

BEFORE THE
MEDICAL BOARD OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

George Demetrius Karalis, M.D.

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

Respondent.

Case No. 800-2019-054579

DECISION

The attached Stipulated Surrender of License and Order is hereby adopted as the Decision and Order of the Medical Board of California, Department of Consumer Affairs, State of California.

This Decision shall become effective at 5:00 p.m. on March 10, 2022.

IT IS SO ORDERED March 3, 2022.

MEDICAL BOARD OF CALIFORNIA



William Prasifka
Executive Director

1 ROB BONTA
Attorney General of California
2 STEVE DIEHL
Supervising Deputy Attorney General
3 MARIANNE A. PANSA
Deputy Attorney General
4 California Department of Justice
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Attorneys for Complainant

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

12 In the Matter of the Accusation Against:

Case No. 800-2019-054579

13
14 **GEORGE DEMETRIUS KARALIS, M.D.**
235 El Camino Del Mar
15 San Francisco, CA 94121-1114
16 Physician's and Surgeon's Certificate
No. A24412,

**STIPULATED SURRENDER OF
LICENSE AND ORDER**

17
18 Respondent.
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21 **IT IS HEREBY STIPULATED AND AGREED** by and between the parties to the above-
22 entitled proceedings that the following matters are true:

23 **PARTIES**

24 1. William Prasifka (Complainant) is the Executive Director of the Medical Board of
25 California (Board). He brought this action solely in his official capacity and is represented in this
26 matter by Rob Bonta, Attorney General of the State of California, by Marianne A. Pansa, Deputy
27 Attorney General.

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1 2. George Demetrius Karalis, M.D. (Respondent) is represented in this proceeding by
2 attorney Arthur W. Curley Esq., whose address is:

3 Bradley Curley Barrabee & Kowalski
4 1100 Larkspur Landing Circle, Suite 350
5 Larkspur, CA 94939

6 3. On or about September 1, 1971, the Board issued Physician's and Surgeon's
7 Certificate No. A 24412 to George Demetrius Karalis, M.D. (Respondent). The Physician's and
8 Surgeon's Certificate was in full force and effect at all times relevant to the charges brought in
9 Accusation No. 800-2019-054579 and will expire on November 30, 2023, unless renewed.

10 **JURISDICTION**

11 4. Accusation No. 800-2019-054579 was filed before the Board, and is currently
12 pending against Respondent. The Accusation and all other statutorily required documents were
13 properly served on Respondent on October 26, 2021. Respondent timely filed his Notice of
14 Defense contesting the Accusation. A copy of Accusation No. 800-2019-054579 is attached as
15 Exhibit A and is incorporated by reference.

16 **ADVISEMENT AND WAIVERS**

17 5. Respondent has carefully read, fully discussed with counsel, and understands the
18 charges and allegations in Accusation No. 800-2019-054579. Respondent also has carefully read,
19 fully discussed with counsel, and understands the effects of this Stipulated Surrender of License
20 and Order.

21 6. Respondent is fully aware of his legal rights in this matter, including the right to a
22 hearing on the charges and allegations in the Accusation; the right to confront and cross-examine
23 the witnesses against him; the right to present evidence and to testify on his own behalf; the right
24 to the issuance of subpoenas to compel the attendance of witnesses and the production of
25 documents; the right to reconsideration and court review of an adverse decision; and all other
26 rights accorded by the California Administrative Procedure Act and other applicable laws.

27 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
28 every right set forth above.

1 CULPABILITY

2 8. Respondent admits the truth of each and every charge and allegation in Accusation
3 No. 800-2019-054579, agrees that cause exists for discipline and hereby surrenders his
4 Physician's and Surgeon's Certificate No. A 24412.

5 9. Respondent understands that by signing this stipulation he enables the Board to issue
6 an order accepting the surrender of his Physician's and Surgeon's Certificate without further
7 process.

8 CONTINGENCY

9 10. Business and Professions Code section 2224, subdivision (b), provides, in pertinent
10 part, that the Medical Board "shall delegate to its executive director the authority to adopt a ...
11 stipulation for surrender of a license."

12 11. Respondent understands that, by signing this stipulation, he enables the Executive
13 Director of the Board to issue an order, on behalf of the Board, accepting the surrender of his
14 Physician's and Surgeon's Certificate No. A 24412 without further notice to, or opportunity to be
15 heard by, Respondent.

16 12. This Stipulated Surrender of License and Disciplinary Order shall be subject to the
17 approval of the Executive Director on behalf of the Board. The parties agree that this Stipulated
18 Surrender of License and Disciplinary Order shall be submitted to the Executive Director for his
19 consideration in the above-entitled matter and, further, that the Executive Director shall have a
20 reasonable period of time in which to consider and act on this Stipulated Surrender of License and
21 Disciplinary Order after receiving it. By signing this stipulation, Respondent fully understands
22 and agrees that he may not withdraw his agreement or seek to rescind this stipulation prior to the
23 time the Executive Director, on behalf of the Medical Board, considers and acts upon it.

24 13. The parties agree that this Stipulated Surrender of License and Disciplinary Order
25 shall be null and void and not binding upon the parties unless approved and adopted by the
26 Executive Director on behalf of the Board, except for this paragraph, which shall remain in full
27 force and effect. Respondent fully understands and agrees that in deciding whether or not to
28 approve and adopt this Stipulated Surrender of License and Disciplinary Order, the Executive

1 Director and/or the Board may receive oral and written communications from its staff and/or the
2 Attorney General's Office. Communications pursuant to this paragraph shall not disqualify the
3 Executive Director, the Board, any member thereof, and/or any other person from future
4 participation in this or any other matter affecting or involving respondent. In the event that the
5 Executive Director on behalf of the Board does not, in his discretion, approve and adopt this
6 Stipulated Surrender of License and Disciplinary Order, with the exception of this paragraph, it
7 shall not become effective, shall be of no evidentiary value whatsoever, and shall not be relied
8 upon or introduced in any disciplinary action by either party hereto. Respondent further agrees
9 that should this Stipulated Surrender of License and Disciplinary Order be rejected for any reason
10 by the Executive Director on behalf of the Board, Respondent will assert no claim that the
11 Executive Director, the Board, or any member thereof, was prejudiced by its/his/her review,
12 discussion and/or consideration of this Stipulated Surrender of License and Disciplinary Order or
13 of any matter or matters related hereto.

14 14. The parties understand and agree that Portable Document Format (PDF) and facsimile
15 copies of this Stipulated Surrender of License and Order, including PDF and facsimile signatures
16 thereto, shall have the same force and effect as the originals.

17 15. In consideration of the foregoing admissions and stipulations, the parties agree that
18 the Executive Director on behalf of the Board may, without further notice or formal proceeding,
19 issue and enter the following Order:

20 **ORDER**

21 IT IS HEREBY ORDERED that Physician's and Surgeon's Certificate No. A 24412 issued
22 to Respondent George Demetrius Karalis, M.D., is surrendered and accepted by the Board.

23 1. The surrender of Respondent's Physician's and Surgeon's Certificate and Physician's
24 and Surgeon's Certificate and the acceptance of the surrendered license by the Board shall
25 constitute the imposition of discipline against Respondent. This stipulation constitutes a record of
26 the discipline and shall become a part of Respondent's license history with the Board.

27 2. Respondent shall lose all rights and privileges as a physician in California as of the
28 effective date of the Board's Decision and Order.

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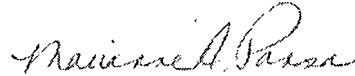
ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the Medical Board of California of the Department of Consumer Affairs.

DATED: January 31, 2022

Respectfully submitted,

ROB BONTA
Attorney General of California
STEVE DIEHL
Supervising Deputy Attorney General



MARIANNE A. PANSA
Deputy Attorney General
Attorneys for Complainant

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Exhibit A

Accusation No. 800-2019-054579

1 ROB BONTA
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10 **BEFORE THE**
MEDICAL BOARD OF CALIFORNIA
11 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

12
13 In the Matter of the Accusation Against:

Case No. 800-2019-054579

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

A C C U S A T I O N

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

17 Respondent.
18

19
20 **PARTIES**

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

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

28 ///

1 **JURISDICTION**

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

5 4. Section 2227 of the Code states:

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

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

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

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

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

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

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

27 **STATUTORY PROVISIONS**

28 5. Section 2234 of the Code, states:

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

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

“(b) Gross negligence.

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

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

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

9 “(d) Incompetence.

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

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

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

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

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

23 “...

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

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

7. Section 2262 of the Code states:

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

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

1 **FIRST CAUSE FOR DISCIPLINE**

2 **(Conviction of a Crime)**

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

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

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

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

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

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

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

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

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

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1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Dishonest or Corrupt Acts)**

3 17. Respondent George Demetrius Karalis, M.D. is subject to disciplinary action under
4 section 2234, subdivision (e), in that Respondent committed an act involving dishonesty or
5 corruption that is substantially related to the qualifications, functions, or duties of a physician and
6 surgeon. The circumstances are set forth in paragraphs 9 through 16 above, and are incorporated
7 herein by reference.

8 **THIRD CAUSE FOR DISCIPLINE**

9 **(Creating a False Medical Record)**

10 18. Respondent George Demetrius Karalis, M.D. is subject to disciplinary action under
11 section 2262, in that Respondent created false medical records with fraudulent intent. The
12 circumstances are set forth in paragraphs 9 through 16 above, and are incorporated herein by
13 reference.

14 **DISCIPLINARY CONSIDERATIONS**

15 19. To determine the degree of discipline, if any, to be imposed on Respondent,
16 Complainant alleges as follows:

17 (a) On or about August 24, 1987, Respondent entered a guilty plea in the California
18 Superior Court, County of Alameda, Case No. 89328, to one count of grand theft, in violation of
19 Penal Code section 487, subdivision (1). On or about October 5, 1987, Respondent was
20 sentenced to three years' probation. He was ordered to pay a fine in the amount of \$1,500.00 and
21 restitution in the amount of \$3,000.00, and was further ordered to perform 100 hours of
22 community service. The circumstances of the aforementioned offense involved Respondent's
23 knowing, willful, unlawful, and felonious taking of money and personal property of another
24 exceeding a value of \$400.00; to wit: the property of the Computer Sciences Corporation and the
25 State of California Medi-Cal Program.

26 (b) On or about May 24, 1988, the Board filed an Accusation against Respondent
27 in Case No. D-3800. The Accusation alleged violations of unprofessional conduct substantially
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1 related to the qualifications of a physician and surgeon, pursuant to sections 2236, subdivision (a),
2 and sections 2227, and 2234 of the Code, based on the above conviction.

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

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

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

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

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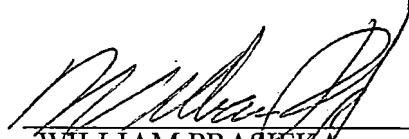
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PRAYER

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

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

DATED: OCT 26 2021



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