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**U.S. ARRESTS OWNER AND TWO EMPLOYEES OF MANHATTAN  
PHARMACY FOR STEALING OVER \$1.2 MILLION  
FROM THE MEDICAID PROGRAM**

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"), JOHN P. GILBRIDE, the Special Agent-in-Charge of the New York Office of the United States Drug Enforcement Administration ("DEA"), RAYMOND W. KELLY, the Police Commissioner of the City of New York, Commissioner ROBERT DOAR of New York City Human Resource Administrations' Bureau of Fraud Investigation, and the New York State Department of Health Office of Medicaid Management, announced that DINESH DAYABHAI SHAH, a licensed pharmacist and owner of the MLK Pharmacy in Manhattan, was arrested today on charges that he systematically defrauded

the Medicaid Program of at least \$1.2 million over the past four years by buying drug prescriptions from Medicaid beneficiaries in exchange for cash and merchandise. In addition, two employees of MLK Pharmacy -- NILESH RAJANIKANT SHAH (DINESH DAYABHAI SHAH's nephew) and IQBAL MIRZA -- were also arrested in connection with the charges. Simultaneous with the arrests, law enforcement agents executed a search of MLK Pharmacy's premises and two rooms in an adjacent building where the defendants stored expired medications that they frequently used to fill prescriptions. According to the Complaint filed in Manhattan federal court:

Between June 2002 and the present, DINESH DAYABHAI SHAH, NILESH RAJANIKANT SHAH, and IQBAL MIRZA, (the "defendants") engaged in a scheme at MLK Pharmacy to defraud the Medicaid Program of reimbursement costs for prescription drugs which they never dispensed. While operating and working at MLK Pharmacy, the defendants purchased drug prescriptions from Medicaid beneficiaries in exchange for cash payments and/or other goods. The defendants paid the Medicaid beneficiaries a fraction of the total reimbursement value of the prescriptions that the Medicaid Program would pay to MLK Pharmacy. The defendants then submitted reimbursement claims to the Medicaid Program for the prescription drugs which they falsely claimed had been provided to the beneficiaries, but which in fact MLK Pharmacy had not dispensed to the Medicaid beneficiaries or even sufficiently stocked. Through this scheme, the defendants 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.

During the investigation, an undercover New York City Police officer posing as a Medicaid beneficiary sold prescriptions to both DINESH DAYABHAI SHAH and NILESH RAJANIKANT SHAH on multiple occasions. Medicaid records confirm that, after the SHAHS purchased the prescriptions, MLK Pharmacy then billed the Medicaid Program for the full reimbursement value despite the fact that the medications were never dispensed.

Each of the defendants is charged with conspiracy to commit health care fraud, and health care fraud. If convicted, the defendants face a maximum sentence of 10 years' imprisonment and a maximum fine of the greatest of \$250,000, or twice the pecuniary loss or gain derived from the offense.

Mr. GARCIA praised the efforts of the FBI, the DEA, the New York City Police Department, the New York City Bureau of Fraud Investigation, and the New York State Department of Health Office of Medicaid Management.

Assistant United States Attorney WILLIAM STELLMACH is in charge of this prosecution and Assistant United States

Attorney CHRISTINA BISCHOFF is in charge of the criminal forfeiture proceedings.

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

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