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Southern District of New York**

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**NINE PODIATRISTS SENTENCED IN MANHATTAN FEDERAL COURT
TO PRISON TERMS FOR PARTICIPATION IN MASSIVE
MEDICARE AND HEALTH CARE FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, RONALD J. VERROCHIO, Inspector-in-Charge of the New York Division of the United States Postal Inspection Service ("USPIS"), and TOM O'DONNELL, the Special Agent-in-Charge of the New York Regional Office of the United States Department of Health and Human Services Office of Inspector General ("HHS-OIG") announced today the prison sentences of nine doctors of podiatry for their participation in a large-scale Medicare and health care fraud scheme at podiatry clinics located throughout New York City.

Today, United States District Judge KIMBA M. WOOD of Manhattan Federal Court sentenced HENRY BORRELLI, Doctor of Podiatric Medicine, to a term of 18 months in prison on charges of conspiracy to commit mail fraud, health care fraud, and false statements; health care fraud; and conspiring to violate the Medicare statute. BORRELLI pleaded guilty to the charges on April 9, 2002. After a jury trial before Judge WOOD, BORRELLI's co-defendants ALBERT KALAJIAN and NICOLAS ERRICO were found guilty of all charges on June 27, 2002. KALAJIAN was sentenced on October 1, 2009, to a term of 37 months in prison, and ERRICO was sentenced by Judge Wood on October 15, 2009 to a term of 30 months in prison.

Judge WOOD previously sentenced six other podiatrists to prison terms, ranging from six months to just over five years, for their participation in the same scheme. The dates and terms of the sentences are set forth below:

<u>Date</u>	<u>Defendant</u>	<u>Term</u>
January 12, 2007	MICHAEL BRUMER, DPM,	63 months
January 12, 2007	LAWRENCE KLEIN, DPM	63 months
February 27, 2004	ALAN KATZ, DPM	12 months
December 17, 2008	ARTHUR MINKOFF, DPM	10 months
April 27, 2005	PAUL ROHE, DPM	8 ½ months
April 22, 2004	MITCHELL PEARCE, DPM	6 months

According to the Indictment, other documents filed in the case, and statements made during court proceedings including the trial of ERRICO and KALAJIAN:

At various times during the course of the scheme, BRUMER and KLEIN, who were themselves doctors of podiatric medicine, employed BORRELLI and ten other podiatrists at a number of affiliated foot-care clinics located in Manhattan, the Bronx, Queens, and Brooklyn (the "Citywide Clinics"). Through the Citywide Clinics, the defendants orchestrated a scheme to cheat Medicare and private insurance companies by several means, including soliciting patients off the street with flyers offering "free treatment," when in fact the treatment was "free" only because the defendants purposely ignored Medicare's requirement that patients be responsible for the 20 percent co-payment; falsifying the nature of their patients' medical conditions in order to obtain reimbursement from Medicare and private health care insurance companies for routine foot care services which otherwise would have been non-reimbursable; falsifying the nature of the services provided, *i.e.*, "up-coding," in order to obtain reimbursement from Medicare and private health care insurance companies for otherwise non-reimbursable services; directing the podiatrists at the Citywide Clinics to perform unnecessary medical procedures on their elderly patients; and falsely representing in Medicare claims that procedures were performed in Manhattan, which enabled the defendants to receive higher reimbursements from Medicare.

To date, 17 former employees of the Citywide Clinics have been convicted of charges relating to the scheme, including four other podiatrists -- IRA BELL, of Jericho, New York; DARRICKA CARTER, of Virginia; WILLIAM GRUBESSI, of Westbury, New York; and DOUGLAS HERZLICH, of Manhattan -- and four employees of the Citywide Clinics' billing or administrative staff.

In sentencing BORRELLI, 51, of Little Falls, New Jersey, Judge WOOD stated: "Dr. Borelli spent at least four years lying to Medicare about the services being billed for his patients and during that time he took no steps to report or stop the crimes."

Previously, in imposing ERRICO's sentence, Judge WOOD stated that "Medicare fraud is a blight on our society and increases costs to the point where some people may not be able to receive the services they need."

PREET BHARARA, United States Attorney for the Southern District of New York stated: "The defendants in this case are medical professionals who abused their patients' trust and stole taxpayer money from the Medicare program. This was money that could have been used to treat patients actually in need of medical care, but instead the defendants used it to line their pockets. We will continue to work vigorously with our law enforcement partners at the USPIS and HHS-OIG to investigate and prosecute health care and Medicare fraud cases, one of the top priorities of the Department of Justice."

"With the cost of medical care rising for all Americans, the Postal Inspectors will identify those who defraud the system for their riches and bring them to justice," said RONALD J. VERROCHIO, the Inspector-In-Charge of the New York Division of the USPIS.

"Today's action sends a message to those who corruptly take advantage of the Medicare system. The Office of Inspector General, New York Regional Office, will continue to aggressively protect the Medicare system and the taxpayers from fraud and abuse," said TOM O'DONNELL, the Special Agent-in-Charge of the New York Regional Office of the HHS-OIG.

Mr. BHARARA praised the investigative work of the USPIS and the HHS-OIG.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney ROBIN W. MOREY is in charge of the prosecution.

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