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

ROB BONTA
Attorney General of California
STEVE DIEHL
Supervising Deputy Attorney General
MARIANNE A. PANSA
Deputy Attorney General
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Attorneys for Complainant

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

In the Matter of the Accusation Against:	Case No. 800-2019-054579
GEORGE DEMETRIUS KARALIS, M.D. 235 El Camino Del Mar San Francisco, CA 94121-1114 Physician's and Surgeon's Certificate No. A24412, Respondent.	**STIPULATED SURRENDER OF LICENSE AND ORDER**

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-entitled proceedings that the following matters are true:

PARTIES

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

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

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

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

JURISDICTION

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

ADVISEMENT AND WAIVERS

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

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

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

CULPABILITY

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

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

CONTINGENCY

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

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

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

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

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

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

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

ORDER

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

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

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

3. Respondent shall cause to be delivered to the Board his pocket license and, if one was issued, his wall certificates on or before the effective date of the Decision and Order.

4. If Respondent ever applies for licensure or petitions for reinstatement in the State of California, the Board shall treat it as a new application for licensure. Respondent must comply with all the laws, regulations and procedures for licensure in effect at the time the application or petition is filed, and all of the charges and allegations contained in Accusation No. 800-2019-054579 shall be deemed to be true, correct and admitted by Respondent when the Board determines whether to grant or deny the application or petition.

5. If Respondent should ever apply or reapply for a new license or certification, or petition for reinstatement of a license, by any other health care licensing agency in the State of California, all of the charges and allegations contained in Accusation, No. 800-2019-054579 shall be deemed to be true, correct, and admitted by Respondent for the purpose of any Statement of Issues or any other proceeding seeking to deny or restrict licensure.

ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney Arthur W. Curley Esq. I understand the stipulation and the effect it will have on my Physician's and Surgeon's Certificate, and Physician's and Surgeon's Certificate. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Medical Board of California.

DATED: 01-27-2022

GEORGE DEMETRIUS KARALIS, M.D.
Respondent

I have read and fully discussed with Respondent George Demetrius Karalis, M.D. the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 1-31-22

ARTHUR W. CURLEY ESQ.
Attorney for Respondent

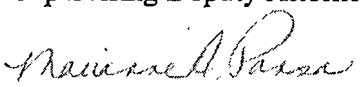
ENDORSEMENT

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

ROB BONTA
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Attorneys for Complainant

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

In the Matter of the Accusation Against:	Case No. 800-2019-054579
GEORGE DEMETRIUS KARALIS, M.D. 235 El Camino Del Mar San Francisco, CA 94121-1114 Physician's and Surgeon's Certificate No. A 24412, Respondent.	**A C C U S A T I O N**

PARTIES

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

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

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JURISDICTION

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

4. Section 2227 of the Code states:

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

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

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

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

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

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

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

STATUTORY PROVISIONS

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

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

"(d) Incompetence.

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

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

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

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

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

"...

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

FIRST CAUSE FOR DISCIPLINE

(Conviction of a Crime)

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

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

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

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

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

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

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

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

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

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SECOND CAUSE FOR DISCIPLINE

(Dishonest or Corrupt Acts)

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

THIRD CAUSE FOR DISCIPLINE

(Creating a False Medical Record)

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

DISCIPLINARY CONSIDERATIONS

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

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

(b) On or about May 24, 1988, the Board filed an Accusation against Respondent in Case No. D-3800. The Accusation alleged violations of unprofessional conduct substantially

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

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

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

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

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

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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