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**From:** USDOJ-Office of Public Affairs (SMO)  
**Sent:** Wednesday, October 13, 2010 11:37 AM  
**To:** USDOJ-Office of Public Affairs (SMO)  
**Subject:** 73 MEMBERS AND ASSOCIATES OF ORGANIZED CRIME ENTERPRISE, OTHERS  
INDICTED FOR HEALTH CARE FRAUD CRIMES INVOLVING MORE THAN \$163 MILLION



# Department of Justice

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**73 MEMBERS AND ASSOCIATES OF ORGANIZED CRIME ENTERPRISE, OTHERS INDICTED**  
**FOR HEALTH CARE FRAUD CRIMES INVOLVING MORE THAN \$163 MILLION**

*Indictments in Five States – California, Georgia, New Mexico, New York and Ohio*

WASHINGTON – Seventy-three defendants, including a number of alleged members and associates of an Armenian-American organized crime enterprise, were charged in indictments unsealed today in five judicial districts with various health care fraud-related crimes involving more than \$163 million in fraudulent billing, announced Acting Deputy Attorney General Gary G. Grindler, FBI Assistant Director of the Criminal Investigative Division Kevin Perkins and Health and Human Services Inspector General Daniel R. Levinson.

In this national, multi-agency investigation, 52 were arrested today by FBI agents in the largest Medicare fraud scheme ever perpetrated by a single criminal enterprise and charged by the Department of Justice.

The defendants are charged with engaging in numerous fraud activities, including highly-organized, multi-million dollar schemes to defraud Medicare and insurance companies by submitting fraudulent bills for medically unnecessary treatments or treatments that were never performed. According to the indictments, the defendants allegedly stole the identities of doctors and thousands of Medicare beneficiaries and operated at least 118 different phony clinics in 25 states for the purposes of submitting Medicare reimbursements.

“The emergence of international organized crime in domestic health care fraud schemes signals a dangerous expansion that poses a serious threat to consumers as these syndicates are willing to exploit almost any program, business or individual to earn an illegal profit,” said Acting Deputy Attorney General Gary G. Grindler. “The Department of Justice is confronting this evolving threat here and abroad through a number of initiatives including a strengthened Attorney General’s Organized Crime Council and the creation of the

International Organized Crime Intelligence and Operations Center (IOC-2) to ensure that we are focused and coordinated in our efforts to combat international organized crime.”

“The international organized crime enterprise known as the Mirzoyan-Terdjanian, fleeced the health care system through a wide-range of money making criminal fraud schemes. The members and associates located throughout the United States and in Armenia, perpetrated a large-scale, nationwide Medicare scam that fraudulently billed Medicare for more than \$100 million of unnecessary medical treatments using a series of phantom clinics,” said Kevin Perkins, FBI Assistant Director of the Criminal Investigative Division. “We want to restore the confidence in the nation’s health care system and assure practitioners we will not stand by and let their identities be used for criminal gain.”

“Today, special agents of the Office of Inspector General working in tight coordination with our federal law enforcement partners made 52 arrests across the nation—from New York to Los Angeles—on charges including Medicare fraud and medical identity theft totaling more than \$163 million,” said Daniel R. Levinson, Inspector General of the Department of Health and Human Services. “Criminals stealing from Medicare needn’t look over their shoulders to know that we are in hot pursuit.”

Forty-four defendants were charged in two indictments unsealed today in the Southern District of New York with racketeering conspiracy and conspiracy to commit the following acts: health care fraud, bank fraud, money laundering, fraud in connection with identity theft, credit card fraud and immigration fraud. In addition, seven defendants were charged in the District of New Mexico with health care fraud, mail fraud, wire fraud, money laundering conspiracy, money laundering, forfeiture and aggravated identity theft. Six defendants were charged in the Southern District of Georgia with health care fraud, conspiracy to commit health care fraud, money laundering conspiracy and aggravated identity theft. Six defendants were charged in the Northern District of Ohio with health care fraud, mail fraud, conspiracy to commit mail fraud, wire fraud, conspiracy to commit money laundering and aggravated identity theft. Lastly, 10 defendants were charged in two indictments in the Central District of California with conspiracy to commit bank fraud, bank fraud, money laundering, conspiracy to launder monetary instruments, criminal forfeiture, aggravated identity theft, aiding and abetting, and causing an act to be done.

According to the charges filed in U.S. District Court in the Southern District of New York, the Mirzoyan-Terdjanian Organization is named for its principal leaders, Davit Mirzoyan and Robert Terdjanian. The leadership of the organization is based in Los Angeles and New York, and its operations extend throughout the United States and internationally. Among the defendants charged with racketeering is Armen Kazarian, who is alleged to be a “Vor,” a term translated as “Thief-in-Law” and refers to a member of a select group of high-level criminals from Russia and the countries that has been part of the former Soviet Union, including Armenia. This is the first time a Vor has ever been charged for a racketeering offense, and the first time since 1996 that a known Vor has been arrested on any federal charge.

The racketeering charges carry a maximum penalty of life in prison and a \$250,000 fine. The health care fraud and conspiracy to commit health care fraud charges each carry a maximum penalty of 10 years in prison and a \$250,000 fine. The conspiracy to commit bank fraud charges each carry a maximum penalty of 30 years in prison and a fine of \$1 million. The conspiracy to commit money laundering charges each carry a maximum penalty of 25 years in prison and a \$500,000 fine. The conspiracy to commit money laundering charges each carry maximum penalties of 20 years in prison and a \$500,000 fine. The conspiracy to commit fraud in connection with identity theft charges carry a maximum penalty of five years in prison and a \$250,000 fine. The aggravated identity theft charges each carry a required two-year consecutive prison sentence to any other sentence imposed, the conspiracy to commit credit card fraud charges carry a maximum penalty of 10 years in prison and a \$250,000 fine. The conspiracy to commit immigration fraud charges carry a maximum penalty of five years in prison and a \$250,000 fine.

The charges announced today are merely allegations, and defendants are presumed innocent unless proven guilty in a court of law.

The defendants charged in each district will be prosecuted by Assistant U.S. Attorneys from each of the respective districts in which the cases were charged. The cases were investigated by special agents from the FBI's Los Angeles and New York field offices.

Today's arrests are an example of the FBI's ability to conduct cross-program, multi-divisional investigations targeting a national level threat. In recent years, the department has undertaken a series of steps to modernize its organized crime program and enable federal law enforcement to take a unified approach to combating international organized crime. The Attorney General's Organized Crime Council brings together the leadership of the FBI and eight other federal law enforcement agencies or offices with the department's prosecutors, focusing high-level attention on these issues. The IOC-2 provides support in the form of information and intelligence to the member agencies that enhance efforts to identify, penetrate and dismantle the most dangerous organized crime groups through investigations and prosecutions. The creation of the International Organized Crime Targeting Committee and the Top International Criminal Organizations Target (TICOT) List, directs investigators and prosecutors to concentrate their limited resources on those international organized crime groups that pose the greatest threat to the United States. The department's Criminal Division, through the Health Care Fraud Unit, Organized Crime and Racketeering Section and the Asset Forfeiture and Money Laundering Section, has created new training programs to educate investigators and prosecutors on the intricacies of international organized crime and financial investigations.

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