



*United States Attorney  
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER  
REBEKAH CARMICHAEL  
JANICE OH  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

FBI  
JIM MARGOLIN, MONICA McLEAN  
PUBLIC INFORMATION OFFICE  
(212) 384-2720, 2715

HRA  
BARBARA BRANCACCIO  
OFFICE OF PUBLIC INFORMATION  
AND COMMUNICATIONS  
(212) 331-6200

OMIG  
WANDA FISCHER  
PUBLIC INFORMATION OFFICE  
(518) 473-3782

**EIGHT CHARGED WITH MEDICAID FRAUD INVOLVING  
MANHATTAN PHARMACIES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), ROBERT DOAR, the Commissioner for the New York City Human Resources Administration's Bureau of Fraud Investigation ("HRA"), and JAMES G. SHEEHAN, the Medicaid Inspector General of New York State ("OMIG"), announced the unsealing of four Indictments yesterday charging eight defendants with defrauding the Medicaid Program.

**United States v. Bastardo et al., 08 Cr. 623**

According to Indictment 08 Cr. 623, between December 2006 and January 2008, LOURDES BASTARDO, the manager of Coral Pharmacy, which is located at 4126 Broadway in Manhattan, engaged in a fraudulent scheme to bill the Medicaid Program for

prescription medications that Coral Pharmacy never dispensed to Medicaid beneficiaries. While working at Coral Pharmacy, BASTARDO purchased drug prescriptions from Medicaid beneficiaries. BASTARDO paid the Medicaid beneficiaries a fraction of the total reimbursement value of the prescriptions that the Medicaid Program would pay to Coral Pharmacy. As part of the scheme, Coral Pharmacy then submitted reimbursement claims to the Medicaid Program for the prescription drugs which the pharmacy falsely claimed had been provided to the beneficiaries, but which in fact Coral Pharmacy had not dispensed to the Medicaid beneficiaries. Through this scheme, Coral Pharmacy obtained the full value of the Medicaid reimbursement for the drug prescriptions, and pocketed the difference between the reimbursement and the cash that the defendants paid to the beneficiaries. YDANIA SOSA and LEDYS LIZ recruited other Medicaid beneficiaries to sell their prescriptions to BASTARDO and others at Coral Pharmacy.

BASTARDO, SOSA, and LIZ are charged with health care fraud, a crime which carries a maximum sentence of 10 years' imprisonment and a maximum fine of \$250,000 or twice the pecuniary loss or gain that resulted from the offense. BASTARDO and LIZ were arrested and presented in Manhattan federal court yesterday while SOSA remains at large.

#### **United States v. Rodriguez, et al., 08 Cr. 670**

Indictment 08 Cr. 670 alleges a similar scheme at Broadway Pharmacy, also located in Manhattan. According to the charges in that Indictment, ROBEL JOSE HERNANDEZ RODRIGUEZ, the pharmacy's owner, DANIEL GUZMAN, a pharmacy supervisor, and another employee known as JAIME, also paid Medicaid beneficiaries for their prescriptions, billed the Medicaid Program for the full reimbursement value of those prescriptions, but never actually dispensed to Medicaid beneficiaries the prescribed medications.

RODRIGUEZ, GUZMAN, and JAIME were arrested and presented in Manhattan federal court yesterday on charges of conspiracy to commit health care fraud and health care fraud. If convicted, the defendants face a maximum sentence on each charge of 10 years' imprisonment and a maximum fine of \$250,000 or twice the pecuniary loss or gain that resulted from the offense.

#### **United States v. Tineo, et al., 08 Cr. 671**

Indictment 08 Cr. 671 charges that between May 2007 and February 2008, ROSIE TINEO and LEDYS LIZ engaged in a scheme to defraud the Medicaid Program into paying reimbursements to Rosa Pharmacy, located in Manhattan, for prescription drugs that

were not in fact dispensed to Medicaid beneficiaries. The Indictment states that as part of the scheme LIZ recruited Medicaid beneficiaries to provide her with their Medicaid cards and prescriptions, which she then provided to TINEO. (As noted above, LIZ is charged in Indictment 08 Cr. 623 with performing a similar role in connection with Coral Pharmacy.)

TINEO, working at Rosa Pharmacy as a pharmacy technician, then billed the Medicaid Program for various prescription drugs, including drugs for which there was no legitimate prescription. TINEO and LIZ then diverted those prescription drugs for resale, and TINEO paid some fraction of the proceeds to the Medicaid beneficiaries.

Through this fraudulent scheme, TINEO and LIZ profited by pocketing the difference between the total proceeds from their illegal sales of the diverted drugs and the amounts that TINEO paid to the Medicaid beneficiaries.

TINEO and LIZ were arrested and presented in Manhattan federal court yesterday on charges of conspiracy to commit health care fraud and health care fraud. If convicted on the charges, the defendants face a maximum sentence on each charge of 10 years' imprisonment and a maximum fine of \$250,000 or twice the pecuniary loss or gain that resulted from the offense.

#### **United States v. Jimenez, 08 Cr. 622**

Finally, Indictment 08 Cr. 622 charges RAMONA JIMENEZ with the sale of active Medicaid cards in exchange for cash. In May 2007, JIMENEZ, who is a Medicaid beneficiary, told a cooperating witness ( the "CW") that JIMENEZ could obtain functioning Medicaid cards in exchange for cash. After the CW paid JIMENEZ approximately \$560, JIMENEZ provided a functioning Medicaid card issued in the name of a fictitious individual. In April 2008, JIMENEZ reactivated the card, which had expired, in exchange for an additional sum of approximately \$600.

JIMENEZ is charged with access device fraud and health care fraud. He was arrested and presented in Manhattan federal court yesterday. If convicted on the charges, JIMENEZ faces a maximum sentence on each charge of 10 years' imprisonment and a maximum fine of \$250,000 or twice the pecuniary loss or gain derived from the offense.

Mr. GARCIA praised the work of the FBI, HRA, OMIG, and the Drug Enforcement Administration. Mr. GARCIA said that the investigations were a model of cooperation among federal, state, and local law enforcement agencies.

The case is being handled by the Major Crimes Unit of the U.S. Attorney's Office. Assistant United States Attorney WILLIAM STELLMACH is in charge of the prosecutions.

The charges in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

08-204

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