

IN THE MATTER OF	*	BEFORE THE
SREEDHAR V. POTARAZU, M.D.	*	MARYLAND STATE
License No. D38779	*	BOARD OF PHYSICIANS
(expired 9/30/2011)	*	Case Number: 2224-0094B
* * * * *		* * * * *

**NOTICE OF INTENT TO DENY LICENSE REINSTATEMENT APPLICATION
UNDER THE MARYLAND MEDICAL PRACTICE ACT**

Disciplinary Panel B of the Maryland State Board of Physicians (the "Board") hereby notifies **SREEDHAR V. POTARAZU, M.D.** (the "Applicant") of its intent to deny his License Reinstatement Application (the "Application") under the Maryland Medical Practice Act (the "Act"), codified at Md. Code Ann., Health Occ. §§ 14-101 *et seq.*

The pertinent provisions of the Act provide:

Health Occ. § 14-205. Miscellaneous powers and duties.

(b) *Additional powers.*

(3) Subject to the Administrative Procedure Act and the hearing provisions of § 14-405 of this title, a disciplinary panel may deny a license to an applicant or, if an applicant has failed to renew the applicant's license, refuse to renew or reinstate an applicant's license for:

(i) Any of the reasons that are grounds for action under § 14-404 of this title[.]

Health Occ. § 14-307. License qualifications.

(a) To qualify for a license, an applicant shall be an individual who meets the requirements of this section.

(b) The applicant shall be of good moral character.

The underlying grounds for denial of the Applicant's license reinstatement application under Health Occ. § 14-205 and § 14-307 include the following provisions of Health Occ. § 14-404:

(a)(44) Fails to meet the qualifications for licensure under Subtitle 3 of this title;

...

(b)(2) After completion of the appellate process if the conviction has not been reversed or the plea has not been set aside with respect to a crime involving moral turpitude, a disciplinary panel shall order the revocation of a license on the certification by the Office of the Attorney General.

ALLEGATIONS OF FACT¹

Disciplinary Panel B bases its action on the following facts that it has reasonable cause to believe are true:

I. The Application

1. The Applicant was issued a medical license in the State of Maryland on July 27, 1989. The Applicant's Maryland medical license expired on September 30, 2011. The Applicant also was issued a medical license in Virginia on June 30, 1995 that expired on May 31, 2000. The Applicant was board-certified in Ophthalmology from October 13, 1996 to December 31, 2006.

¹ The allegations set forth in this Notice are intended to provide the Applicant with reasonable notice of the asserted facts. They are not intended as, and do not necessarily represent, a complete description of the evidence, either documentary or testimonial, to be offered against the Applicant in connection with this Notice.

2. On or about December 6, 2023, the Applicant submitted his Application to the Board. The Application required the Applicant to answer “YES” or “NO” to a series of questions and provide a written explanation for all “YES” responses.

3. The Applicant answered “YES” to the following question on Part 5 – Character and Fitness Questions on the Application:

Question 7. Have you ever pleaded guilty or nolo contendere to any criminal charge, or have you been convicted of a crime or placed on probation before judgment because of a criminal charge?

4. The Applicant provided a written explanation for his affirmative response, stating in part, “I founded, in 2000, a healthcare software company and was the CEO for 16 years...The company was sold in November of 2016, I was charged with not paying and filing payroll tax for certain years...The government charged me with failure to file and pay payroll taxes...I spent 5 years at a federal camp....”

II. Board Investigation

5. After receiving this information, the Board initiated an investigation concerning the Applicant’s criminal conviction and sentence, including obtaining the criminal docket, criminal information, plea agreement, sentencing hearing transcript and judgment.

6. The Board’s investigation revealed that, on or about October 3, 2016, the Applicant was criminally charged by the United States Department of Justice in the United States District Court for Eastern District of Virginia. The criminal charges centered on the

Applicant's defrauding investors in his former healthcare technology company (the "Company") of millions of dollars and failing to account for and pay employment taxes.

7. On or about December 6, 2016, the Applicant pleaded guilty to two felonies,² acknowledging that he "is in fact guilty of the charged offenses," and "admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt."

8. The statement of facts agreed to by the Applicant established that, in or about September 2000, the Applicant founded the Company, which operated in McLean, Virginia, and provided data analysis and services relating to health care expenditures. From its inception, the Applicant was the Company's Chief Executive Officer and President and served on its Board of Directors.

9. From at least 2008, the Applicant provided materially false and misleading information to the Company's shareholders to induce more than \$49 million in capital investments in the Company. The Applicant represented on numerous occasions that the Company was a financially successful business and that the sale of the Company was imminent, which would have resulted in profits for the shareholders. The Applicant admitted that he concealed from shareholders that the Company failed to account for and pay over more than \$7.5 million in employment taxes to the Internal Revenue Service ("IRS"). For example, in 2014, the Applicant provided shareholders with a written

² The Applicant was charged with inducing a person to travel to commit a fraud on that person in violation of Title 18, United States Code, Section 2314, and failing to account for and pay employment taxes in violation of Title 26, United States Code, Section 7202.

summary of operating results that reflected the Company's 2013 revenues to be approximately \$12.9 million when, in fact, the 2013 revenue was less than \$1 million.

10. The Applicant falsely represented to the shareholders that the Company's financial position and profitability was improving from 2008 to 2016, and that the Company had millions of dollars in cash reserves. The Applicant presented fake bank statements to some shareholders that showed inflated balances.

11. The Applicant also concealed from shareholders that the Company owed substantial employment tax to the IRS. The Applicant provided or caused to be provided false corporate income tax returns to some shareholders that overstated the Company's income and omitted the accruing employment tax liability.

12. From 2011 to 2015, in addition to his salary paid by the Company, the Applicant diverted at least \$5 million from the shareholders and the Company for his own personal use.

13. The Applicant also admitted that from 2007 to 2016, the Company accrued employment tax liabilities of more than \$7.5 million. The Applicant withheld taxes from the Company's employees' wages but failed to fully pay over the amounts withheld to the IRS.

14. On July 21, 2017, the Applicant was sentenced to 119 months and 29 days in prison, ordered to serve three years of supervised release and to pay \$49,511,169 in restitution to the shareholders of the Company and \$7,691,071 to the IRS, and forfeit several homes, vehicles, and bank accounts. The Applicant was released from prison on or about December 22, 2023.

III. Grounds for Denial

Under Health Occ. § 14-205(b)(3)(i), a Board disciplinary panel may deny a license to an applicant or, if an applicant has failed to renew the applicant's license, refuse to renew or reinstate an applicant's license for any of the reasons that are grounds for action under Health Occ. § 14-404. Under Health Occ. § 14-307, an applicant also shall be of good moral character to qualify for a Maryland medical license. The Applicant's actions, as described above, constitute, in whole or in part, grounds for a Board disciplinary panel to deny his Application under the following provisions of Health Occ. § 14-404 and § 14-307: Health Occ. § 14-404 (a)(44) (Fails to meet the qualifications for licensure under Subtitle 3 of this title); and Health Occ. § 14-404 (b)(2) (After completion of the appellate process if the conviction has not been reversed or the plea has not been set aside with respect to a crime involving moral turpitude, a disciplinary panel shall order the revocation of a license on the certification by the Office of the Attorney General.)

NOTICE OF AN OPPORTUNITY FOR A HEARING

In accordance with the Administrative Procedure Act, Md. Code Ann., State Gov't §§ 10-201 *et seq.*, Disciplinary Panel B of the Board hereby notifies the Applicant of his opportunity for a hearing. The Applicant must request a hearing **WITHIN THIRTY (30) DAYS** of the date of mailing of this notice. The request for a hearing must be made in writing to:

Christine A. Farrelly, Executive Director
Maryland State Board of Physicians
4201 Patterson Avenue, 4th Floor
Baltimore, Maryland 21215-0095
Phone: (410) 764-4777

Fax: (410) 358-1298

If a written request is made within thirty (30) days of the date of mailing of this notice, a Disciplinary Committee for Case Resolution (“DCCR”) will be scheduled before Disciplinary Panel B. If the case cannot be resolved by consent, a prehearing conference and a hearing before an Administrative Law Judge will be scheduled.

If Disciplinary Panel B does not receive a written request for a hearing within **thirty (30) days** of the date of mailing of this notice, Disciplinary Panel B will sign the attached Final Order, denying the Applicant’s License Reinstatement Application to practice medicine in Maryland.

ANTHONY G. BROWN
ATTORNEY GENERAL OF MARYLAND

April 25, 2024

Gregory L. Lockwood

Date

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