit DrugPlace's rebate claim submissions. (*Id.* ¶¶ 7–8.) Over the course of several weeks between September and December 2015, Lilly had multiple communications with DrugPlace representatives, including Defendant Kevin Singer, DrugPlace's then-Vice President. (*Id.* ¶ 9.) Lilly auditors also visited DrugPlace's former headquarters in Hollywood, Florida (where they met with Defendants Kevin Singer and Readus Smith), and DrugPlace's pharmacy distribution center in Nashville, Tennessee. (*Id.* ¶¶ 9, 15–16.)

Lilly's investigation revealed highly suspicious data abnormalities and business practices that DrugPlace and its representatives were conspicuously unwilling and unable to explain. (*Id.* ¶¶ 11–13.) For example, DrugPlace's rebate data indicated that every single patient had been prescribed only a 30-day (rather than a 90-day) supply of Humalog or Humulin—even though insulin is often prescribed in 90-day supplies to improve clinically appropriate adherence in chronic patients who require stable and consistent treatment. (*Id.* ¶ 11.)

In addition, every single rebate claim was for a patient's *initial* fill of the medication or for their *very first* refill. (*Id.* ¶ 12.) This made no sense: diabetes is a chronic condition, and patients with diabetes typically do not suddenly stop taking or filling their insulin prescriptions after one refill. (*Id.* ¶¶ 12–13.) These irregularities suggested that DrugPlace's rebate claims did not correspond to real prescriptions. (*Id.* ¶ 12.)

The suspicions raised by these data abnormalities were further heightened by Lilly's visit to DrugPlace's Florida headquarters. During Lilly's on-site audit in November 2015, DrugPlace representatives, including Kevin Singer and Readus Smith, refused to provide the Lilly

auditors with prescription-level data necessary to authenticate DrugPlace's rebate submissions. When they finally made some documents available in the form of printed-out screenshots of DrugPlace's pharmacy management software, the data was woefully incomplete and included redactions rendering it impossible to verify actual dispenses of medications—and in fact, strongly suggesting there were no such dispenses. (*Id*. ¶¶ 24–31.) DrugPlace's explanations for this insufficient documentation signaled that its practices were, at best, completely out of line with industry standards, and at worst, completely fraudulent. (*Id*. ¶¶ 37–40).

Ultimately, Lilly's 2015 audit of DrugPlace was unable to confirm that any of DrugPlace's rebate claims were valid. As a result, Lilly did not seek to renew the parties' rebate agreement, and declined to engage in any further direct business relationship with DrugPlace, Community Health, or the Church. (Dellinger Decl. ¶ 43.)

2. Unbeknownst to Lilly, DrugPlace Continued and Expanded Its Rebate Fraud Scheme

Nearly ten years later, in 2025, while analyzing various data sources relating to the sale and distribution of its medicines, Lilly discovered that DrugPlace was the source of enormous volumes of rebate claims, concealed through multiple layers of middlemen to circumvent Lilly's decision not to do business with DrugPlace. Since at least 2020, DrugPlace had been submitting enormous volumes of rebate claims based on purported utilization of a single, different diabetes medicine: Trulicity. (Wadsworth Decl. ¶¶ 30–38.)

While reviewing rebate data for suspicious transactions, Lilly discovered that extraordinarily high volumes of rebate claims routed through a particular rebate aggregator called Health Delegates originated from DrugPlace. (*Id.* ¶¶ 30–34.) Health Delegates submitted the DrugPlace rebate claims to two different PBMs, who then resubmitted those claims to Lilly. (*Id.* ¶ 31.) Health Delegates used one PBM for the DrugPlace claims from 2020 to

September 2023 (hereinafter "PBM-1"), then another PBM from October 2023 to 2025 (hereinafter "PBM-2"). (*Id.*) The fact that DrugPlace submitted its claims through two layers of intermediaries helped obscure the volume of rebates it was submitting and enabled it to avoid Lilly's scrutiny until 2025. (*Id.* ¶ 32; Hayes Decl. ¶¶ 93–95.)

The volume of rebate claims that DrugPlace caused to be submitted to Lilly in this manner is enormous. Between 2020 and 2024, DrugPlace—as the PBM for claims from a single-location, mail-order pharmacy—submitted through intermediaries, and caused Lilly to pay, claims that resulted in ***more than $200 million*** in Trulicity rebates. (Wadsworth Decl. ¶ 34.) This amounts to an average rate of over $40 million per year. (*Id.*) At their peak, DrugPlace-affiliated rebate claims corresponded to nearly $75 million worth of Trulicity per year. (*Id.*) These rebates supposedly corresponded to hundreds of thousands of boxes of Trulicity that DrugPlace purchased from licensed wholesalers during the same period. (*Id.* ¶ 35.)

Lilly's investigation into DrugPlace has confirmed that DrugPlace does not function as a legitimate pharmacy that dispenses Trulicity to patients—at least not in anywhere near the volumes it claimed. Instead, DrugPlace, in conjunction with affiliates, operates as a de facto unauthorized secondary ***wholesaler*** of Trulicity. DrugPlace purchases Trulicity from wholesalers and resells it on the secondary market. Meanwhile, in its capacity as PBM, DrugPlace submits, through intermediaries, fraudulent rebate claims to Lilly for hundreds of millions of dollars.

3. A Third-Party Audit of PBM-2 Revealed DrugPlace's Rebate Claims Are Illegitimate

When Lilly learned that Health Delegates had been submitting large volumes of DrugPlace rebate claims (via Health Delegates) through PBM-2, PBM-2 already was undergoing an audit—at Lilly's request—of its rebate submissions for 2023. (Wadsworth Decl. ¶¶ 36–37.) Lilly used a third-party auditor named BlackPoint Consulting Group ("BlackPoint"). (*Id.*) In May 2025,

Lilly requested that BlackPoint perform additional analysis within the audit's scope relating to utilization by purported members of the DrugPlace/Community Health prescription cost share program. (*Id.* ¶ 37.)

BlackPoint did not audit DrugPlace directly, and therefore, did not have direct access to DrugPlace's underlying prescription records to permit verification of each rebate claim submitted. (*Id.*) The scope of BlackPoint's audit was limited to analyzing the data DrugPlace had submitted through Health Delegates to PBM-2, to assess whether it was consistent with patterns established by a large sample of PBM claims for utilization by members of over 150 health plans that submitted Trulicity claims during the same period. (*Id.* ¶ 38.)

BlackPoint's audit raised serious questions about the legitimacy of DrugPlace's rebate claims. For the tens of thousands of rebate claims submitted by Health Delegates to PBM-2 for DrugPlace's utilization during the review period, BlackPoint found the following anomalies:

a) All of DrugPlace's rebate claims corresponded to dispenses and utilization of just one Lilly medicine, Trulicity. By contrast, the rebate claims submitted by other health plans corresponded to dispenses and utilization of seven different Lilly medicines on average.

b) None of DrugPlace's rebate claims reflected a reversal adjudication (*i.e.*, a notation that a prescription was filled by the pharmacy but never actually dispensed to the patient). Reversals are common in rebate claims data. Data from other plans and pharmacies showed an average reversal rate of approximately 15%. Claims submitted by DrugPlace, however, showed a reversal rate of 0%.

c) All of DrugPlace's rebate claims showed that Trulicity prescriptions were filled for a single, uniform quantity of 2 mL, which corresponded to one box of four single-use injectable pens. In contrast, the rebate claims submitted by other health plans had an average of five different dispense quantities listed.

d) All of DrugPlace's rebate claims showed that Trulicity prescriptions were filled for a single, uniform supply period of 30 days. This was another clear outlier: the rebate claims submitted by other health plans had an average of 11 different supply periods listed.

e) All of DrugPlace's rebate claims for Trulicity were associated with a unique prescription number, meaning that every single dispense was coded as a first fill

rather than a refill. This indicated that, despite uniformly filling prescriptions for a 30-day supply of Trulicity, DrugPlace dispensed exactly one fill per patient—and zero refills—across any of the tens of thousands of prescription fills spanning three months (i.e., roughly 90 days) of patient treatment. By contrast, data from other plans showed an average of 1.61 fills of Trulicity per patient within that same three-month period.

f) All of Health Delegates' rebate claims corresponded to prescriptions filled at just one pharmacy, DrugPlace. By contrast, the rebate claims submitted by other health plans corresponded to prescriptions filled, on average, at over 2,000 pharmacies.

(*Id.* ¶ 39.)

Lilly conducted further review and analysis of all of DrugPlace's rebate claims from 2020 to 2025. (*Id.* ¶ 40.) Lilly determined that the anomalies BlackPoint identified for Q3 2024 were also present for the ***entire period of 2020 to 2025***. (*Id.*) In particular, ***all*** of DrugPlace's rebate claims submitted through its intermediaries were for the exact same supply period and quantity of Trulicity—a 30-day supply consisting of 2 mL (i.e., a box of four single-use injectable pens); all claims were associated with a unique prescription number and, therefore, indicated a first fill rather than a refill; and for all but three quarters within the entire period, DrugPlace's quarterly reversal rate was exactly 0%. (*Id.*)

Collectively, these anomalies in DrugPlace's rebate data constitute compelling evidence that DrugPlace's rebate claims did not correspond to legitimate prescriptions dispensed to and utilized by actual patients, and that the underlying data was fabricated wholesale. (*See id.* ¶ 41; Hayes Decl. ¶¶ 35–63.) As discussed below, that conclusion is corroborated by a wealth of additional evidence.

4. DrugPlace Has No Credible Explanation for Its Rebate Claims

In connection with the audit, Lilly pressed the intermediaries for more information about DrugPlace's rebate claims and the prescription cost share program and formularies that DrugPlace purports to administer. (*See* Wadsworth Decl. ¶¶ 53–60.) But DrugPlace, through the

intermediaries, has failed to provide any evidence that its rebate claims correspond to actual Trulicity dispensed to and utilized by patients who are covered by Community Health's purported prescription cost share program. (*Id.* ¶ 60.)

Volume of rebates. DrugPlace has failed to provide any credible account of how the Community Health's program could possibly be large enough, or possess enough funding, to pay for tens of thousands of prescriptions per year of Trulicity, in addition to the other prescription drugs it purports to cover. (*Id.*) Indeed, although Lilly received certain information about DrugPlace from the intermediaries in response to its inquiries, that information has only cast further doubt on DrugPlace's legitimacy. (*See id.* ¶¶ 42–46.)

Suspicious uniformities. Regarding the suspiciously uniform prescription quantities and supply periods reflected in its rebate data, DrugPlace claimed that a 30-day supply of one box of four injectable pens was the only amount that purported Community Health members were permitted to fill at DrugPlace under Community Health's prescription cost share program. (*Id.* ¶ 43.) But such a limitation is inconsistent with how pharmacies log and fill those prescriptions, and there are no cost savings to be gained by covering only a 30-day supply of Trulicity as opposed to, for example, a 90-day supply. (*Id.*) Moreover, Lilly subsequently received copies of DrugPlace's 2024 and 2025 formularies, which stated that purported Community Health members in fact were ***not*** limited to 30-day supplies and were expressly permitted to fill 90-day supplies at DrugPlace. (Wadsworth Decl. ¶ 58 & Exs. K–L.) According to those formularies, a 30-day supply was subject to a $40 co-pay and a 90-day supply was subject to a $90 co-pay, reflecting patient cost savings up to 25% through a longer supply period. (*See id.*) Yet, despite purporting to serve a community of low-income, uninsured patients, DrugPlace never filled 90-day supplies for purported Community Health members—not even once.

Absence of refills. Regarding the absence of refills in DrugPlace's rebate claims, DrugPlace asserted that its adjudication system automatically generates a new unique prescription number for each fill of a prescription and that, as a result, all refills appeared in DrugPlace's system as first fills. (*Id.* ¶ 44.) But there is no good reason for a legitimate pharmacy—one purportedly processing tens of thousands of prescriptions per month—to fail to collect refill data. (*See* Hayes Decl. ¶¶ 45–56.)

Standard pharmacy retail prescription tracking systems track how many refills are remaining per patient. (*Id.* ¶ 47.) Such tracking is essential for fraud, waste, and abuse prevention, as it ensures refill limits are enforced consistently and in real time, in accordance with applicable state and federal laws and regulations governing pharmacies. (*Id.* ¶¶ 47, 53–54.) DrugPlace's stated practice of ignoring refills deviates sharply from the recordkeeping standards of other pharmacies that dispense Lilly medicines and cause rebate claims to be submitted for those products. This purported practice would make it exceedingly challenging, if not impossible, for DrugPlace to comply with applicable laws and regulations, such as state Board of Pharmacy rules requiring pharmacies to record and maintain certain data for every prescription or medical order they dispense. (*Id.*)[9]

DrugPlace's rebate claims data for Q4 2023 was later resubmitted with unique patient identification numbers and dates of first fills, allegedly for the purpose of allowing BlackPoint to separate first fills from refills. (Wadsworth Decl. ¶ 45.) The resubmitted data showed that, even

[9] These required data include, for example, (a) refill history showing each refill authorization and every refill dispensed, including the date of dispensing and the quantity dispensed for both the original fill and subsequent refills; and (b) the identity of the dispensing pharmacist for the original dispensing and for each refill, typically through initials, a name, or a unique identification code maintained in the paper record or electronic audit trail. Tenn. Comp. R. & Regs. 1140-03-.03 (2026).

by DrugPlace's account, ***84%*** of all Trulicity prescription fills in Q4 2023 were first fills; second and third fills accounted for less than 16% and less than 0.1%, respectively; and there were no fills beyond third fills. (*Id.*) Again, these trends are inconsistent with general prescribing and treatment trends for Trulicity. (*Id.*)

Absence of reversals. Regarding the absence of reversals in DrugPlace's rebate claims, DrugPlace claimed to submit "net paid claims only," and therefore claimed to have removed any reversals from its data. (Wadsworth Decl. ¶ 46.) This, too, is highly unusual. Reversals often occur after a PBM has submitted rebate claims to a manufacturer for given a period and are by necessity reflected in the data for the next period. (Hayes Decl. ¶¶ 58–59.) Ordinarily, a pharmacy that was actually filling prescriptions and dispensing large volumes of medication on an ongoing basis will show some reversals in the rebate claims data submitted by the PBMs. (*Id.*)

Failure to provide corroborating information. Notably, the only information Lilly has received regarding DrugPlace's claims data has been these implausible explanations for the suspicious data patterns. Despite requesting it, Lilly has not received ***any*** additional data (e.g., prescriber information) that could be used to corroborate the authenticity of DrugPlace's rebate claims.

5. Community Health's Documentation and Public Footprint Belie Its Claim to Be a Large Health-Benefits Program

Lilly obtained a handful of documents purporting to lay out the details of the health benefits program administered by DrugPlace: Community Health's "Prescription Cost Share" program. (Wadsworth Decl. ¶ 56 & Exs. E–G.) Those perfunctory documents—consisting of only a few pages total—are completely inconsistent with the operation of a legitimate health plan covering hundreds of millions of dollars' worth of prescription medication. (*See id.*; Hayes Decl. ¶ 64.) Community Health's documentation fails to answer basic questions about the program, including

the eligibility criteria, the premium (if any) that is paid by members, or the process for submitting claims for payment. (*Id*.)

Beyond the inadequate documentation obtained from DrugPlace, no information about Community Health's prescription cost share program is publicly available. For example, Community Health has no website, while DrugPlace has a stock webpage that does not appear to have been updated for years. The Church's website does not mention Community Health or any purported prescription health benefits program. (Declaration of Brandon Sprague, ("Sprague Decl.") ¶ 10.) This is highly suspicious for any healthcare program, let alone one that purports to cover hundreds of thousands of patients and pay for hundreds of millions of dollars' worth of prescription medicines each year.

To illustrate the conspicuous inadequacy of Community Health's documentation and public footprint, it is helpful to consider Covenant Healthshare ("Covenant"), a healthcare sharing ministry affiliated with the Church (but not, according to public records, with any of the Defendants in this action). (*See* Sprague Decl. ¶ 13.) Covenant covers medical services such as doctor visits, rather than prescription drug costs, and, based on annual expenditures, it is a far smaller organization than Community Health purports to be. (*Id.* ¶ 13.)

Unlike Community Health, Covenant bears many of the hallmarks of a traditional cost sharing program, and it makes these details publicly available. For example, Covenant maintains a functioning website that clearly outlines the various aspects of its program, including eligibility criteria, amounts charged, and the scope of coverage. (*Id.* ¶ 13.) The website lists bona fide organizations as Covenant's sponsors. (*Id.* ¶ 13.) Furthermore, Covenant is registered as a nonprofit 501(c)(3) organization and files annual Internal Revenue Form 990s, an annual tax return for tax-exempt organizations. (*Id.* ¶ 13.) Like all such non-profits, Covenant's Form 990,

summarizing its financial activities, is publicly available. (*Id.* ¶ 13.) Covenant's 2023 Form 990 indicates that it has real sources of funding, with approximately $2.25 million in annual program service revenue for that year. (*Id.* Ex. 8.)

Despite purporting to function as a similar program on behalf of the Church, with expenditures that are orders of magnitude larger than Covenant's, Community Health bears ***none*** of these indicia of legitimacy.

6. Community Health's Incredible Claims About Funding

The purported Community Health prescription cost share program documents provided to Lilly contain minimal information about how medicines dispensed to members by DrugPlace are actually paid for. (*See* Wadsworth Decl., Exs. E–F.) Although some information about patient co-pays is available (*see id.* Exs. J–L), the documents do not explain how Community Health covers the remaining cost of medicines that DrugPlace purportedly dispenses to Community Health members. (*See* Declaration of Gregory Bell ("Bell Decl.") ¶¶ 9, 18–26.) In particular, none of the documents provided to Lilly mentions any contributions that members must pay to participate in the program. (*See* Wadsworth Decl., Exs. E–G, J–L.) This, again, stands in stark contrast to Covenant—another Church-affiliated health program—which explains on its public-facing website the amounts that members must pay in the form of "month member gifts" to participate, and how varying levels of membership affect the amount of such payments. (Sprague Decl. ¶ 13.)

When pressed for more information about the basic economics of Community Health's prescription cost sharing program, DrugPlace's intermediaries told Lilly that participants in Community Health's program ***do not pay premiums or make any member contributions***. (Wadsworth Decl. ¶ 57.) Instead, Lilly was told that, beyond the small member co-pays,

Community Health purportedly finances all medication purchases through unspecified federal grant money and charitable donations. (*Id.*)

As set forth in the attached declaration of economist Gregory Bell, this is completely implausible and inconsistent with publicly available information. (Bell Decl. ¶¶ 7, 18–25.) Federal grants are a matter of public record. The federal government does not report having provided any grants to Community Health at any time. And, since 2008, the only reported federal money provided to the Church is a $1.3 million loan in pandemic assistance. (*Id.* ¶¶ 7, 24.) Non-profit organizations also have public reporting obligations, as exemplified by Covenant's public registration as a 501(c)(3) organization and public filing of financial reports. (*See* Sprague Decl. ¶ 13.) But despite claiming to be funded in part by charitable donations, Community Health is registered as a ***for-profit*** corporation, not a non-profit corporation in the mold of similar Church benefits programs like Covenant. (*Id*. ¶ 10 & Ex. 5.)

As for the Church, there is no public record of charitable donations remotely large enough to pay for the volume of medication that DrugPlace purports to dispense on an annual basis. For example, for the 2024-2025 fiscal year, the entire national budget for the Church itself shows that it expected only $1.3 million total in donations;[10] yet, in the same year, Community Health would have incurred net costs of ***tens of millions of dollars*** in connection with DrugPlace's purported Trulicity dispenses alone, before considering any other medicines purportedly dispensed to patients. (Bell Decl. ¶¶ 7, 17, 24–25.) There simply is no support for the funding levels claimed by Community Health. (*See id.* ¶¶ 7, 18–24.)

[10] Nat'l Bd. of Trustees, Church of God in Christ, 2024-2025 National Budget, https://d1dhn91mufybwl.cloudfront.net/downloads/pdfs/vhn0up16rh/vhn0up16rh.pdf?v=1746612041.

7. The Community Health/DrugPlace Formulary Indicates Fraud

In addition to program documents, Lilly has also obtained copies of Community Health/DrugPlace formularies purportedly in effect for 2023, 2024, and 2025. (Wadsworth Decl. ¶ 58 & Exs. J–L.) The documents are deficient on their face and provide further evidence that Community Health/DrugPlace are engaged in fraud.

The formularies contain various errors—such as typos, formatting problems, blank pages, and a phone number that does not work—suggesting that they were hastily put together and not the work product of a legitimate health plan that covers hundreds of millions of dollars in Trulicity alone. (*Id.*; *see also* Hayes Decl ¶ 80; Declaration of Jeffrey Goetz ("Goetz Decl.") ¶ 11.) The metadata associated with the most recent formularies indicated that they were last modified in Microsoft Word and exported to PDF only days before being sent to Lilly. (Sprague Decl. ¶ 41.) Furthermore, while drug formularies typically are detailed and contain long lists of covered medications reflecting the varied needs of patients, DrugPlace's formularies are short—ranging between two and four pages—and contain roughly 25 types of drugs that correspond to under 60 total covered brand-name medicines. (Hayes Decl. ¶ 81.) By contrast, there are over 20,000 prescription drugs approved by the FDA. (*Id.*) Given DrugPlace's limited formulary, the Community Health program would be of limited value to patients, who may encounter health conditions requiring medicines that Community Health does not cover. (*Id.* ¶¶ 82–83.)

The factor uniting the drugs on DrugPlace's formulary is the size of the manufacturer rebates they command, not patient need. (*Id.* ¶ 84.) DrugPlace's formulary is deliberately constructed to include only branded medicines that are eligible for relatively higher rebates. (*Id.* ¶¶ 84–85.) By purporting to cover a limited number of medicines offering comparatively higher rebates, DrugPlace maximizes its collection of payments for products.

After pocketing the rebates, DrugPlace and its business partners then resell the medicines on the secondary market at modest discounts from the purchase price instead of dispensing them.

8. The Church Does Not Have Enough Members to Account for DrugPlace's Trulicity Volume

In an effort to justify its enormous Trulicity volumes, DrugPlace has asserted that the Church is a large national church with enough members to account for DrugPlace's Trulicity purchases and rebates. As set forth in Dr. Bell's supporting declaration, this claim does not hold up to scrutiny. (Bell Decl. ¶¶ 6, 11–17.) Even using unrealistically conservative assumptions, the Church does not have anywhere near enough members to account for DrugPlace's volume of Trulicity purchases and rebate claims.

According to the Pew Religion in America 2025 survey—the leading survey of religion in the U.S.—the number of Church adherents is estimated to be approximately 1.9 million individuals, or 0.7% of the U.S. adult population. (*Id.* ¶¶ 6, 12.) Based on Community Health's own representations, Community Health's health benefits program is available only to *uninsured* church members. Based on the Church's demographics and national statistics on health insurance, the maximum expected number of potential Community Health members meeting those criteria (i.e., the expected number of uninsured Church members) was less than 210,000 in the year 2024. (*Id.* ¶¶ 6, 12–13.)

Of course, not all purported Community Health members have diabetes or are prescribed GLP-1 medications; and not all GLP-1 users take Trulicity. (*Id.* ¶¶ 6, 14–15.) Indeed, at least two competing GLP-1 products also appear on Community Health's formularies, indicating that, were Community Health providing services as it has represented, some Community Health members would take those products. (*Id.*; *see also* Wadsworth Decl., Exs. H–J.) Adjusting for the portion of purported Community Health members expected to be diagnosed with diabetes, to

use GLP-1s, and to use Trulicity, the hypothetical expected number of purported Community Health members prescribed Trulicity is roughly 1,700 members. (Bell Decl. ¶¶ 6, 14.)

Even under the extremely conservative assumptions that 100% of uninsured Church members participate in the purported Community Health cost share program, and that 100% of purported Community Health members who are prescribed Trulicity adhere to their full-time treatment plan and use the product for 52 weeks per year, DrugPlace's purchases of Trulicity in a given year are approximately ***five times*** the expected demand of relevant Community Health members. (*Id.* ¶¶ 15–17.) Alternatively, if one assumes that purported Community Health members prescribed Trulicity follow the national average for adherence—which is less than 52 weeks—of therapy, then DrugPlace's purchases of Trulicity in a given year are approximately ***eight times*** the expected demand. (*Id.*)

9. Galaxy and Its Affiliates Share DrugPlace's Suspicious Practices

While investigating DrugPlace, Lilly identified a Texas-based pharmacy, Defendant Galaxy, that became associated with suspicious rebate claims for Trulicity. Like DrugPlace, Galaxy purports to be a mail-order pharmacy for a prescription cost share program affiliated with a religious organization—in its case, the Texas Chapter of the NHCLC. (Wadsworth Decl. ¶¶ 47–48.) As Lilly learned, the suspicious rebate claims associated with Galaxy and its affiliates are a more recent iteration of Defendants' growing rebate fraud scheme.

Galaxy is connected to DrugPlace through an interlocking network of common addresses, principals, investors, and associates. For example, Galaxy's corporate registration lists as its own mailing address the same former Hollywood, Florida address as DrugPlace. (Sprague Decl. ¶ 17.) Galaxy's registered owner, Defendant Lane Mazei, has numerous ties to DrugPlace's owners and principals, Leight and Singer, and has participated in other business ventures with them. (*Id.* ¶ 38.) Leight and Singer themselves hold a secured interest in Galaxy's assets. (*Id.*)

Rebate submissions for Trulicity utilization dispensed by Galaxy follow a pattern strikingly similar to DrugPlace's rebate claims. The rebate claims are first submitted to Health Delegates (the same rebate aggregator that DrugPlace used), and Health Delegates submits the rebate claims for that utilization to PBM-2—the same PBM used by DrugPlace. (*Id.* ¶ 52.) The PBMs then submit the claims to Lilly for payment. (*Id.*) This pattern emerged in July 2024 and, since then, the volume of rebate claims for Trulicity purportedly dispensed by Galaxy surged. (*Id.* ¶¶ 49, 51–53.) For the 18 months between January 2023 and June 2024, Lilly paid only several thousand dollars ***total*** in rebates for Trulicity purportedly utilized by Galaxy patients. (*Id.* ¶ 51.) Then, in the six months between July and December 2024 alone, the figure grew to nearly ***$2 million*** in rebate payments for Trulicity, which amounts to a nearly ***19,000 percent increase*** from the prior eighteen-month period. (*Id.* ¶ 53.) In the first three quarters of 2025, Galaxy and its affiliates attempted to cause Lilly to pay nearly ***$3 million*** in additional Trulicity rebates. (*Id.*)

Galaxy-associated rebate claims for Trulicity since July 2024 also feature many of the same anomalies found in DrugPlace-associated rebate claims. For example, all claims were for the exact same supply period and quantity of Trulicity—a 30-day supply consisting of 2 mL (i.e., a box of four single-use injectable pens)—without exception. (*Id.* ¶ 54.) Moreover, all claims were associated with a unique prescription number indicating a first fill rather than a refill and, just as with DrugPlace, the utilization data underlying these rebate claims showed a reversal rate of 0%. (*Id.*) As noted above, all of these were true of DrugPlace's rebate claims as well, and none of them is consistent with authentic claims.

Like DrugPlace, Galaxy is closely affiliated with a secondary wholesaler—in its case, Defendant Brightline Wholesale LLC ("Brightline"). Mazei owns Brightline in addition to Galaxy, and Giscombe, one of the registered pharmacy technicians at Galaxy, also serves as

Brightline's Pharmaceutical Wholesale Manager. (Sprague Decl. ¶¶ 37, 39.) Brightline's corporate registration lists as its own mailing address a Fort Lauderdale, Florida address that is also associated with DrugPlace. (*Id.* ¶ 20.)

Based on the parallel operations and close affiliations between DrugPlace and Galaxy, it is clear that Galaxy and Brightline are running the same scheme as DrugPlace, working in conjunction with a PBM to submit fraudulent rebate claims, through intermediaries, for Trulicity that was not utilized by patients but rather sold on the secondary market. Galaxy, Brightline, and their co-conspirators may be referred to as the "Galaxy Operation."

Since July 2025, Lilly has pressed for more information about the Galaxy Operation. (Wadsworth Decl. ¶ 53.) In response, Lilly so far has received a copy of a drug formulary for the NHCLC prescription cost share program associated with the rebate claims for which Galaxy was the dispensing pharmacy, as well as a welcome brochure summarizing NHCLC's prescription cost share program and a two-page document summarizing its eligibility requirements. (*Id.* ¶¶ 55–56 & Exs. C–D, H–I.) The formulary closely resembles DrugPlace's deficient formulary, down to its formatting, brevity, and specific medicines listed. (*Id.* ¶ 55 & Exs. A–B; Hayes Decl. ¶ 74.) To date, Lilly has not been provided any records verifying that the rebate claims associated with Galaxy correspond to real prescriptions written by doctors and dispensed to patients. (Wadsworth Decl. ¶ 60.)

10. The DrugPlace Entities Resell Trulicity and Other Medications on the Secondary Market

Lilly's pre-litigation investigations have shown that DrugPlace, Galaxy, and their affiliates are, in fact, reselling Trulicity and other prescription drugs on the secondary market, rather than dispensing the medicines to patients as they claimed in their rebate submissions. The evidence for this comes from a number of independent sources.

First, Lilly conducted surveillance of DrugPlace, Community Health, and Nakorn Wholesalers, LLC ("Nakorn"), which are all in neighboring office parks in Nashville, Tennessee. (Goetz Decl. ¶¶ 4–5.) There were no signs of a legitimate pharmacy operation, such as customers coming to retrieve medication or mail carriers picking up or delivering boxes. (*Id.* ¶ 5.) Instead, on one day of surveillance, Lilly's investigator observed a Nashville Logistics truck pull up to DrugPlace's delivery bay early one morning and then drive to a courier service called Courier Express. (*Id.* ¶ 6.) After unloading empty boxes and reloading the truck with a pallet of plastic bins, the Nashville Logistics truck made deliveries at nine separate health clinics, hospitals, and pharmacies in the suburbs of Nashville. (*Id.* ¶ 7.) At each stop, the truck driver delivered colored totes or cardboard boxes of pharmaceutical products to the clinic, hospital, or pharmacy. (*Id.*) Some of these totes were labeled with the name of one of Lilly's authorized distributors that sells Trulicity and other Lilly medicines, and some boxes were labeled with the names of specific medications. (*Id.*) After making these deliveries, the truck returned to DrugPlace. (*Id.* ¶ 8.)

Separately, Lilly learned from one of its wholesalers that an independent pharmacy had received Trulicity from a secondary wholesaler, and the pharmacy had traced the product back to DrugPlace and its affiliates. (Wagner Decl. ¶¶ 5–6.) Lilly purchased additional medications on the DrugPlace formulary on the secondary market and learned, based on their pedigrees,[11] that they had also originated from DrugPlace, Nakorn, and Brightline. (*Id.* ¶¶ 13–17.) The pedigrees from these purchases confirm that the DrugPlace-affiliated entities are reselling the medicines they

[11] A drug pedigree is documentation of the drug's movement through the supply chain, identifying, from the time of initial purchase, who handled the drug, when it changed ownership, where it was shipped, and what product was transferred. This enables parties in the supply chain to verify that the drug is legitimate and has not been diverted, adulterated, or counterfeited.

purchase from manufacturers like Lilly on the secondary market rather than dispensing the medicines to patients.

For example, on April 23, 2024, DrugPlace purchased 200 boxes of Trulicity from one of Lilly's authorized distributors (hereinafter "Distributor A"). (Wagner Decl. ¶ 9.) That purchase was assigned a unique invoice number by Distributor A. (*Id.*) The next day, Nakorn sold the exact same number of boxes to Dockside Partners, LLC ("Dockside"), a secondary wholesaler located in Scottsville, Kentucky that sells pharmaceutical products on online marketplaces. (*Id.* ¶ 10.) Dockside's product offering closely matches the selected set of drugs listed on the DrugPlace and Galaxy/NHCLC formularies. (*Compare* Wagner Decl. ¶ 5 & Ex. A, *with* Hayes Decl. ¶ 79.)

Dockside sold the boxes of Trulicity purchased from Nakorn to a retail pharmacy. (Wagner Decl. ¶ 10.) The pedigree provided to the retail pharmacy for those boxes of Trulicity stated that they had initially been purchased by Nakorn from Distributor A on April 23, 2024, under the same invoice number as Distributor A's sale to DrugPlace. (*Id.*) The matching invoice numbers make clear that DrugPlace purchased the boxes of Trulicity from Distributor A and immediately transferred them to Nakorn, which sold them the next day on the secondary market. (*Id.*) However, the pedigree Dockside provided to the retail pharmacy falsely indicated that Nakorn had purchased the Trulicity directly from Distributor A, concealing the fact that the product had passed through DrugPlace.

To further investigate DrugPlace's and the Galaxy Operation's activities, Lilly purchased certain non-Lilly medications listed on the Community Health/DrugPlace and NHCLC formularies from secondary wholesalers with suspected ties to DrugPlace. (*Id.* ¶¶ 13–17.) The pedigrees associated with these purchases confirmed that the medicines passed through Brightline and Nakorn, wholesalers with ties to DrugPlace and Galaxy. (*Id.*) As with the Dockside pedigree

above, these medications likely originated from DrugPlace or Galaxy before being transferred to Brightline and Nakorn, who then resell them on the secondary market to secondary wholesalers like Dockside and HealthSource Distributors. DrugPlace and Galaxy obscure their involvement because typically only licensed wholesalers can lawfully sell medications. (Hayes Decl. ¶ 33.)

Notably, Brightline and Nakorn resell Trulicity and other medications at prices that are discounted from those at which DrugPlace or Galaxy purchased them from authorized distributors. (Wagner Decl. ¶ 5.) Medicines are only attractive to buyers on the secondary market at a discount. Thus, Defendants would lose money on every product that they purchase and resell. But Defendants can recoup that money, and make a profit, by submitting a fraudulent rebate claim. Put another way, this secondary market redistribution business is not economically viable by itself. It makes economic sense only as a component of a rebate fraud scheme.

11. Defendants and Their Business Relationships

Defendants are an interconnected group of individuals and entities, including pharmacies, pharmaceutical wholesalers, prescription-drug programs, and their principals and employees, who work together to effectuate this massive healthcare-fraud scheme.

At the heart of the scheme is DrugPlace, which purports to be both a mail-order pharmacy and the PBM for a prescription cost share program operated by Defendant Community Health. (Wadsworth Decl. ¶ 29.) There are two separate DrugPlace entities, one incorporated in Florida and one in Tennessee. However, they operate as one company, with the Florida location serving as its corporate headquarters and the Tennessee location serving as its distribution center. (Dellinger Decl. ¶ 14; Sprague Decl. ¶¶ 7–8.) The corporate entities affiliated with DrugPlace, although purporting to be separate corporate entities, act together under common ownership and officers, and often times from a common location in Florida, Tennessee, or Texas, to carry out their fraudulent rebate scheme. (Sprague Decl. ¶¶ 7–23.) In April 2026, after learning that Lilly

was investigating its fraudulent rebate activity, DrugPlace closed its pharmacy in Nashville and began to liquidate its assets and equipment. Around the same time, DrugPlace's national provider identification ("NPI") code was deactivated. (*Id.* ¶ 8.)

Community Health, located at DrugPlace's Tennessee address, maintains no Internet presence, besides a reference on DrugPlace's website and historical references on the COGIC Department of Health website. (*Id.* ¶ 11.) Community Health, under its former name ReadyHealthcare Services Corporation, owns the registered trademarks for "DrugPlace" and "COGIC Department of Health." (*Id.* ¶ 12.)

Nakorn is a Tennessee limited liability company located at DrugPlace TN's former location in Nashville, Tennessee. (*Id.* ¶ 14.) Nakorn's corporate registration lists DrugPlace's address in Fort Lauderdale, Florida as Nakorn's own mailing address. Until recently, Nakorn purported to be a wholesaler of pharmaceutical products. (*Id.* ¶ 15.) In January 2026, Nakorn informed state authorities of its intent to close its facility and to surrender its wholesaler license. (*Id.* ¶ 16 & Ex. 10.)

DrugPlace is owned jointly by Defendants Paul Leight and Kevin Singer, and Nakorn is owned by Singer. Leight and Singer co-own many business ventures, including many healthcare-related businesses, and as discussed further below, have repeatedly been implicated in healthcare fraud and diversion schemes. (*Id.* ¶¶ 24–26, 43–51.) In addition to owning DrugPlace, Leight and Singer also jointly own a limited liability company that owns the property located at 3900 SW 30th Ave, Fort Lauderdale, Florida, where DrugPlace (FL) is located. (*Id.* ¶ 25.) This Fort Lauderdale address is listed as the mailing address on DrugPlace, Inc. (TN)'s corporate registration, and as the address for other entities discussed below. (*Id.* ¶¶ 7–8, 14.) Since February 2025, Leight and Singer have formed at least seven new corporate entities together. (*Id.* ¶ 26.)

Defendant Edgar Enriquez works for several ventures owned by Leight and Singer, including as the General Manager of Nakorn and is listed as a contact for Community Health and other entities affiliated with the above-mentioned Fort Lauderdale address. (*Id*. ¶¶ 35–36.)

Defendant Readus C. Smith III is the CEO and registered agent for Community Health. (*Id*. ¶ 27.) He has also been affiliated with a number of Leight and Singer's companies, including several companies located in Nashville, Tennessee and affiliated with 617 Airpark Center Drive, which is also the Tennessee address for both Community Health and DrugPlace. (*Id*. ¶ 30.) Smith is also the Secretary General of Health and Business for the Church and its affiliates worldwide. (*Id*. ¶ 29.) In addition to Smith, Defendants Jerry Maynard Jr., and Misha Maynard—both leaders in the Church—are affiliated with Community Health: Misha is Community Health's Vice President of Operations, and Maynard Jr. served as the Chairman of the Board for Community Health and registered the trademarks for ReadyHealthcare Services, the predecessor to Community Health, and for DrugPlace. (*Id*. ¶¶ 32–34.) Their father, Defendant Jerry Maynard Sr., also a Church leader, promoted Community Health to members of the Church, and was implicated in a healthcare fraud scheme involving pharmacies owned by Defendants Leight and Singer. (*Id*. ¶ 31.)

Defendant Galaxy is a Texas limited liability company located in Houston, Texas. (*Id*. ¶ 17.) Its corporate registration lists DrugPlace's former address in Fort Lauderdale, Florida as Galaxy's mailing address. (*Id*.) Like DrugPlace, Galaxy purports to be a mail-order pharmacy and is purportedly the exclusive pharmacy for a prescription cost share program organized by the Texas Chapter of the National Hispanic Christian Leadership Conference ("NHCLC"). (Wadsworth Decl. ¶ 48 & Ex. H.) And like DrugPlace, Galaxy recently deactivated its NPI number and license with the Texas Board of Pharmacy. (Sprague Decl. ¶ 17.)

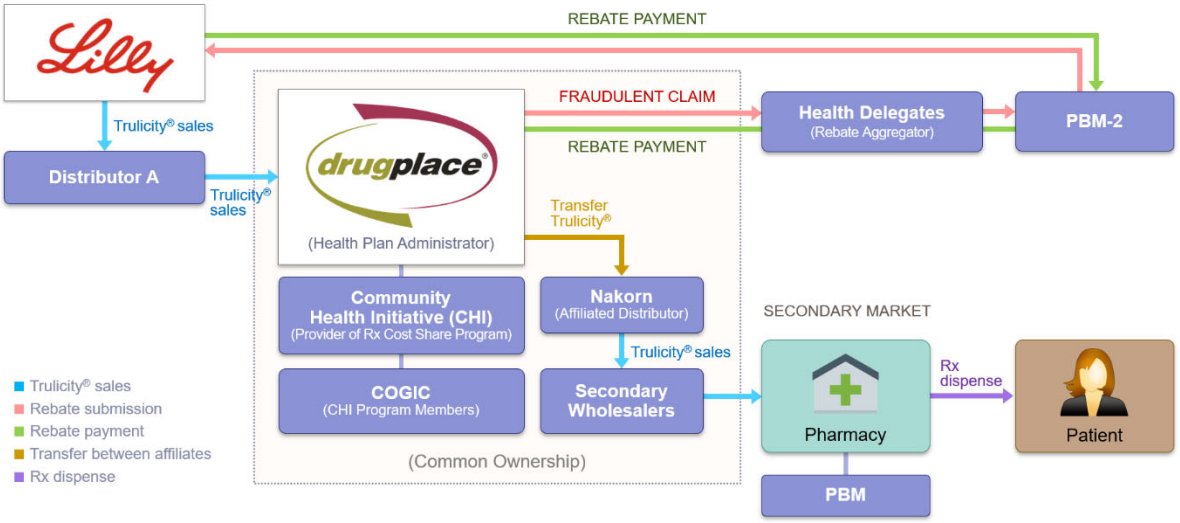
Defendant Brightline Wholesale LLC ("Brightline") is also a Texas limited liability company. (*Id.* ¶ 20.) Like some of the other Defendant entities, Brightline lists DrugPlace's former Hollywood, Florida addresses as its own address. (*Id.*) Brightline no longer maintains any active wholesaler licenses, and its Tennessee license lists its status as "Facility Closed." (*Id.* ¶ 21; Ex. 12.)

Both Galaxy and Brightline are owned by Defendant Lane Mazei. (*Id.* ¶ 37.) Defendant Danielle Giscombe is Brightline's Pharmaceutical Wholesale Manager as well as the contact on Galaxy's Texas pharmacy license. (*Id.* ¶ 39.) Galaxy has multiple connections with the DrugPlace operation. In addition to sharing an address with DrugPlace, Galaxy entered into investment agreements with Leight and Singer, who own DrugPlace and the real estate out of which multiple corporate defendants operate. (*Id.* ¶ 38.)

12. Summary of Defendants' Fraudulent Scheme

In sum, based on the information described above and presented in the accompanying declarations and exhibits, the DrugPlace Conspiracy is an elaborate fraudulent scheme in which each Defendant engaged in overt acts in pursuit of the conspiracy's objective of fraudulently extracting rebate payments from Lilly for Trulicity that was never dispensed, while reselling the medicine on the secondary market.

The diagram below depicts how the fraud scheme works for DrugPlace, based on information currently known to Lilly. (*See generally* Sprague Decl.) A substantially similar pattern is used for the Galaxy Operation.



In short summary, (1) DrugPlace, acting as a pharmacy, purchases Trulicity through Lilly's authorized distributors (see upper left of diagram); (2) DrugPlace, acting as a PBM, submits a fraudulent rebate claim to Lilly through a rebate aggregator and a second PBM, falsely representing that the Trulicity was dispensed to and utilized by a patient covered by the purported Community Health prescription cost sharing program (see upper half of diagram); and (3) meanwhile, DrugPlace transfers the Trulicity to its affiliate, drug distributor Nakorn, which sells it into the secondary market where it is ultimately sold to a retail pharmacy (lower right of diagram).

All of the individual Defendants—Leight, Singer, Smith, Enriquez, Jerry Maynard Sr., Jerry Maynard Jr., Misha Maynard, Mazei, and Giscombe—as the owners, officers, employees, and associates of DrugPlace, Nakorn, Community Health, Galaxy, and Brightline, were personally involved in running the DrugPlace Conspiracy, and they each agreed to participate in and engaged in overt acts in pursuit of its objectives. (Sprague Decl. ¶¶ 22–37.) Defendants Leight, Singer, Mazei, and Smith all participate in the operation and management of the DrugPlace Conspiracy. Defendants Leight, Singer, and Mazei have ownership interests in the DrugPlace Entities and are

the driving force behind devising and advancing the fraudulent rebate practices. (Sprague Decl. ¶¶ 22, 23, 35, 26.) Defendant Smith created the Community Health program and coordinated with the other defendants to provide the appearance of a legitimate patient base of Church members. (*Id*. ¶¶ 10–12, 27.) With Defendants Leight, Singer, Mazei, and Smith supervising, and actively participating in, the scheme executed through the DrugPlace Conspiracy, the DrugPlace Conspiracy was able to submit fraudulent rebate claims undetected.

D. Defendants' Involvement in Other Unlawful Schemes

Many of the Defendants described above, including Leight and Singer, have been implicated in healthcare-related schemes. (Sprague Decl. ¶¶ 43–51.) For example, in 2011, Leight and Singer were implicated in a healthcare-fraud scheme involving the misappropriation of funds related to a reverse distribution business, Guaranteed Returns. (*Id*. ¶¶ 43–44.) The Vice President of Guaranteed Return was a business associate of Leight and Singer's and was indicted in the Eastern District of Pennsylvania for his role devising and directing the scheme. (*Id*. ¶ 44.) During the investigation, the Hollywood, Florida address that many Defendants used was searched, and the search warrant affidavit implicated Leight and Singer expressly. (*Id*.) The affidavit asserted that Guaranteed Returns diverted fraudulent proceeds through Leight and Singer's business, and that both Leight and Singer received significant amounts of the fraudulent proceeds of the scheme. (*Id*.) Guaranteed Returns and two of its executives were later charged and convicted in a $180M healthcare fraud criminal case in the Eastern District of Pennsylvania. (*Id*.)

Several years later, Leight and Singer were implicated in civil and criminal litigation involving another scheme carried out by a company they co-own indirectly, Able Wholesalers. (*Id.* ¶¶ 45–47.) This scheme involved the fraudulent diversion of medicines, some of which had been supplied by Able Wholesalers. (*Id*.) The investigation revealed that Singer had told another associated fraudster that Able was supplying such quantities of drugs by using "intracompany

transfers of prescription drugs"—much like how DrugPlace and Galaxy transfer medicine to commonly owned wholesalers, like Brightline and Nakorn—and was using these transfers to turn millions of dollars in profit per year. (*Id*. ¶ 47.)

Leight and Singer also together owned a collection of entities known as Meds Direct Rx, located in Florida, Tennessee, and New York. Meds Direct Rx was identified in a series of criminal and civil lawsuits against the healthcare company Next Health as a key player in laundering funds to facilitate unlawful co-pays, for which Next Health was ultimately criminally convicted. (*Id*. ¶ 48.) In one such lawsuit, the court noted that Leight and Singer's pharmacies were used to funnel proceeds of the fraud through a fictitious charity set up by Defendant Jerry Maynard Sr. (*Id*. ¶ 50.) Maynard arranged the charity to appear like it was paying co-pays. Meds Direct then submitted fake invoices back to Next Health, who in turn remitted large payments back to Meds Direct that it used to create slush funds to pay the fake co-pays. (*Id*. ¶ 51.)

E. Defendants' Fraud Is Causing Significant Irreparable Harm to Lilly

The harm Defendants are causing Lilly is ongoing, practically impossible to stop without injunctive relief, and impossible to adequately remedy by money damages.

Defendants have a history of recidivism and a demonstrated pattern of concealing their fraud and pivoting their schemes to evade countermeasures. (*See supra* at Section C.1 (2015 DrugPlace scheme involving other Lilly medicines, which resulted in termination of the rebate agreement); Section C.2-C.8 (2020-2025 DrugPlace scheme involving Trulicity rebate claims submitted through rotating set of PBM intermediaries); Section C.9 (2024-2025 Galaxy Operation involving Trulicity); *see also supra* at Section C.12 (Defendants' alleged involvement in other fraud schemes).) Indeed, seemingly in response to Lilly's investigation, DrugPlace and Nakorn have already taken steps to shut down and liquidate assets as a likely prelude to pivoting to a different model, as they have done in the past. (*See infra* at Section I.B.2.) And Galaxy and

Brightline, which have apparently forfeited their professional licenses, are similarly winding down their current operation or pivoting. (*Id.*)

Due to the lag time between when pharmacies dispense medicine and client health plans submit rebate claims to PBMs and when Lilly receives rebate claims data from PBMs seeking rebates, several months can pass and millions of dollars of claims can be paid. (Wadsworth Decl. ¶¶ 23–27.) Even after Lilly receives rebate claims data, the process of identifying anomalies in enormous amounts of aggregated data is time-consuming and is not guaranteed to succeed. (*Id.*) If and when Lilly spots one pattern of fraudulent activity, Defendants may already be moving on to a new iteration of its unlawful scheme, whether using different products, different entities, different intermediaries, or different schemes altogether. (*Id.*) Indeed, as discussed above, these Defendants have done just that on multiple occasions.

Defendants' ongoing conduct harms Lilly's reputation, goodwill, and important business relationships. Lilly's relationships with PBMs are important to Lilly's business and to its ability to deliver medicine to patients, as they are a necessary part of ensuring that patients can access Lilly medicine in the United States. (*Id.* ¶ 63.) To mitigate its losses from fraud schemes perpetrated by Defendants, Lilly has taken and will continue to attempt certain self-help measures, including refusing to honor the most recent rebate claims submitted by DrugPlace and the Galaxy Operation through intermediaries. (*Id.* ¶ 64.) These self-help measures, however, disrupt Lilly's business relationships with the payer intermediaries that are vital to its business and distract from conducting Lilly's normal operations, and the resulting detriment to Lilly is difficult or impossible to quantify in monetary terms. (*Id.* ¶ 65.)

F. Lilly Seeks Narrowly Tailored Relief to Stop Defendants' Fraud Scheme

Through this application, Lilly seeks a TRO and preliminary injunctive relief to put an immediate stop to Defendant's massive and ongoing fraud scheme. Lilly's proposed TRO and

preliminary injunction is narrowly tailored to achieve this result. (*See* Proposed Temporary Restraining Order and Order to Show Cause For a Preliminary Injunction.)

Lilly requests that the Court restrain Defendants from submitting any further rebate claims for Lilly medicines without providing adequate substantiation directly to Lilly, prior to or simultaneous with submitting any such rebate claims, demonstrating that the rebate claim corresponds to Lilly medicine actually dispensed to the patient to whom it was prescribed. Such substantiation should include (a) the name, NPI, and contact information for the prescribing physician for the dispensed medicine for which a rebate is sought; (b) copies of the underlying prescriptions corresponding to each such medicine; (c) the pharmacy's unique patient identification number for the patient to whom each such prescription was issued and to whom the medication was dispensed; and (d) information sufficient to identify the specific rebate claim(s) to which such information and materials correspond. (*See id.*)

Importantly, the proposed TRO would *not* prevent Defendants from dispensing Lilly medicine to bona fide patients or from seeking rebates for such dispenses and utilizations, provided that adequate substantiation is submitted and Defendants' programs are otherwise eligible for rebate reimbursement under Lilly's rebate agreements. In other words, the proposed TRO would have no impact whatsoever on DrugPlace's and Galaxy's legitimate pharmacy operations, or on the treatment of any covered patient—to the extent there are any.

Moreover, to determine the precise scope of Defendants' fraud and to assist the Court's consideration of Lilly's proposed injunction, Lilly further seeks expedited discovery on targeted categories of information. Specifically, Lilly seeks records sufficient to show or identify, since January 2020, (1) businesses owned or controlled by Defendants, directly or indirectly, as well as the identities of individuals employed by, serving as a director or officer of, or holding

a direct or indirect ownership interest in, those businesses; (2) prescription-level information substantiating all rebate claims for any Lilly medicine submitted by, on behalf or at the direction of, or in connection with medicine dispensed by, any Defendant; (3) reimbursements or other remuneration received, either directly or indirectly, by any Defendant, on an entity-by-entity basis, for all Lilly medicine for which a rebate claim was submitted; (4) each purchase, sale, transfer, or other exchange of any Lilly medicine involving any Defendant; and (5) Defendants' banking, brokerage, and other financial accounts and the balances thereof. (*See* Proposed Expedited Discovery Order.)

To facilitate disclosure of these limited categories of information and ensure protection of patient confidentiality, Lilly also requests that the Court enter a HIPAA Protective and Confidentiality Order. (*See* Proposed HIPAA Protective and Confidentiality Order.)

ARGUMENT

I. A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION ARE APPROPRIATE

A temporary restraining order and/or preliminary injunction are appropriate where the movant shows "(1) a substantial likelihood of success on the merits; (2) that irreparable injury will be suffered if the relief is not granted; (3) that the threatened injury outweighs the harm the relief would inflict on the non-movant; and (4) that entry of the relief would serve the public interest." *Schiavo ex rel. Schindler v. Schiavo*, 403 F.3d 1223, 1225–26 (11th Cir. 2005) (per curiam). These factors operate as a "sliding scale," such that "[w]hen proof on one of the [factors] is particularly strong, less proof is required for the remaining [factors]." *Charles Schwab & Co., Inc. v. Aviles*, No. 07-21745-CIV-GRAHAM/O'SULLIVAN, 2007 WL 9702744, at *5 (S.D. Fla. Aug. 23, 2007); *see also Family First Life, LLC v. Rutstein*, No. 2-80243-CIV-CANNON, 2022 WL 1643213, at *2-3 (S.D. Fla. Apr. 7, 2022); *Energy Pros., LLC v. Pomella*, No. 8:15-cv-02470-

MSS-EAJ, 2015 WL 10960876, at *3 (M.D. Fla. Oct. 29, 2015). "For example, where 'the balance of equities weighs heavily in favor of granting the [injunction],' the movant[s] need only show a substantial case on the merits.'" *Faculty Senate of Fla. Int'l Univ. v. Winn*, 477 F. Supp. 2d 1198, 1203 (S.D. Fla. 2007) (quoting *Gonzalez v. Reno*, No. 00-11424-D, 2000 WL 381901, at *1 (11th Cir. Apr. 19, 2000)).

Lilly readily satisfies these standards. For the reasons described above, it is clear that Defendants are engaged in a fraudulent scheme for which Lilly is entitled to relief. But in connection with this motion, Lilly seeks only narrowly tailored injunctive relief: to stop any further rebate fraud, it asks the Court only to restrain Defendants from submitting any further rebate claims related to Lilly medicines (for Trulicity or any other medicine) absent adequate substantiation that the medication was in fact dispensed to the patient to whom it was prescribed. While eligibility for rebate reimbursement will still thereafter be determined in accordance with the terms of Lilly's rebate agreements, Lilly does ***not*** currently seek to prohibit Defendants from dispensing Trulicity to actual patients filling legitimate prescriptions.

Absent this temporary and preliminary injunctive relief, Lilly will continue to suffer irreparable harm to its finances, reputation, goodwill, and important business relationships. An injunction would impose no cognizable hardship on Defendants, because they have no legal right to commit fraud and abuse the healthcare system. And for all of these reasons, this is a situation in which the public interest calls out for prompt injunctive relief.

Courts in this Circuit have repeatedly granted emergency relief for ongoing fraud such as that being carried out by Defendants. *See, e.g.*, *Gilead Sciences, Inc. v. AJC Medical Grp., Inc.*, No. 20-245323-CIV-CANNON, Dkt. Nos. 27, 212 (S.D. Fla.); *Roche Diagnostics Corp. v. Priority Healthcare Corp.*, No. 2-18-cv-01479, Dkt. No. 21 (N.D. Ala.); *BellSouth Telecoms., Inc.*

v. Mintz, No. 04-CV-3586-CC, 2005 WL 8155198, at *2 (N.D. Ga. Mar. 4, 2005); *accord Mishkin v. Kenney & Branisel, Inc.*, 609 F. Supp. 1254, 1256 (S.D.N.Y.), *aff'd*, 779 F.2d 35 (2nd Cir. 1985) (noting that defendants' "past fraudulent conduct and their current actions indicate an intent to defeat and defraud the rights of . . . its creditors"). These cases recognize that large-scale fraudulent operations cause irreparable harm and cannot be permitted to continue for months or years while litigation is ongoing. The same is true on the facts of this case.

A. Lilly Has a Substantial Likelihood of Success on the Merits

The first criterion, substantial likelihood of success on the merits, "requires a showing of only likely or probable, rather than certain, success." *Modern Pharmacy, LLC v. McKesson Corp.*, No. 18-22242-CIV-MOORE/SIMONTON, 2018 WL 3413037, at *6 (S.D. Fla. June 12, 2018). To obtain its requested relief, Lilly need only make this showing with respect to ***one*** of its causes of action. *See Aviles*, 2007 WL 9702744, at *6. Here, Lilly amply satisfies this standard as to ***all*** of its claims.

1. Lilly's Fraud Claim Is Likely to Succeed

Lilly's fraud claim is likely to succeed. Under Florida law, the elements of fraud are "(1) a false statement concerning a material fact; (2) the representor's knowledge that the representation is false; (3) an intention that the representation induce another to act on it; and (4) the consequent injury by the party acting in reliance on the representation." *Omnipol, A.S. v. Multinational Def. Servs., LLC*, 32 F.4th 1298, 1307 (11th Cir. 2022) (quoting *Butler v. Yusem*, 44 So. 3d 102, 105 (Fla. 2010)).

"Florida law does not require that the defendant directly communicate any fraudulent misrepresentation to the plaintiff." *Otto Candies, LLC v. Citigroup Inc.*, 137 F.4th 1158, 1189 (11th Cir. 2025). Rather, a party who makes fraudulent misrepresentations to one party can be held liable where such statements are foreseeably conveyed to, and relied upon by, other parties.

Id.; *see also Koch v. Royal Wine Merchants, Ltd.*, 907 F. Supp. 2d 1332, 1344–45 (S.D. Fla. 2012) (privity is no bar to allegations of fraud where the maker of a misrepresentation "intends or has reason to expect that its terms will be repeated or its substance communicated to the other, and that it will influence his conduct in the transaction or type of transaction involved" (quoting Rest. (Second) of Torts § 533 (1977)). Based on the evidence presented in connection with this motion, Lilly can readily establish these elements and demonstrate that Defendants are liable for fraud.

a. *Defendants' Knowing False Statements of Fact Intended to Induce Lilly's Reliance*

As described above, DrugPlace, Community Health, the Galaxy Operation, and individual Defendants Leight, Singer, Smith, and Mazei (collectively, the "Fraud Defendants") knowingly and intentionally submitted hundreds of thousands of false rebate claims to Lilly, obscuring their identities through a chain of intermediaries, and created and distributed false health plan documents and formularies to which those false rebate claims could be attributed. (*Supra* at Sections D.2, D.5, D.7.) Through these false statements, the Fraud Defendants misrepresented that they had dispensed Lilly medicine—specifically, Trulicity—to patients, when in fact they had not.

In their rebate claims, the Fraud Defendants falsely represented that DrugPlace and Galaxy had dispensed Trulicity medication to actual patients. (*Supra* at Section B; *see also* Wadsworth Decl. ¶¶ 19–20, 39–41.) They made multiple false representations about the details of each purported transaction, including the identification number associated with the patient's prescription, the date on which the medicine was dispensed to the patient, the quantity and supply amount dispensed, and the amounts that the patient and health plan paid. (*Supra* at Section B; Wadsworth Decl. ¶ 20.) These representations were all false. In fact, Defendants did not dispense

Trulicity to patients at all; instead, they sold it to other businesses on the secondary market. (*Supra* at Section E.)

Although the Fraud Defendants submitted these false statements directly to Health Delegates rather than to Lilly (*supra* at Section D.2), the Fraud Defendants knew and intended that the misrepresentations would be transmitted to Lilly through a chain of intermediaries—first from Health Delegates to either PBM-1 or PBM-2, and then from PBM-1 or PBM-2 to Lilly. Indeed, since Lilly is the ***only*** entity that pays rebates for Trulicity, the ***only*** purpose of submitting a rebate claim for Trulicity is for the information to reach Lilly in the hope that a rebate will be paid. (*Supra* at Section B; Wadsworth Decl. ¶¶ 15–22.) The law is clear that such false statements constitute fraud even when they are transmitted to the intended recipient indirectly. *See, e.g.*, *Otto Candies*, 137 F.4th at 1189; *Platinum Props. Inv. Network, Inc. v. Sells*, No. 18-61907-CIV, 2019 WL 2247544, at *10 (S.D. Fla. Apr. 11, 2019) ("absence of privity [is] no bar to charges of fraud"); *Koch*, 907 F. Supp. 2d at 1345 (denying dismissal of fraud claim against importer of counterfeit wine based on plaintiff's reliance on counterfeit labels affixed to bottles sold to him via third-party resellers).

In addition to the thousands of individual misrepresentations contained in their rebate submissions, the Fraud Defendants knowingly and intentionally created Community Health/DrugPlace and NHCLC/Galaxy prescription cost share program documents and formularies, that, as detailed *supra*, were shams and generated to further the fraudulent rebate scheme. (Hayes Decl. ¶¶ 64–86.) Individually and collectively, these documents represented the existence and availability of a legitimate cost share program and medications for hundreds of thousands of eligible members. (*Supra* at Section F.) But as shown above, no such program exists. These misrepresentations are also false statements constituting fraud.

b. *Lilly's Reasonable Reliance and Damages*

Lilly reasonably relied on the Fraud Defendants' misrepresentations when paying rebates for each prescription of Trulicity purportedly dispensed to and utilized by Community Health and NHCLC members. As explained above, in connection with reviewing and approving payments on each rebate claim, Lilly relied on the information fabricated by the Fraud Defendants about the underlying prescriptions, prescription fills, and cost share program coverage in deciding to pay rebates on these claims. (*Supra* at Section B; Wadsworth Decl. ¶¶ 19–21.)

This type of reliance is typical and expected in the ordinary course of business. Lilly is entitled to expect that healthcare entities claiming rebates are acting in compliance with the law. Indeed, in a substantially similar rebate-fraud case before a different district court in this Circuit, the court agreed that the movant—Roche Diagnostics—had "acted reasonably" when following "industry standard" in relying upon information that pharmacies submitted to PBMs and insurers to make payments on rebate claims that turned out to be fraudulent. *Roche Diagnostics Corp. v. Priority Healthcare Corp.*, 407 F. Supp. 3d 1216 (N.D. Ala. 2019); *see also Roche Diagnostics Corp. v. Shaya*, 427 F. Supp. 3d 905, 921 (E.D. Mich. 2019) ("It is generally accepted that a plaintiff is not required to prove direct reliance on a fraudulent misrepresentation to state a claim for fraud." (quoting *Nernberg v. Pearce*, 35 F.3d 247, 250 (6th Cir. 1994))).

In processing rebate claims that originated from DrugPlace and the Galaxy Operation, Lilly relied on the claims data submitted by PBMs and rebate aggregators, which are the primary custodians of the underlying eligibility, utilization, and adjudication data that determine rebate entitlement. (Hayes Decl. ¶ 21.) It does not matter that Defendants filtered those claims data through intermediaries rather than submit them directly to Lilly, as Defendants provided that false information regarding purported Trulicity dispenses with the intent and expectation that Lilly would rely on it and issue a rebate payment. *See Priority Healthcare*, 407 F. Supp. 3d at 1216

(fraud sufficiently pleaded where manufacturer relied on false information that defendant pharmacies submitted through PBMs and insurers); *Roche Diagnostics Corp. v. Smith*, No. 2:17-CV-05552, 2022 WL 4596720, at *15 (D.N.J. Sept. 30, 2022) (fraud sufficiently pleaded where defendants submitted false statements to intermediary PBMs, who in turn submitted such false statements to manufacturers, which were relied on in issuing millions of dollars in rebates).

This makes sense for many reasons, including because those entities control the claims-processing infrastructure, and Lilly lacks independent access to patient- or claim-level information due to privacy, contractual, and operational constraints. (Wadsworth Decl. ¶¶ 15–27.) Given this, it is Lilly's reasonable commercial practice to contractually allocate responsibility for the review and accuracy of the data to the parties that submit and process it. *(Id.* ¶ 23.) This structure is contractually reinforced, with plans and PBMs warranting the accuracy and completeness of submitted claims, and manufacturers reserving rights to audit and review submissions from their direct counterparties. (*Id*. ¶¶ 19, 21, 23–27.)

Reliance on plan and PBM representations is also consistent with widely accepted industry norms and is necessary for timely and efficient administration of rebate agreements. Manufacturers such as Lilly review submissions for contractual conformity rather than reconstructing primary data, which would be impractical given the millions of rebate claims they receive quarterly, and duplicative of work that is already required to be done at the plan and PBM level. (*See id*. ¶¶ 23–27.)

As a consequence of its reasonable and justified reliance on the Fraud Defendants' representations, Lilly paid hundreds of millions of dollars in rebates that were intended to increase patient access to Lilly's medicines. But in fact, few, if any, real patients received or used the medication as represented by the Fraud Defendants' false rebate claims. (*Supra* at Sections D.2,

D.3, E, F.) All told, Lilly paid well over $200 million for the hundreds of thousands of rebate claims it honored in reliance on the Fraud Defendants' false statements and omissions. (*Supra* at Section D.2.)

For these reasons, Lilly has shown that it can establish all the elements of fraud as to the Fraud Defendants and is substantially likely to prevail on the merits of its fraud claims.

2. Lilly's Civil Conspiracy Claim Is Likely to Succeed

Lilly's claim for conspiracy to commit fraud is also likely to succeed. The elements of a civil conspiracy in Florida are: "(a) an agreement between two or more parties, (b) to do an unlawful act or to do a lawful act by unlawful means, (c) the doing of some overt act in pursuance of the conspiracy, and (d) damage to plaintiff as a result of the acts done under the conspiracy." *UTC Indus., Inc. v. Presidential Fin. Corp.*, 976 So. 2d 92, 94 (Fla. 3d DCA 2008); *GolTV, Inc. v. Fox Sports Latin Am. Ltd.*, 277 F. Supp. 3d 1301, 1312 (S.D. Fla. 2017) (citations omitted). "A conspirator need not take part in the planning, inception, or successful conclusion of a conspiracy." *Honig v. Kornfeld*, 339 F. Supp. 3d 1323, 1345 (S.D. Fla. 2018). "The conspirator need only know of the scheme and assist in it in some way to be held responsible for all of the acts of his coconspirators." *Id*.

Here, Lilly has presented ample evidence that all of the Defendants each agreed and conspired among one another to (among other things) operate a scheme to defraud Lilly. The common purpose and objective of the conspiracy was to profit by fraudulently extracting rebate payments from Lilly for Trulicity that was never dispensed, while reselling the medicine on the secondary market.

Defendants' agreement to conspire against Lilly is plain from the evidence already amassed, demonstrating their careful coordination and necessary interdependence to execute their schemes. Because co-conspirators do not typically announce their plans, and often take steps to

avoid detection, the requisite agreement to conspire may be inferred from facts and circumstances suggesting its existence. *See Seagood Trading Corp. v. Jerrico, Inc.*, 924 F.2d 1555, 1573 (11th Cir. 1991); *Donofrio v. Matassini*, 503 So. 2d 1278, 1281 (Fla. 2d DCA 1987). As the Eleventh Circuit has acknowledged, "it is only in rare cases that a plaintiff can establish the existence of a conspiracy by showing an explicit agreement; most conspiracies are inferred from the behavior of the alleged conspirators." *Seagood Trading*, 924 F.2d at 1573.

Lilly has gathered a wealth of information demonstrating that the Defendants orchestrated a conspiracy. As evidenced by their coordinated, mutually beneficial conduct and close ties—including common ownership and officers, and often, common facilities or addresses—Defendants agreed to participate in a conspiracy to generate payments from Lilly based on fraudulent rebate submissions. *See United States v. Schwartz*, 541 F.3d 1331, 1361 (11th Cir. 2008) (civil conspiracy can be inferred "from the relationship of the parties, their overt acts and concert of action, and the totality of their conduct").

Each Defendant's agreement to participate in the conspiracy is also plain from the flow of the fraudulent proceeds and the scheme's funding mechanism. Simply put, none of the Defendant entities or individuals could have profited from these schemes without the agreement and active participation of each other entity and individual. The individual defendants, as the owners, officers, employees, and associates of DrugPlace, Galaxy, Nakorn, Brightline, and Community Health, direct and control the DrugPlace Conspiracy, including devising, implementing, and enforcing policies and business practices that enable the other Defendants to carry out the fraud. The rebate payments ultimately received by DrugPlace and the Galaxy Operation through the fraudulent rebate claims, and the proceeds of the prescription resales on the secondary market received by Nakorn and Brightline, flowed from these entities back to Leight, Singer, Smith,

Enriquez, the Maynards, Mazei, Giscombe and others, directly or indirectly. Moreover, some of Defendants' actions, such as selling medicines on the secondary market at a loss, make little sense except as part of a larger fraudulent conspiracy. *See Valderrama v. Rousseau*, No. 11-CIV-24637, 2012 WL 12925174, at *7 (S.D. Fla. Sept. 18, 2012) (agreement may be inferred if defendants committed acts that are unlikely to have been undertaken without an agreement).

The "overt acts" element is also satisfied as to each Defendant. As detailed above and in the accompanying declarations, Community Health and individual Defendants Smith, Jerry Maynard Sr., Jerry Maynard Jr., and Misha Maynard created and perpetuated a sham prescription cost share program to which fraudulent rebates could be attributed. Individual Defendants Enriquez and Giscombe knowingly diverted Lilly's medications that DrugPlace and Galaxy purported to dispense to patients to the secondary market for resale through Nakorn and Brightline. DrugPlace and individual Defendants Leight, Singer, and Mazei knowingly created separate corporate entities, filed trademarks, established public-facing websites, and purchased medicines from wholesalers for the purpose of creating an appearance of legitimacy. These defendants then submitted and received payment on fraudulent rebate claims to Lilly for medications that were not actually dispensed by DrugPlace and Galaxy to patients.

Finally, as a direct and proximate result of Defendants' conspiracy to engage in fraud, Lilly has suffered over $200 million in damages. Accordingly, Lilly has demonstrated a substantial likelihood of prevailing on its claims of civil conspiracy.

3. Lilly's Remaining Claims Are Likely to Succeed

Because it can establish that Defendants operated a scheme to fraudulently obtain contractually defined rebates to Lilly's detriment, Lilly can also establish the elements of its remaining claims for negligent misrepresentation, unjust enrichment, and money had and received—each of which also warrants injunctive relief.

a. *Negligent Misrepresentation Claim*

Lilly's negligent misrepresentation claim is likely to succeed. The elements of negligent misrepresentation and fraudulent misrepresentation are "identical," except that for negligent misrepresentation (a) "the defendant need not know the statement is false," and (b) "the defendant and the plaintiff must have some kind of relationship such that the defendant owes a duty to the plaintiff to communicate accurate information." *Benavides v. Tesla, Inc.*, No. 21-CV-21940, 2025 WL 1768469, at *45 (S.D. Fla. June 26, 2025) (citations omitted) (cleaned up); *see also Loanflight Lending, LLC v. Wood*, 388 So. 3d 1027, 1031 (Fla. 3d DCA 2024).

Lilly is likely to prevail on its negligent misrepresentation claim for substantially the same reasons it is likely to prevail on its fraud claim. As detailed above, Lilly has shown that the Fraud Defendants generated hundreds of thousands of false rebate claims to Lilly, as well as false health plan documents and formularies to which those false rebate claims could be attributed. Through this conduct, the Fraud Defendants made repeated misrepresentations that Trulicity had been dispensed to patients, when in fact it had not. These false statements were, at the very least, made negligently because the Fraud Defendants did not exercise reasonable care in verifying the accuracy of the data provided to intermediaries for inclusion in the rebate submissions. Indeed, the Defendants at least made these statements recklessly, without regard to their truth or falsity.

This conduct was in the Fraud Defendants' sole control and foreseeably created a "broader 'zone of risk'" that posed a threat of harm to Lilly. *See* R*osenfeld Gallery, LLC v. Truist Bank*, 719 F. Supp. 3d 1270, 1277 (S.D. Fla. 2024). Indeed, as the Defendants intended, their thousands of misrepresentations were conveyed to Lilly, through intermediaries, for Lilly to rely on when remitting reimbursements to Defendants. Knowing that, the Fraud Defendants owed a duty of care to provide accurate information in their rebate claims—but they did not do so.

Accordingly, Lilly is substantially likely to prevail on the merits of its negligent misrepresentation claim.

b. *Unjust Enrichment and Money Had and Received Claims*

Lilly is likely to succeed on its equitable claims of unjust enrichment and money had and received. "Under Florida law, the elements for unjust enrichment and money had and received are the same." *Pishevar v. Hotels.com*, No. 24-cv-22081-BLOOM/Elfenbein, 2024 WL 4602798, at *3 (S.D. Fla. Oct. 29, 2024). Lilly must show that (1) it conferred a benefit on Defendants; (2) Defendants voluntarily accepted and retained that benefit; and (3) the circumstances are such that it would be inequitable for Defendants to retain it. *Virgilio v. Ryland Grp., Inc.*, 680 F.3d 1329, 1337 (11th Cir. 2012) (citing *Fla. Power Corp. v. City of Winter Park*, 887 So. 2d 1237, 1241 n.4 (Fla. 2004)); *accord Pishevar*, 2024 WL 4602798, at *3.

"Neither wrongdoing, nor fraud nor mistake are a requirement for a finding of unjust enrichment. Rather, the Court simply needs to examine whether 'in equity and good conscience,' the [plaintiff] is entitled to reimbursement." *Goldberg v. Chong*, No. 07-20931-CIV, 2007 WL 2028792, at *9 (S.D. Fla. July 11, 2007) (quoting *Sharp v. Bowling*, 511 So. 2d 363, 365 (Fla. 5th DCA 1987)); *see also Kalberg Indus. LLC v. Auto. Experts, Inc.*, 861 F. App'x 321, 323 (11th Cir. 2021) (rejecting argument that there is a requirement of "conscious wrongdoing" for an unjust enrichment claim).

As set forth above, Defendants' false representations have caused Lilly to wrongfully pay hundreds of millions of dollars in rebate payments for Lilly medicines that were not actually dispensed to patients and that Defendants instead conspired to resell to third parties on the secondary market. Through this conduct, Defendants—including the individual officers, owners, and associates controlling the DrugPlace Entities—have profited and been enriched at Lilly's expense. Defendants have no right in law or equity to retain the proceeds of their fraudulent and

unlawful schemes. *See In re Vizcay*, No. 8:15-MC-122-T-33, 2015 WL 5522011, at *1 (M.D. Fla. Sept. 17, 2015) (awarding damages for unjust enrichment in fraud action where insurer alleged that healthcare clinics had fraudulent billing practices and failed to comply with applicable licensing requirements); *United States Stepe v. RS Compounding LLC*, 325 F.R.D. 699, 710 (M.D. Fla. 2017) (finding unjust enrichment claim viable where defendant used false statements to obtain larger reimbursements through health insurance program than were actually owed). Accordingly, Lilly is likely to succeed on the merits of its unjust enrichment and money had and received claims.

B. Injunctive Relief Is Necessary to Prevent Irreparable Harm to Lilly

With each passing day that their schemes persist, Defendants are causing irreparable harm to Lilly. Defendants are stealing substantial amounts from Lilly on every fraudulent rebate claim—money that Lilly is unlikely to be able to recover at the conclusion of this proceeding, given that Lilly's nine-figure damages are likely far greater than Defendants' financial resources and since Defendants have already started to pivot their operations. Furthermore, Defendants' schemes inflict a variety of other irreparable harms on Lilly that cannot be quantified or redressed through money damages.

1. Defendants Continue to Conceal and Expand Their Ongoing Fraud

"[C]ourts have recognized that an injunction properly issues to stop an ongoing fraudulent scheme" like Defendants'. *BellSouth Telecoms., Inc.*, 2005 WL 8155198, at *2. Defendants' conduct to date makes clear that, unless legally restrained, they will continue to conceal and expand their ongoing fraud. As discussed above, Lilly's prior attempts to stop Defendants' fraud and abuse of Lilly's rebate agreements with third parties have only emboldened Defendants, leading them to adopt countermeasures involving still further deceptions and fraudulent representations.

For example, following the expiration of the parties' direct commercial rebate agreement in 2015, Lilly declined to do any further business with DrugPlace due to the highly concerning behavior DrugPlace exhibited during the 2015 audit and its inability to provide any documentation substantiating its rebate submissions. (*Supra* at Section D.1; *see also* Dellinger Decl. ¶ 43.) Yet within a matter of years, DrugPlace again started submitting rebate claims to Lilly, except this time it submitted claims for a different medicine—Trulicity—and concealed those claims through intermediaries. (*Supra* at Section D.2.) For nearly five years, DrugPlace successfully avoided detection. (*Id.*) Beginning in July 2024, Defendants formed a new web of different legal entities and associates comprising the Galaxy Operation to replicate and extend the DrugPlace model across the country. (*Id.*; Wadsworth Decl. ¶¶ 50–52.)

Due to the lag time between when pharmacies submit reimbursement claims to PBMs and when Lilly receives rebate claims data from PBMs seeking rebates, several months can pass and millions of dollars of claims can be paid before Lilly can conduct a meaningful investigation. (*Supra* at Section G; Wadsworth Decl. ¶ 27.) Even after Lilly receives rebate claims data, the process of analyzing and identifying anomalies in enormous amounts of aggregated data takes significant time. (Wadsworth Decl. ¶ 27.) If and when Lilly spots one pattern of fraudulent activity, the DrugPlace Conspiracy may already be moving on to a new iteration of its unlawful scheme, whether using different products, different intermediaries, or different schemes altogether. (*Id.*)

Moreover, given the DrugPlace Conspiracy's extensive history of obscuring the true nature of its activities and the identities of the individuals that control its business; the history of fraud and recidivism by the DrugPlace Officers, including Leight and Singer; the dishonesty Defendants have displayed during Lilly's investigation of their conduct; and the extent of Lilly's damages,

it is highly unlikely that Lilly will be able to obtain and execute a damages judgment that provides full compensation for its financial losses. Absent injunctive relief, Lilly would need "to stop this fraudulent scheme piecemeal in lawsuit after lawsuit." *BellSouth Telecoms., Inc.*, 2005 WL 8155198, at *2. Because Lilly otherwise could "secure legal relief only through a multiplicity of lawsuits, [it] has suffered irreparable harm sufficient to warrant a preliminary injunction." *Ecolab, Inc. v. Paolo*, 753 F. Supp. 1100, 1110 (E.D.N.Y. 1991); *see also Lee v. Bickell*, 292 U.S. 415, 421 (1934) (noting that "multiplicity of actions necessary for redress at law" is sufficient "to uphold the remedy by injunction"); *Tallahassee Bail Fund v. Marshall*, 717 F. Supp. 3d 1201, 1219 (N.D. Fla. 2024) (ordering injunctive relief where "piecemeal litigation is not an adequate remedy").

2. Defendants Are Irreparably Harming Lilly's Reputation and Goodwill

Lilly also faces irreparable harm to its reputation and goodwill from Defendants' illegal conduct. *See Ferrero v. Associated Materials Inc.*, 923 F.2d 1441, 1449 (11th Cir. 1991) (affirming finding of irreparable harm based on loss of goodwill and customers); *Ferrellgas Partners, L.P. v. Barrow*, 143 F. App'x 180, 190 (11th Cir. 2005) ("[G]rounds for irreparable injury include loss of control of reputation, loss of trade, and loss of goodwill."). Such harm can be presumed in this case where Lilly's business relationships will continue to suffer absent an order prohibiting Defendants' unlawful conduct. *See Se. Mech. Servs., Inc. v. Brody*, No. 8:08-CV-1151-T-30EAJ, 2008 WL 4613046, at *15 (M.D. Fla. Oct. 15, 2008) ("Irreparable harm can be presumed in cases involving wrongful interference with business relationships."); *Frugar Agri Foods (P) Ltd. v. RRK Foods Inc.*, No. 0:25-cv-61105-LEIBOWITZ, 2025 WL 2408431, at *3–4 (S.D. Fla. Aug, 18, 2025) (finding irreparable harm based on plaintiff's "credible allegations . . . that their reputation among and relationships with their distributors have suffered and will continue to suffer").

Lilly's relationships with payers such as insurance companies and PBMs are extremely important to Lilly's business and to its ability to deliver medicine to patients, as those entities are a necessary part of ensuring that patients can access Lilly medicine in the United States. (Wadsworth Decl. ¶ 63.) Many of these intermediaries are companies and entities with whom Lilly has longstanding relationships. However, Defendants' conduct puts these relationships at risk in a manner that is not quantifiable through monetary damages. (*Id.* ¶ 65.)

Defendants' conduct has forced, and will continue to force, Lilly to take self-help measures, including refusing to honor the most recent rebate claims submitted by DrugPlace and the Galaxy Operation through known middlemen, to mitigate its losses from Defendants' large-scale fraud. (*Id.* ¶¶ 64–65.) These self-help measures cause friction with the PBMs submitting DrugPlace's and the Galaxy Operation's claims to Lilly and disrupt Lilly's ongoing business relationships with those entities and distract from Lilly's business operations. (*Id.*)

Given the DrugPlace Conspiracy's history of pivots, it is highly likely that Defendants will continue to find new pathways by which to submit rebate claims to Lilly. Indeed, in response to Lilly's recent scrutiny of Defendants' rebate claims and operations, it appears that Defendants shut down both DrugPlace and Nakorn just earlier this year and are winding down or pivoting operations for Galaxy and Brightline. (*See* Sprague Decl. ¶¶ 14, 16, 17, 21.) In an effort to erase traces of its criminal activity and liquidate its assets, DrugPlace hastily sold off its warehouse equipment in an online auction in April 2026. (*See id.* ¶ 9.) These suspiciously timed closures and liquidation raise the likelihood that they will create or pivot to a new pharmacy and wholesaler to take the place of DrugPlace and Nakorn. Indeed, Leight and Singer have formed at least seven new corporate entities together since February 2025. (Sprague Decl. ¶ 26.) Lilly reasonably expects that DrugPlace's fraudulent conduct, if unrestrained, will leave Lilly with no choice but to

continue pursuing similar self-help against the same or additional PBMs when available. (Wadsworth Decl. ¶ 65.) That is a detriment to Lilly's business that is difficult or impossible to quantify in monetary terms, and it justifies the immediate restraint of Defendants' conduct. *See Brody*, 2008 WL 4613046, at *15 (noting that "the focus of preliminary injunctive relief is on maintaining long standing relationships and preserving the goodwill of a company built up over the course of years of doing business" (citing *N. Am. Prods. Corp. v. Moore*, 196 F. Supp. 2d 1217, 1230–31 (M.D. Fla. 2002))).

C. The Balance of Equities Weighs Decisively in Lilly's Favor

The balance of equities here not merely "tips," but indeed weighs heavily, in favor of Lilly. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20–21 (2008). Every equity in this case militates in favor of granting injunctive relief.

As described above, absent an injunction, Lilly will continue suffering substantial irreparable harm to its business relationships, reputation, and goodwill. (*Supra* at Section G.) On the other hand, the potential inequity to Defendants from the grant of Lilly's requested relief is nonexistent. The injunctive relief that Lilly seeks in this motion is narrowly tailored to prevent the ongoing harms immediately at issue and would not preclude Defendants from engaging in lawful activity. Specifically, Lilly seeks to enjoin Defendants and those working in concert with them from submitting rebate claims unless they are eligible for rebates, and unless Defendants provide prescription-level data directly to Lilly to corroborate the authenticity of the claims. The submission of eligible and authenticated rebate claims would not be enjoined. Thus, the requested injunction would not interfere with any lawful business operations or with the legitimate treatment of any patient.

Moreover, Lilly has no contract with any of the Defendants, and it has no obligation under its commercial rebate agreements with third-party PBMs to make rebate payments for fabricated

utilization of Lilly's medicines. An injunction preventing Defendants from submitting rebate claims that they have no legal right to submit, and from seeking rebate payments they have no right to obtain, cannot cause them any cognizable hardship. *Cf. In re Harper*, No. 06-40567 LMK, 2007 WL 853334, at *2 (Bankr. N.D. Fla. Feb. 16, 2007) (holding that eviction was not cognizable hardship for purposes of injunctive-relief calculus where party was "merely a tenant at sufferance with no colorable legal claim to title to the property"); *Kettle v. Cal. Pub. Utilities Comm'n*, No. C-98-1638-CAL, 1999 WL 96014, at *5 (N.D. Cal. Feb. 5, 1999) (no cognizable hardship where party showed just an "alleged loss of a business opportunity" and not "deprivation f any existing or pre-existing legal right").

By prohibiting Defendants from fraudulently submitting rebate claims for Trulicity that was not dispensed to patients, the requested injunction would simply prevent Defendants from continuing their fraud, unjustly enriching themselves at Lilly's expense, or otherwise doing what the law already forbids. Restraining Defendants from submitting fraudulent (and therefore, ineligible) rebate claims imposes no cognizable hardship. *See TracFone Wireless, Inc. v. Hernandez*, 196 F. Supp. 3d 1289, 1302 (S.D. Fla. 2016) (balance of hardship weighs "strongly" in plaintiff's favor where defendant had "no legitimate interest in perpetrating the [scheme]" and injunction would "merely enjoin Defendant from conducting a business which is already prohibited by state and federal law"); *Dell Inc. v. BelgiumDomains, LLC*, No. 07-22674-CIV, 2007 WL 6862342, at *13 (S.D. Fla. Nov. 21, 2007) ("[G]ranting an injunction will prevent Defendants only from profiting from its illegal behavior, which is not a cognizable 'hardship' that this Court should consider."); *see also Mitchell Grp. USA LLC v. Udeh*, No. 14-cv-5745, 2014 WL 12837548, at *2 (E.D.N.Y. Oct. 7, 2014) ("[H]ardship to a defendant based on his or her own wrongful acts is not legally cognizable."); *Philip Morris USA, Inc. v. 5 Bros. Grocery Corp.*, No. 13-CV-2451,

2014 WL 3887515, at *6 (E.D.N.Y. Aug. 5, 2014) ("Absent an injunction, there will be further erosion of plaintiff's good will and reputation. Defendants, on the other hand, will be called upon to do no more than refrain from what they have no right to do in the first place.").

Balancing the minor inconvenience Defendants may face in being required to authenticate their rebate claims against the severe harm Lilly faces to its business relationships, reputation, and goodwill, the scale tips heavily in Lilly's favor. S*ee Callaway Golf Co. v. Golf Clean, Inc.*, 915 F. Supp. 1206, 1215 (M.D. Fla. 1995) (balance of equities "weighs heavily in favor of [plaintiff]" where "[plaintiff] faces the risk of injury to its business relationships, reputation, and good will" and defendants are "simply being prevented from selling a product that they are not legally entitled to sell"); *see also Delta T, LLC v. Kale Fans Am. S.A. De C.V.*, No. 620CV170ORL40EJK, 2020 WL 1674328, at *4 (M.D. Fla. Feb. 25, 2020) (balance of harms weighed in favor of plaintiff where plaintiff faced "continued harm to its brand and reputation . . . because Defendant has no right to engage in . . . infringing activities"); *Charles Schwab & Co, Inc. v. Gonzalez*, No. 15-23159-CIV, 2015 WL 11201182, at *8 (S.D. Fla. Dec. 4, 2015) (benefit of injunctive relief to plaintiff would "far outweigh" the detriment to defendant where it will protect plaintiff's "goodwill, business reputation, and contract rights").

D. An Injunction Is in the Public Interest

Granting Lilly's requested relief would advance the public interest. Defendants' massive fraud scheme wrongfully exploits Lilly's rebate agreements with PBMs that are intended to increase patient access to medicine. And even beyond defrauding Lilly, Defendants' scheme violates federal law in multiple respects. Specifically, among other crimes, Defendants engaged in thousands of acts of mail and wire fraud in violation of 18 U.S.C. §§ 1341, 1343 by (a) using interstate wire communications to continually upload, transmit, and receive data, information, and communications regarding the fraudulent rebate scheme, and (b) submitting falsified dispense

information, fraudulent rebate claims, and accompanying underlying documents to PBMs in order to receive rebate payments from Lilly. *Pelletier v. Zweifel*, 921 F.2d 1465, 1498 (11th Cir. 1991) (elements of wire and mail fraud are the same, save for the use of interstate wires or mails, and occur "when a person (1) intentionally participates in a scheme to defraud another of money or property and (2) uses the mails or wires in furtherance of that scheme"). The public interest favors cessation of this unlawful conduct. *Chastain v. Nw. Ga. Hous. Auth.*, No. 4:11-CV-0088-HLM, 2011 WL 5979428, at *13 (N.D. Ga. Apr. 28, 2011) ("[T]he public interest favors compliance with federal statutes.").

Defendants' fraud also wrongly siphons resources from initiatives meant to expand patient access to life-saving medication. Defendants' fraud can prompt program retrenchment that ultimately harms patients. Enjoining the misuse of such funds by fraudulent actors preserves these programs' availability and integrity. The requested relief would not keep qualifying individuals who legitimately need Lilly's medicine from obtaining it. To the extent there are actual patients participating in Defendants' purported cost sharing programs, Lilly does not seek to prohibit Defendants from lawfully dispensing medication to such patients, as long as they are able to provide complete and satisfactory substantiation with every rebate claim that the dispensations are legitimate.

Putting an immediate stop to Defendants' schemes is particularly important to the public interest given the evidence that Defendants repeatedly pivot and/or expand their operations, including by quickly shutting down (as Nakorn recently did) and opening locations in other states (such as the Galaxy Operation's expansion into Texas). If left unchecked, Defendants' schemes, and the harm they inflict on Lilly and on local communities, are certain to grow.

II. A $25,000 TRO BOND IS ADEQUATE

To facilitate entry of its requested relief, Lilly proposes posting a TRO bond of $25,000—an amount that is adequate to protect Defendants in the highly unlikely event the issuance of Lilly's requested TRO turns out to have been improper.

Although Federal Rule of Civil Procedure 65(c) provides for the posting of adequate security, "over the past twenty years, federal courts have come to recognize that the district court possesses discretion over whether to require the posting of security." *Popular Bank of Fla. v. Banco Popular de P.R.*, 180 F.R.D. 461, 463 (S.D. Fla. 1998); *see Carillon Importers, Ltd. v. Frank Pesce Int'l Grp. Ltd.*, 112 F.3d 1125, 1127 (11th Cir. 1997) ("The amount of an injunction bond is within the sound discretion of the district court.").

Here, no security is required, because the requested TRO would not prevent Defendants from doing anything they would otherwise have a legal right to do. As discussed above, Defendants can suffer no legally cognizable harm from an order forbidding them from engaging in fraudulent conduct or breaking federal law, or from an order requiring them to submit satisfactory substantiation with every rebate claim to receive reimbursement.

Nonetheless, Lilly is willing to post a $25,000 bond in order to avoid any dispute about the adequacy of security. This will be more than sufficient to cover any incidental harms Defendants may allege that they sustain in the brief time that a TRO would remain in effect.

III. EXPEDITED DISCOVERY IS NECESSARY AND APPROPRIATE

Lilly also seeks an expedited discovery order so that it may quickly investigate, trace, and uncover the full extent of the Defendants' unlawful, sophisticated, and presently ongoing—and evolving—schemes.

Federal law directs district courts to "expedite the consideration of . . . any action for temporary or preliminary injunctive relief." 28 U.S.C. § 1657(a). To that end, Federal Rule of

Civil Procedure 26(d) expressly allows for expedited discovery, with the Advisory Committee Notes specifically endorsing expedited discovery when a party seeks a preliminary injunction. *See, e.g.*, *Am. LegalNet, Inc. v. Davis*, 673 F. Supp. 2d 1063, 1066 (C.D. Cal. 2009) (citing Advisory Committee Notes to the 1993 amendments to Rule 26(d) and noting that "[d]iscovery before the Rule 26(f) conference 'will be appropriate in . . . cases . . . involving requests for a preliminary injunction'"). To enable such expedited discovery, the Federal Rules of Civil Procedure authorize the Court to grant leave to take depositions "before the time specified" elsewhere in the Rules, Fed. R. Civ. P. 30(a)(2)(A)(iii), and to order a "shorter" time for the production of documents than the rules otherwise provide, Fed. R. Civ. P. 34(b)(2)(A).

A party demonstrates its entitlement to expedited discovery upon a showing of "good cause." *TracFone Wireless, Inc. v. Adams*, 304 F.R.D. 672, 673 (S.D. Fla. 2015). "Good cause may be found where the need for expedited discovery, in consideration of the administration of justice, outweighs the prejudice to the responding party." *Id.* (quoting *Semitool, Inc. v. Tokyo Electron Am., Inc.*, 208 F.R.D. 273, 276 (N.D. Cal. 2002)).

A. Lilly Has Shown Good Cause for Expedited Discovery

Here, Lilly has shown good cause for expedited discovery for at least two reasons. First, it will help Lilly mitigate against further irreparable harm. *See TracFone Wireless, Inc.*, 304 F.R.D. at 673 (expedited discovery is warranted where it may mitigate additional irreparable harm caused by an ongoing scheme). To successfully bring an end to Defendants' fraudulent schemes, Lilly must ascertain their full scope; the players and principals involved; to what extent Defendants have exploited Lilly's rebate agreements with third-party PBMs; and how Defendants have disposed of the proceeds of their schemes. If Lilly can quickly discover these facts, it can use them to identify and block Defendants and their associates and affiliates from submitting further

fraudulent rebate claims and hiding or dissipating their assets, thereby mitigating future irreparable harm.

Second, expedited discovery is also routinely granted where it is necessary to create a factual record that will assist the court in deciding the plaintiff's motion for a preliminary injunction. *See SimplexGrinnell, L.P. v. Quality Commc'ns of Fla., Inc.*, No. 05-61309-CIV, 2005 WL 8154701, at *1 (S.D. Fla. Aug. 25, 2005); *see also Johnson & Johnson Vision Care, Inc., v. Ciba Vision Corp*., 348 F. Supp. 2d 165, 169 (S.D.N.Y. 2004) (granting expedited discovery prior to preliminary injunction hearing on Lanham Act claim). The scope of Lilly's requested expedited discovery is narrow, and limited to documents necessary to create a record for the preliminary injunction hearing. *See, e.g.*, *Benavides v. Gartland*, No. 5:20-cv-46, 2020 WL 2561777, at *3 (S.D. Ga. May 20, 2020) (noting fact that "a preliminary injunction [motion] is pending . . . cuts in favor of granting [a movant's] request for expedited discovery"); *Digital Assurance Certification, LLC v. Pendolino*, No. 6:17-cv-72-Orl-31TBS, 2017 WL 715152, at *3 (M.D. Fla. Feb. 23, 2017) (noting that "when there is a pending motion for a preliminary injunction, 'expedited discovery is appropriate'" because it "may 'better enable the court to judge the parties' interests and respective chances for success on the merits at a preliminary injunction hearing'").

B. The Expedited Discovery Lilly Seeks Is Reasonable

As set forth in the accompanying proposed TRO, Lilly seeks four general categories of discovery:

First, to identify the conspirators, agents, and additional healthcare providers participating in these schemes, Lilly seeks production from each Defendant of documents sufficient to show the names, addresses, and contact information of all pharmacies, pharmaceutical wholesalers, and any other businesses that any Defendant has directly or indirectly owned or controlled since January 1, 2020, as well as the names, addresses, and contact information for all persons employed by,

serving as a director or officer of, or holding a direct or indirect ownership or other membership interest in those entities since January 1, 2020 (Document Order 1). Expedited discovery targeted at identifying the participants in a fraudulent scheme is routinely granted. *See, e.g.*, *Dentsply Sirona Inc. v. L I K Supply, Corp.*, No. 3:16-cv-00806, 2016 WL 3920241, at *9-10 (N.D.N.Y. July 15, 2016) (granting motion for expedited discovery of the identities of the sources and purchasers of the counterfeit products, and any participants in the unlawful conduct).

Second, Lilly seeks specific information regarding Defendants' rebate claims relating to Lilly medicine; payment Defendants received in connection with such medicine; and Defendants' acquisition, transfer, and sales of such medicine. Such documentation is necessary to ensure that the full scope of Defendants' fraudulent and unlawful activities is identified and contained. *See, e.g.*, *McGraw-Hill Global Educ. Hldgs., LLC v. Khan*, 323 F. Supp. 3d 488, 493 (S.D.N.Y. 2018) (discussing court's preliminary injunction order directing defendants to locate all accounts connected to defendants' websites). To that end, Lilly seeks expedited production of documents sufficient to show the following information, spanning January 1, 2020 to the present:

a) for any rebate claim for any Lilly medicine submitted by, on behalf or at the direction of, or in connection with medicine dispensed by, any Defendant, (i) the name, NPI, and contact information for the prescribing physician corresponding to the dispensed medicine for which a rebate was sought; (ii) copies of the underlying prescription corresponding to each such medicine; (iii) the pharmacy's unique patient identification number for the patient to whom each such prescription was issued and to whom the medication was dispensed; and (iv) information sufficient to identify the specific rebate claim(s) to which such information and materials correspond (Document Order 2);

b) all reimbursements or other remuneration received, either directly or indirectly, by any Defendant, on an entity-by-entity basis, for any Lilly medicine for which a rebate claim was submitted (Document Order 3); and

c) for each purchase, sale, transfer, or other exchange of any Lilly medicine involving any Defendant, including but not limited to any sale or transfer of such medicine to distributors, hospitals, healthcare providers, or pharmacies, (a) the date of such transaction; (b) the seller or transferor in such transaction; (c) the purchaser or

transferee in such transaction; (d) the quantity of units purchased or transferred; and (e) the amounts paid (Document Order 4).

Finally, Lilly seeks expedited production of documents sufficient to identify all bank, investment, brokerage, cryptocurrency, and other financial accounts that any Defendant has held, has controlled, is or was a beneficiary of, or has had signatory authority for since January 1, 2020, as well as the current balances thereof (Document Order 5). This will assist Lilly in tracing the flow of funds through Defendants' fraudulent scheme and locating where Defendants have hidden the ill-gotten proceeds of the scheme.

In addition, Lilly seeks an order permitting it to serve document requests upon Defendants and nonparties returnable on five days' notice. *See, e.g.*, *Wilkins v. Arthur J. Gallagher & Co.*, No. MO-10-CV-40, 2010 WL 11652139, at *2 (W.D. Tex. Apr. 20, 2010) (granting requests for written discovery and production of documents prior to preliminary injunction hearing). Lilly seeks an order permitting it to take the depositions of Defendants and nonparties on three days' notice. In light of Defendants' efforts to conceal the connections between themselves, and the likelihood that Defendants' written documentation of their own fraudulent schemes will be incomplete or difficult to decipher, these orders are extremely important because much of the key information about the relationships between the Defendants will likely arise from depositions.

The abbreviated notice period strikes the appropriate balance between providing adequate notice to Defendants and nonparties, and permitting discovery to be completed in time for use at the hearing on Lilly's motion for a preliminary injunction. Given the level of immediate and irreparable harm to which Defendants are exposing Lilly, this hearing must take place before the expiration of a TRO, which will occur no more than 14 days after the TRO is entered absent further order from the Court. *See* Fed. R. Civ. P. 65(b)(2).

IV. ENTRY OF A HIPAA PROTECTIVE AND CONFIDENTIALITY ORDER IS NECESSARY AND APPROPRIATE

This action, by its nature, may require the disclosure to Lilly and to the Court of "protected health information" under HIPAA, 45 C.F.R. § 160.103, as well the disclosure of other confidential information in discovery. To permit the disclosure of that information in this litigation, Lilly respectfully seeks entry of a HIPAA protective and confidentiality order.

A qualified HIPAA protective order permits disclosure of otherwise protected health information "in the course of any judicial or administrative proceeding," 45 C.F.R. § 164.512(e)(1), so long as the information is used in connection with "the litigation or proceeding for which such information was requested," and provides for "the return to the covered entity or destruction of the protected health information (including all copies made) at the end of the litigation or proceeding." *Id.* § 164.512(e)(1)(v). Courts regularly approve qualified HIPAA protective orders as striking an appropriate balance between permitting full discovery of relevant information and ensuring that HIPAA's privacy standards are upheld. *See State Farm Mut. Auto. Ins. Co. v. Kugler*, 840 F. Supp. 2d 1323, 1328 (S.D. Fla. 2011) ("[I]t is a purpose of [HIPAA] that health information which may eventually be used in litigation should be made available during the discovery phase.").

Here, Lilly's requested order fully abides by these strictures. Consistent with applicable regulations, the proposed order permits the disclosure of protected health information only to the extent needed in relation to this proceeding, and requires the return or destruction of that information after this litigation ends. Such an order will allow Lilly to uncover the full extent of Defendants' unlawful schemes while also complying with HIPAA requirements.

Likewise, good cause supports entry of an order protecting the confidentiality of materials exchanged in discovery. *See* Fed. R. Civ. P. 26(c)(1). Defendants' schemes involve unlawfully

submitting rebate claims based on the purported dispensation of prescriptions to Church members in Community Health's program. Although it is unclear whether any Community Health patients are actually receiving Trulicity, revealing the full extent and consequences of this scheme may necessitate the disclosure of individuals' protected health information.

Moreover, Lilly's proposed order is "narrowly drawn." *Corcel Corp. v. Ferguson Enterprises, Inc.*, 291 F.R.D. 680, 682 (S.D. Fla. 2013). It allows parties to selectively mark certain sensitive documents that meet the standard for "confidential" treatment and protects the confidentiality of documents so marked. Such documents include, among other things, information prohibited from disclosure by statute; the parties' confidential research, technical, commercial, or financial information; personal medical information; and personal identity information.

Courts regularly approve, and often encourage, protective orders like the one Lilly proposes "to expedite the flow of discovery material, promote the prompt resolution of disputes over confidentiality, and facilitate the preservation of material deemed worthy of protections." *In re Alexander Grant & Co. Litig.*, 820 F.2d 352, 356 (11th Cir. 1987); *see also Chi. Tribune Co. v. Bridgestone/Firestone, Inc.*, 263 F.3d 1304, 1307 (11th Cir. 2001) (describing umbrella protective orders as "commonplace in the federal courts"); *Alarm Grid, Inc. v. Alarm Club.com, Inc.*, No. 17-80305-CV, 2018 WL 1175254, at *4 (S.D. Fla. Mar. 5, 2018) (such orders are "standard practice in many civil cases").

In sum, entry of Lilly's proposed HIPAA protective and confidentiality order will protect the parties' confidential information and promote an efficient discovery process.

CONCLUSION

For the above-stated reasons, the Court should grant Lilly's expedited motions for a TRO, to be followed by a preliminary injunction; an order for expedited discovery; and a HIPAA

protective order and confidentiality order; and should award any other and further relief that the Court may deem just and proper. Given the expedited nature of these motions and the immediate relief sought, Lilly respectfully requests that a temporary restraining order, expedited discovery order, and HIPAA protective order be entered immediately, and that expedited briefing on the motion for preliminary injunction be ordered, namely that Defendants' responsive briefs are to be filed no later than May 29, 2026, and Lilly's reply brief is to be filed no later than June 3, 2026.

DATED: May 19, 2026

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing was filed electronically via CM/ECF on May 19, 2026. I further certify that the foregoing document is being served via transmission of Notice of Electronic Filing generated by the CM/ECF system on all counsel and parties registered to receive notices via CM/ECF.

/s/ Jay B. Shapiro
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