



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS
EDELI RIVERA
JESSE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600

**FORMER OWNER OF BRONX BLOOD LABORATORY SENTENCED
IN MANHATTAN FEDERAL COURT TO 18 MONTHS IN PRISON
FOR MEDICARE FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ZAFAR CHAUDHRY, the former owner and manager of a blood testing laboratory in the Bronx, was sentenced today in Manhattan federal court to 18 months in prison for Medicare fraud. CHAUDHRY, who previously pled guilty, obtained almost \$200,000 from the Medicare Program based upon fraudulent reimbursement claims. U.S. District Judge DENISE L. COTE imposed the sentence.

According to the Indictment, other documents filed in the case, and statements made during CHAUDHRY's guilty plea and sentencing:

CHAUDHRY was charged in February 2000 with conspiracy to commit health care fraud, health care fraud, and making false statements relating to health care matters. At the time, CHAUDHRY was in Pakistan, having left the country in 1998 following the initiation of the investigation in this matter by the Federal Bureau of Investigation ("FBI"). Meanwhile, CHAUDHRY's uncle and co-defendant, RAZA CHUDRY, who did not leave the country, was arrested on the same charges. RAZA CHUDRY pled guilty to the charges in February 2001, and was subsequently sentenced to 55 months in prison. CHAUDHRY, meanwhile, returned to the United States on June 20, 2010, and was arrested by the FBI that same day at JFK Airport.

From 1996 to 1998, CHAUDHRY and CHUDRY submitted fraudulent claims to the Medicare Program through two blood testing laboratories, one formerly owned by CHAUDRY and one by CHUDRY -- the Scientific Biomedical Laboratories, Inc., located in the Bronx, New York, and Brookdale Clinical Laboratories, located in Hackensack, New Jersey. Specifically, the defendants submitted fraudulent claims charging Medicare for Amino Acid Profiles that had never been ordered by a physician. At the

time, Amino Acid Profiles were highly-reimbursed, but rarely-indicated, blood tests that were generally used to detect genetic defects. In 1997, the defendant's lab and CHUDRY's lab accounted for approximately 20% of all Amino Acid Profile reimbursement claims submitted to the Medicare Program throughout the entire country, according to statistics maintained by the Government.

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On November 12, 2010, CHAUDHRY, 49, pled guilty to one count of conspiracy to commit mail fraud and health care fraud and the submission of false statements relating to healthcare matters.

In addition to the prison term, Judge COTE sentenced CHAUDHRY today to three years of supervised release, and ordered him to pay \$195,463.52, in restitution to the Medicare Program. During the sentencing proceeding, Judge COTE called CHAUDHRY's crime "a naked fraud against the Government" that merited a significant sentence of imprisonment.

Mr. BHARARA praised the outstanding investigative efforts of the FBI in this case.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney ROBIN W. MOREY is in charge of the prosecution.

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