



U.S. ATTORNEY'S QUARTERLY

Hospice Nurses Charged In Health Care Fraud Conspiracy

On March 23rd, an indictment was unsealed charging five nurses with a multi-million dollar health care fraud conspiracy involving Home Care Hospice, Inc. ("HCH") in Philadelphia. Patricia McGill, a registered nurse and Director of Professional Services for HCH, allegedly authorized and supervised the admission of inappropriate and ineligible patients for hospice services, resulting in approximately \$9.32 million in fraudulent claims to Medicare. Also charged are Natalya Shvets, of Southampton, Giorgi Oqroshidze, of Philadelphia, Yevgeniya Goltman, of

Newtown, and Aleksandr Kopytyakov, of Bensalem, PA. The defendants also face numerous health care fraud counts. HCH was co-owned by Matthew Kolodesh, charged separately, and "A.P." HCH was a for-profit business. According to the indictment, McGill authorized nursing staff and supervisors to fabricate and falsify documents in support of hospice care for patients who were not eligible, or for a higher, more costly level of care than was actually provided. The defendants created

fraudulent nursing notes for approximately 150 patients indicating hospice services were provided when, in reality, they were not. When notified of an audit, Shvets, Oqroshidze, Goltman, and Kopytyakov altered records and shifted patients to another hospice owned by Kolodesh. The case was investigated by the FBI and Health and Human Services Office of Inspector General. It is being prosecuted by Assistant U.S. Attorney Suzanne Ercole.

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A Message From the U.S. Attorney for the Eastern District of Pennsylvania

In these difficult economic times we in the federal government are keenly aware of the need to conserve resources while still protecting the public from terrorists, fraud, drug crimes, and violent crimes. This office, like many other U.S. Attorneys' Offices and federal agencies, rises to the challenge on the backs of a dedicated, skilled, undaunted work force. The pages of this newsletter show but a small fraction of the work being performed every day on behalf of the citizens in our district.

An example of that dedication is illustrated in the case described above. The indictment in that case alleges that the defendants engaged in a scheme to exploit a valuable and precious benefit of our health care system—palliative care for patients nearing death. The dedicated agents with the Department of Health and Human Services Office of Inspector General and the FBI worked diligently to unravel the alleged scheme so that my office could bring charges.

Unfortunately, health care fraud is a booming business. In the following pages you can read about a doctor who was con-

victed of using his practice as a "pill mill" to serve drug addicts and another, purportedly well-respected doctor, who forged documents in order to make it appear as though he was conducting examinations when, in fact, other physicians had conducted them. This also drove up the fee paid by health care benefit programs.

As Spring is tax time, agents with the Internal Revenue Service are typically busy investigating criminal activity by tax preparers and by taxpayers or, in some cases, non-payers. Tax fraud obviously deprives the government, but it also shortchanges every law-abiding citizen who contributes that which is necessary to keep the wheels of justice turning.

The economic downturn sent our country's housing market into a tailspin and, unfortunately, there was no shortage of unscrupulous individuals standing in the wings to prey on struggling homeowners. In one such case, described in this issue, the owner of a real estate business and his co-defendants engaged in a scheme which promised vulnerable homeowners a viable alternative to losing their homes to foreclo-

sure. But the homeowners found themselves in an even worse position, and several banks were also defrauded out of millions of dollars. Our civil division intervened in this case, and efforts are being made to mediate an agreeable settlement that will allow the original homeowners to save their homes.

Our civil division also resolved a case in which workers at Boeing attempted to defraud the Department of Defense out of additional funds for work on military helicopters.

These are just a few examples of the work going on, day in and day out, at our office and at federal agencies throughout the U.S. I am proud of the work we do, of the employees that I lead, and of the office that I serve. -Zane David Memeger



Settlement With Boeing Over Improper Billing

The Boeing Company, in January, agreed to pay the United States \$4,392,779.74 and to undertake several programmatic changes, in order to resolve claims that it improperly billed the Department of Defense for work at the company's Ridley Park, Pennsylvania facility. Beginning in approximately 2003, the United States Department of Defense awarded Boeing contracts to produce and modify Chinook helicopters as part of the Army's effort to modernize its fleet of heavy lift helicopters. More than 100 new Chinooks were ordered, and Boeing also agreed to "remanufacture" several hundred older Chinook helicopters by overhauling their airframes to accommodate upgrades of the helicopters' avionics and engines. An investigation by the Army Criminal Investigation Division's Major Procurement Fraud Unit (MPFU) and the Defense Criminal Investigative Service (DCIS) revealed that several Boeing managers instructed the mechanics assigned to the Chinook program to perform other, non-billable work while separately billing the United States for their time. This resulted in the United States being charged for work for which it had already paid. To ensure that the problem does not persist at Ridley Park, the settlement requires Boeing to implement several independent remedial measures, including both retraining of its employees and technological improvements in the software Boeing uses to track its billing. Over the next few years, Boeing will also implement a new labor tracking computer system for its defense manufacturing facilities nationwide, and it has agreed to implement similar technological measures where appropriate to help ensure that a similar problem does not occur at other facilities.

U.S. v. Minicozzi

On March 14th, a federal jury convicted 78-year old Richard Minicozzi, M.D., of Philadelphia, of conspiracy to distribute controlled substances and 17 counts of distribution of controlled substances for running a pill mill out of his office located at 731 Morris Street in Philadelphia. Minicozzi was distributing hydrocodone ("Vicodin") and alprazolam ("Xanax") and was selling prescriptions for oxycodone. Minicozzi sold the drugs to cash-paying customers who had no legitimate need and who had no physical examination. Minicozzi created phony medical records for his drug-buying customers. He faces at least 10 years in prison and is scheduled to be sentenced in July before U.S. District Court Judge J. Curtis Joyner.

Minicozzi's office assistant, Joan Israel, was also charged and pleaded guilty to the conspiracy and to creating phony medical records for his drug-buying customers. The case was investigated by the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Philadelphia Police Department. It is being prosecuted by Assistant United States Attorney Mary Kay Costello.

U.S. v. Kubacki

On March 29, 2012, Dr. Joseph J. Kubacki, 63, of Destin, Florida, was sentenced to 87 months in prison for submitting fraudulent claims and causing more than \$1.8 million in payments to be paid by Medicare and 31 other health insurers. A federal jury convicted Kubacki of 150 counts of health care fraud, wire fraud, and making false statements in health care matters. Kubacki was the Chairperson of the Ophthalmology Department of the Temple University School of Medicine when he caused thousands of false claims to be submitted to health care benefit programs. The false charges, between 1996 and 2007, totaled more than \$4.5 million. Kubacki directed employees to stack patient charts outside his office. The patients had been seen by other physicians in the office but Kubacki falsely notated the charts to indicate that he had personally seen the patients. In fact, Kubacki was actually outside of Pennsylvania on some of the days that he claimed to have treated patients. Health care benefit programs, including Medicare and private health insurers, made payments on fraudulent claims in excess of \$1.8 million. In addition to the prison term, U.S. District Court Judge Eduardo C. Robreno ordered Kubacki to pay Temple University \$1,014,605.87 in restitution, pay \$5,445 to patients who had co-pays and pay a fine in the amount of \$15,000. The case was investigated by the Department of Health and Human Services Office of Inspector General and the FBI. Assistant U.S. Attorneys Anthony Kyriakakis and Matthew Hogan prosecuted.

Leader of Drug Distribution Ring Sentenced to Life in Prison

On April 3, 2012, 30-year old Alexander, a/k/a "Reds," Rivera, of Philadelphia, was sentenced to life in prison, plus an additional 60 months, for a drug conspiracy and related charges in connection with running the Alexander Rivera Narcotics Distribution Organization ("ARDO"). Between February 2006 and September 2010, Rivera ran the ARDO, controlling drug distribution in and around the intersection of Indiana Avenue and Lawrence Street in North Philadelphia, as well as other areas in Philadelphia. Rivera obtained cocaine, crack, heroin, and PCP that his co-defendants would then sell on the street. Rivera was convicted of all charges at trial along with his wife, Ileana Vidal, a/k/a "Diana," 26, who was only charged with conspiracy. The indictment also charged 15 co-defendants, who pleaded guilty to their roles in the operation. The sentence was handed down by U.S. District Court Judge Juan R. Sanchez. Rivera and his cohorts engaged in violence to protect and maintain the ARDO's drug territory. For example, on September 26, 2006, while engaged in a shootout with a rival drug dealer, Rivera shot an innocent bystander; on August 14, 2007, co-defendant Daniel Cortez and two others kidnapped and tortured a person who owed Rivera drug money; and on December 24, 2009, Rivera and co-defendant Cesar Burgos hired a person to shoot a rival drug dealer. Rivera was convicted of conspiracy and other counts charging him with distribution or possession with intent to distribute cocaine, cocaine base ("crack"), and heroin, and possession of a firearm in furtherance of a drug trafficking crime. The case was investigated by the Federal Bureau of Investigation - Philadelphia Division, Violent Gang Safe Streets Task Force, and the Philadelphia Police Department. It is being prosecuted by Assistant United States Attorneys David Axelrod and Randy Hsia.

CRIMEBUSTERS : FBI

An interview with Special Agent-in-Charge George C. Venizelos who heads the FBI's Philadelphia Field Office:

-How did you decide to join the FBI?

I worked as an accountant and as a Special Agent for the Drug Enforcement Administration (DEA) before becoming an FBI Special Agent. I saw federal law enforcement as a way to serve my country and wanted to serve with the finest law enforcement agency in the federal government.

-What do you like best about your position as Special Agent-in-Charge?

There is no "typical day" in the FBI, and while I head the Philadelphia Division now, I take enormous pride in overseeing the great work that our Special Agents and professional support employees do every day to help protect our communities and our country.

-What is the most important function of the agency?

Being the lead domestic agency for counter-terrorism, that is protecting the United States from terrorist attack, remains the FBI's most important responsibility. Working closely with a wide range of partners, we use our growing suite of investigative and intelligence capabilities to neutralize terrorist cells and operatives here in the U.S., to help dismantle extremist networks worldwide, and to cut off financing and other forms of support provided by terrorist sympathizers.

-How does the general public reach the agency to ask a question or to report an activity for investigation?

Tips from the public remain an important tool in our fight against crime and terrorism, and there are several ways for the public to reach the FBI to report information. Tips can be submitted through the FBI's website at www.fbi.gov, the Philadelphia Division's website at <http://philadelphia.fbi.gov>, or by calling our office at 215-418-4000.

Outreach This Quarter

The United States Attorney's Office for the Eastern District of Pennsylvania participates in, hosts, and/or facilitates numerous outreach initiatives and events.

Bravery Rewarded

January 26, 2012: U.S. Attorney Zane David Memeger presented the Federal Law Enforcement Congressional Badge of Bravery to Upper Darby Police Officer Raymond Blohm (see photo at right). Blohm was honored for his dogged pursuit of an armed and dangerous suspect. The officer was shot four times during the pursuit and still managed to capture the suspect, who was on probation at the time for a previous conviction.

Anti-Violence Effort



On March 28th and 29th, the U.S. Attorney's Office - in partnership with the Eagles Youth Partnership, the Jason Taylor Foundation, and Teen Truth Live (see photo at left) - helped facilitate a presentation at Germantown High School focusing on the prevention of violence and bullying. The U.S. Attorney and members of the U.S. Attorney's Office will carry on the project in a series of presentations at the school throughout the remainder of the school year.

Members of the Eagles Youth Partnership, Teen Truth Live, and City Year join U.S. Attorney Zane David Memeger and Exec. Assistant US Attorney Robert Reed at Germantown High School in March.



Upper Darby Police Officer Raymond Blohm with U.S. Attorney Zane David Memeger after receiving the Congressional Badge of Bravery.

Honors

The Young Lawyers Division of the Philadelphia Bar Association selected Assistant U.S. Attorney Paul W. Kaufman to receive the F. Sean Peretta Service Award, which is presented annually to an individual who has devoted substantial time to an innovative or non-traditional program that serves the community. Kaufman received the honor for his work with the John S. Bradway Philadelphia High School Mock Trial Competition.

Assistant U.S. Attorneys Mary Crawley and Gerald Sullivan were honored with awards from the Food & Drug Administration's Office of Criminal Investigation and the Department of Health and Human Services Office of Inspector General for their work in the case of U.S. v. Synthes Inc., Norian Corporation. Crawley and Sullivan prosecuted and negotiated a settlement with the company and its executive officers in a case where a medical device was being used in illegal clinical trials.



CRIME & PUNISHMENT:



CHARGED:

January 2012:

Gregory W. Butcher, 53, of West Chester, PA, was charged with defrauding the Social Security Administration by receiving disability insurance benefits while concealing that he was working and earning income. The alleged scheme lasted nearly nine years and resulted in losses to the government of approximately \$82,621.60.

Ronald Miko, 37, of Reading, PA, was charged with one count of obstruction of a criminal investigation. According to the indictment, Miko, at the time a police officer in the City of Reading, utilized a room in a house at which convicted federal defendants Paul Sewell and Michael Johnson operated a prostitution business that trafficked females who were under the age of 18. Between May and June 2011, Miko allegedly wired money to Johnson's federal prison account to prevent the communication of information to criminal investigators regarding Miko's involvement in that business. Trial is scheduled for June.

February 2012:

Adriano Sotomayor, 54, of Margate, NJ, was captured by the FBI Fugitive Squad. Sotomayor is a defendant in a 13-count wire fraud indictment alleging that he defrauded an elderly nun, and at least 23 others, in Levittown, Philadelphia, and elsewhere, of approximately \$439,153. Trial is scheduled for May.

March 2012:

Robert Coyle, Sr., 66, of Glassboro, NJ, was charged with loan fraud. Coyle owned and/or rented more than 300 properties in Philadelphia and operated a real estate business. Among his business entities were Landvest, LLP, Alivest, LLP, and Otay, LLC, to name few. According to

the indictment, Coyle borrowed millions of dollars from Republic First Bank ("RFB"), East River Bank ("ERB") and, by extension, Polonia Bank. The loans were to refinance existing loans, make improvements on some of Coyle's properties, and for other real estate opportunities. Coyle was expected to repay the loans through rental income. Coyle allegedly did not hold good title for all of the properties and allegedly inflated the amount of rent he was collecting on some of the properties. The alleged fraud on the banks is more than \$10 million.

CONVICTED:

January 2012:

Ivan Tkach, 30, of Philadelphia, pleaded guilty to health care fraud in relation to Advantage Ambulance. Tkach gave false statements to investigators and gave kickback payments to a kidney dialysis center employee in exchange for patient referrals to Advantage. A sentencing hearing is scheduled for May.

February 2012:

Mikel D. and Dona Nichols Jones of Boynton Beach, Florida, were convicted in connection with a scheme to defraud a New York venture capital fund which financed the operation of the Mikel Jones Law Firm in Philadelphia. Jones, a personal injury lawyer, and his wife were convicted of conspiracy, money laundering, and wire fraud. Jones obtained a multimillion dollar line of credit from a lender in New York, agreeing that he would only use the proceeds of the line of credit for legitimate expenses related to the operation of his law firm. Jones and his wife then used a shell company they controlled and the name of a media corporation to steal money from the Lender. Sentencing is scheduled for June.

March 2012:

Jaquel Crews, 41, and Mark

Miller, 44, both of Philadelphia, were convicted on drug conspiracy and money laundering charges. The pair distributed hundreds of kilograms of cocaine and cocaine base in the city's Frankford section. They also laundered hundreds of thousands of dollars in drug proceeds by spending lavishly on items such as 76ers season tickets, a Mercedes, furs, and through the purchase of numerous homes in Frankford. Crews faces a mandatory minimum 20 years up to life in prison; Miller faces a mandatory 10 years up to life in prison. Sentencing hearings are scheduled for June.

SENTENCED:

January 2012:

Michael Choi, 56, of Huntingdon Valley, PA, was sentenced today to 30 months in prison for conspiring to violate the federal immigration laws, five counts of making false statements to the government, and two counts of filing false tax returns for the years 2005 and 2006 that failed to report substantial income from Choi's law firm. In addition to the prison term, U.S. District Court Judge Petrese B. Tucker ordered Choi to pay restitution to the IRS in the amount of \$161,538.52 and a special assessment of \$700.

Marissa Mark, 29, of Allentown, PA and NJ, was sentenced to 72 months in prison for hiring a hit man to commit a murder and paying for the service using stolen credit cards. Mark pleaded guilty on September 9, 2011 to trying to hire a hit man through the "hitmanforhire" website. Mark asked the hit man to shoot her romantic rival, "A.L.R.," in the head. She paid a fee of \$37,000 using three stolen credit card accounts. The target of Mark's alleged plot was not physically harmed.

February 2012:

Former first grade teacher, David Devine, 35, of Chester Heights, PA, was sentenced to 78 months in prison for distribution and possession of child pornography. On August 17, 2009, Devine distributed, over the Internet, videos that depicted children being sexually abused, and, on August 4, 2010, he possessed in excess of 600 images of child pornography.

March 2012:

David F. Kane, 39, of Phoenixville, PA, a former member of the Limerick Township Board of Supervisors, was sentenced to four years in prison for a tax evasion scheme that included mail fraud. Kane filed a false income tax return for 2004, failed to file income tax returns for 2005 through 2007, and evaded a \$600,000 tax levied upon him in 2006 by the IRS. The last time Kane filed tax returns and paid legitimate federal income taxes was in the late 1990's. In late 2005, when Kane ran for office in Limerick Township, he filed a false 2004 income tax return. The return failed to report nearly \$400,000 in income that Kane received as head of a Skippack real estate company. Once he was elected a Limerick Township Supervisor, Kane continued to fail to file income tax returns or pay taxes on nearly \$800,000 of income.

Sidenote:

You can find press releases about the cases we charge on our website:

www.justice.gov/usao/pae