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Southern District of New York*

FOR IMMEDIATE RELEASE
OCTOBER 13, 2010

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**MANHATTAN U.S. ATTORNEY CHARGES 44 MEMBERS
AND ASSOCIATES OF AN ARMENIAN-AMERICAN ORGANIZED
CRIME ENTERPRISE WITH \$100 MILLION MEDICARE FRAUD**

*Defendants Also Charged With Racketeering, Identity Theft,
And Money Laundering Crimes*

*Armenian "Vor" Charged With Protecting Alleged
Medicare Fraud Scheme*

PREET BHARARA, the United States Attorney for the Southern District of New York, EDWARD TARVER, the United States Attorney for the Southern District of Georgia, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), RAYMOND W. KELLY, the Police Commissioner of the City of New York ("NYPD"), JAMES T. HAYES, JR., the Special Agent-in-Charge of the New York Office of Homeland Security Investigations ("HSI"), and THOMAS O'DONNELL, the Special Agent-in-Charge of the New York Office of the Inspector General, Department of Health and Human Services ("HHS"), announced today the unsealing of charges, in two separate indictments, against 44 alleged members and associates of an Armenian-American organized crime enterprise, for a range of offenses including the operation of at least 118 medical clinics located in 25 states that submitted over \$100 million in bogus claims to Medicare. The alleged \$100 million Medicare

fraud scheme identified today is the largest, single Medicare fraud ever charged.

Manhattan U.S. Attorney PREET BHARARA said: "In terms of profitability, geographic scope, and sheer ambition, the elaborate health care scam we charge today highlights the emerging and serious threat of international organized crime. With 118 phantom clinics and over \$100 million in bogus billings, this group of international gangsters allegedly ran a veritable fraud franchise. As charged, they stole taxpayer dollars earmarked for the elderly and infirm and got away with it, until now. Today's indictments send a strong message to these groups that we will use every tool and resource at our disposal to stop them in their tracks."

EDWARD TARVER, the U.S. Attorney for the Southern District of Georgia, said: "Today's arrests illustrate that health care fraud is a national problem and that a national response from law enforcement is necessary. The charges announced today also provide additional evidence of the efforts by international organized crime to defraud the Medicare system. The Department of Justice will pursue health care fraudsters of all types around the country, in order to bring them to justice."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "The diabolical beauty of the Medicare fraud scheme - from the criminals' standpoint - was that it was completely notional. There were no real medical clinics behind the fraudulent billings, just stolen doctors' identities. There were no colluding patients signing in at clinics for unneeded treatments, just stolen patient identities. The whole doctor-patient interaction was a mirage. But the money was real, while it lasted."

NYPD Commissioner RAYMOND W. KELLY said: "Thousands of patient identities were stolen and manipulated to generate millions of dollars in bogus Medicare claims. From Coney Island to California, these suspects bilked the health care system for procedures never performed or needed, but as a result of this investigation police and federal authorities have handed these suspects a true prescription for justice."

HHS Special Agent-in-Charge THOMAS O'DONNELL said: "Organized crime within the healthcare system coupled with identity theft is a growing concern for law enforcement agencies across the country. But today's operation is yet another example of the effective collaboration between OIG and the FBI in arresting those individuals who blatantly defraud the Medicare system."

HSI Special Agent-in-Charge JAMES T. HAYES, JR., said: "Today's charges and arrests represent HSI's continuing commitment to vigorously investigating fraud in government health care programs. HSI will continue to work closely with our State and Federal law enforcement partners to protect the integrity of this social program and bring to justice this international criminal enterprise which, in this case, sought to game the system for their profit."

In connection with the indictments unsealed today in the Southern District of New York, 41 defendants have been arrested in, among other places, New York and Los Angeles. The defendants taken into custody today in the New York area are expected to be presented in Manhattan federal court later this afternoon. The defendants arrested in the Los Angeles area will be presented in Los Angeles federal court today. Four defendants are fugitives and are still being sought. Additional indictments were unsealed today in related cases by the U.S. Attorney's Offices in Los Angeles, Cleveland, Albuquerque, and Savannah.

Among the defendants charged with racketeering in the Southern District of New York is ARMEN KAZARIAN, a/k/a "Pzo," a/k/a "Qerop," who is alleged to be a "Vor," a term translated as "Thief-in-Law." The term "Vor" refers to a member of a select group of high-level criminals from Russia and the countries that had been part of the former Soviet Union, including Armenia. KAZARIAN was arrested in the Los Angeles area earlier this

This is the first time a Vor has ever been charged and arrested for federal racketeering crimes.

The Indictments (the "Racketeering Indictment" and the "Chervin Indictment") unsealed today in Manhattan federal court, are described in greater detail below.

The Racketeering Organization

The Racketeering Indictment charges 28 defendants -- including KAZARIAN, the alleged Vor -- with crimes connected to the operation of an Armenian-American organized crime ring referred to as the Mirzoyan-Terdjanian Organization. The Mirzoyan-Terdjanian Organization is alleged to be a nationwide criminal enterprise with strong ties to Armenia. The leadership of the organization is based in New York and Los Angeles, and its operations extend throughout the United States and internationally.

The organization is alleged to have operated with assistance from and under the protection of KAZARIAN, and its members and associates are charged with numerous crimes,

including racketeering, health care fraud, identity theft, money laundering, and bank fraud. Members and associates of the organization are alleged to have used violence and threats of violence to ensure respect for and payments to its leadership. For example, one of the organization's alleged leaders, ROBERT TERDJANIAN, is accused of having threatened to "disembowel" a criminal associate who owed him money. ARMEN KAZARIAN also is alleged to have discussed killing an associate who failed to show proper respect.

The Medicare Fraud Scheme

The Mirzoyan-Terdjanian Organization is charged with engaging in numerous fraud schemes including a massive, highly-organized scheme to defraud Medicare. According to the Racketeering Indictment, the organization stole the identities of legitimate doctors and filed applications to bill Medicare in the names of these doctors, often providing a clinic address on the application that was in fact simply the location of a mailbox. The organization then obtained the stolen identities of thousands of real Medicare beneficiaries, including the identities of approximately 2,900 Medicare patients treated at the Orange Regional Medical Center.

With the stolen identities of doctors and patients in hand, the organization billed Medicare for over \$100 million dollars for treatments no doctor ever performed, and no patient ever received. For example:

- Forensic pathologists billed for live office visits;
- Eye doctors billed for bladder tests;
- Ear, nose, and throat specialists billed for performing pregnancy ultrasounds; and
- Obstetricians tested for skin allergies.

Although Medicare identified and shut down the phony clinics after several months, in many cases Medicare had already paid out millions of dollars -- more than \$35 million in total -- and that money had already been withdrawn by the defendants and sometimes transferred overseas. The organization, aware that each clinic had a limited shelf life, then simply turned to another fraudulent clinic, operating at least 118 different phony clinics in 25 states during the course of the scheme.

The Multimillion-Dollar Private Insurance Fraud Scheme

Members of the Mirzoyan-Terdjanian Organization also operated a multimillion-dollar scheme to defraud insurance companies in the New York area by submitting millions of dollars in claims for medically unnecessary treatments. According to a second indictment, the Chervin Indictment, at least two members of the organization carried out a wide-spread and sophisticated fraud for at least a decade. Specifically, the schemers bribed a hospital employee to steal the names of patients for the schemers. The organizers then recruited these patients, sometimes by posing as a hospital referral service charged with helping accident victims.

In some cases, the defendants allegedly staged auto accidents to generate fake patients who would then undergo unnecessary and expensive treatments that would be billed and reimbursed. Patients were provided medical treatment, including painful nerve-conduction examinations, without reference to their actual medical need. After insurance companies paid for these unnecessary medical costs, the fraud proceeds were laundered through multiple accounts, including the escrow account belonging to an attorney. An attorney, as well as several doctors, were among the 18 individuals charged and arrested in connection with this scheme.

U.S. Attorney PREET BHARARA thanked the FBI, NYPD, HSI, and HHS for their work in the investigation, which he noted is ongoing. Mr. BHARARA also thanked the National Insurance Crime Bureau for their assistance in the investigation, as well as the U.S. Attorney's Offices in Los Angeles, Cleveland, Albuquerque, Savannah, and Little Rock.

The Racketeering Indictment is being prosecuted by the Office's Organized Crime Unit. Assistant U.S. Attorneys ARLO DEVLIN-BROWN and JENNIFER BURNS of the Organized Crime Unit, and BENJAMIN ALLEE of the White Plains Division are in charge of the prosecution. The Chervin Indictment is being prosecuted by the Office's Complex Fraud Unit. Assistant U.S. Attorneys WILLIAM HARRINGTON and REBECCA ROHR are in charge of the prosecution. Assistant U.S. Attorney ALVIN BRAGG also assisted the investigation. Assistant U.S. Attorneys KAN MIN NAWADAY and MICHAEL LOCKARD of the Office's Asset Forfeiture Unit are responsible for the forfeiture in both cases.

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

Defendants in U.S. v. Armen Kazarian, et al.

Defendant	DOB	Residence
ARMEN KAZARIAN	4/26/1964	Glendale, CA
DAVIT MIRZOYAN	10/25/1975	Glendale, CA
ROBERT TERDJANIAN	11/14/1974	Brooklyn, NY
ALEKSANDR AVETISYAN	2/23/1958	Sun Valley, CA
HERAYER BAGHOUMIAN	1/1/1956	Burbank, CA
POGOS SATAMYAN	12/3/1978	Glendale, CA
ARTUR YEPISKOPOSYAN	2/13/1979	Burbank, CA
VAGAN STEPANIAN	10/31/1957	Brooklyn, NY
VARUJAN AMROYAN	9/16/1960	Brooklyn, NY
JACOB POGOSIAN	9/11/1975	La Crescenta, CA
KAREN SIMONIAN	6/19/1977	Glendale, CA
VARTAN BOYZADZHYAN	7/29/1972	Glendale, CA
ARTUR MANASARIAN	9/15/1962	Valley Village, CA
GOURGEN MIRIMANIAN	3/16/1964	Glendale, CA
MANUK MURADAKHANYAN	3/16/1974	Sherman Oaks, CA
LIANA SOGHOYAN	6/23/1970	Sherman Oaks, CA
TIKRAN TAKVORYAN	4/23/1966	Pasadena, CA
GAYANE KHATCHATURYAN	4/6/1974	N. Hollywood, CA
GAGIK KYURKCHYAN	10/7/1972	Valley Village, CA
ANNA ZAICHIK	2/28/1956	Brooklyn, NY
KAREN AHARONIAN	5/29/1977	Tarzana, CA
ARMEN GRIGORIAN	10/16/1970	Glendale, CA
KAREN MARKOSIAN	3/5/1973	Burbank, CA
ANNA TERMARTIROSYAN	7/5/1975	Glendale, CA
MICHAEL DOBRUSHIN	2/22/1957	Brooklyn, NY
SAMVEL HAKOPYAN	10/24/1974	N. Hollywood, CA
RAFIK TERDJANIAN	3/6/1940	Brooklyn, NY

Ct	Charge	Defendants	Maximum Penalties
1	Racketeering Conspiracy	Armen Kazarian Davit Mirzoyan Robert Terdjanian Aleksandr Avetisyan Herayer Baghoumian Pogos Satamyan Artur Yepiskoposyan Vagan Stepanian Varujan Amroyan Jacob Pogosian Karen Simonian Vartan Boyadzhyan Artur Manasarian Gourgen Mirimanian Manuk Muradakhanyan Liana Soghoyan Tikran Takvoryan Gayane Khatchaturyan Gagik Kyurchyan Anna Zaichik Aron Chervin Karen Aharonian	Life imprisonment; fine of \$250,000, or twice the pecuniary loss or gain; 3 years of supervised release; \$100 mandatory special assessment.
2	Conspiracy to Commit Health Care Fraud	Armen Kazarian Davit Mirzoyan Robert Terdjanian Aleksandr Avetisyan Herayer Baghoumian Pogos Satamyan Artur Yepiskoposyan Jacob Pogosian Karen Simonian Vartan Boyadzhyan Gourgen Mirimanian Manuk Muradakhanyan Liana Soghoyan Tikran Takvoryan Gayane Khatchaturyan Gagik Kyurchyan Anna Zaichik	10 years in prison; fine of \$250,000, or twice the pecuniary loss or gain; 3 years of supervised release; \$100 mandatory special assessment.

3	Conspiracy to Commit Bank Fraud	Davit Mirzoyan Robert Terdjanian Artur Yepiskoposyan Vartan Boyadzhyan Gourgen Mirimanian Anna Zaichik Arman Grigorian Anna Termartirosyan Rafik Terjanian	30 years in prison; a fine of \$1,000,000, or twice the gross pecuniary gain or loss; five years of supervised release; \$100 mandatory special assessment.
4	Conspiracy to Commit Money Laundering	Davit Mirzoyan Robert Terdjanian Herayer Baghoumian Pogos Satamyan Artur Yepiskoposyan Jacob Pogolian Karen Simonian Manuk Muradakhanyan Arman Grigorian Karen Markosian Anna Termartirosyan Rafik Terjanian	Twenty years in prison; fine of \$500,000, or twice the pecuniary loss or gain; 3 years of supervised release; \$100 mandatory special assessment.
5	Conspiracy to Commit Fraud in Connection with Identity Theft	Davit Mirzoyan Robert Terdjanian Herayer Baghoumian Pogos Satamyan Artur Yepiskoposyan Liana Soghoyan Tikran Takvoryan Gayane Khatchaturyan Anna Zaichik	Five years in prison; a fine of \$250,000, or twice the pecuniary loss or gain; 3 years of supervised release; \$100 mandatory special assessment.
6	Conspiracy to Commit Credit Card Fraud	Davit Mirzoyan Robert Terdjanian Aleksandr Avetisyan Vagan Stepanian Varujan Amroyan Karen Aharonian Samvel Hakopyan	10 years in prison; a fine of \$250,000, or twice the pecuniary loss or gain; 3 years of supervised release; \$100 mandatory special assessment.
7	Conspiracy to Commit Immigration Fraud	Robert Terdjanian Vagan Stepanian Michael Dobrushin	Five years in prison; a fine of \$250,000, or twice the pecuniary loss or gain; 3 years of supervised release;

Defendants in U.S. v. Aron Chervin, et al.

Defendant	DOB	Residence
ARON CHERVIN	07/18/1947	North Brunswick, NY
ROBERT TERDJANIAN	11/14/1974	Brooklyn, NY
VYACHESLAV DOBRER	03/22/1960	Dingman's Ferry, PA
HAROLD PINA	02/08/1969	Valley Stream, NY
ROSS KUFLIK	01/19/1958	DelRay Beach, FL
MICHAEL LAMOND	04/21/1970	Long Island City, NY
VADIM CHERVIN	03/22/1960	North Brunswick, NY
GALINA VOVK	03/19/1976	Brooklyn, NY
VALIANTSINA LAHUN	09/04/1965	Brooklyn, NY
LYNN BRAUNSTEIN	10/17/1961	Belle Harbor, NY
WILLIAM GIBBS		
YURI ZELINSKY	06/17/1948	Brooklyn, NY
LUBA GODIN	08/01/1978	Brooklyn, NY
JUDSON DARIO JUST	05/03/1962	Brooklyn, NY
BEAGY FRANCOIS	11/16/1955	Dacula, GA
NATAN PEYSAKOV	01/30/1970	Brooklyn, NY
MARTA ROMAN	08/11/1970	Merrick, NY
MILANA NIKHMAN	12/23/1957	Staten Island, NY

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy to Commit Mail Fraud and Health Care Fraud	ARON CHERVIN ROBERT TERDJANIAN VYACHESLAV DOBRER HAROLD PINA ROSS KUFLIK MICHAEL LAMOND VADIM CHERVIN GALINA VOVK VALIANTSINA LAHUN LYNN BRAUNSTEIN WILLIAM GIBBS YURI ZELINSKY LUBA GODIN JUDSON DARIO JUST BEAGY FRANCOIS NATAN PEYSAKOV MILANA NIKHMAN	20 years in prison; 3 years of supervised release; fine of \$250,000, or twice the pecuniary loss or gain; \$100 mandatory special assessment; forfeiture; restitution
2	Conspiracy to Sell Protected Medical Information	ARON CHERVIN MARTA ROMAN BEAGY FRANCOIS	5 years in prison; 3 years of supervised release; \$250,000, or twice the pecuniary loss or gain; \$100 mandatory special assessment
3	Conspiracy to Launder Money	ARON CHERVIN ROBERT TERDJANIAN VYACHESLAV DOBRER MICHAEL LAMOND GALINA VOVK LUBA GODIN WILLIAM GIBBS	20 years in prison; 3 years of supervised release; fine of 500,000, or twice the pecuniary loss or gain; \$100 mandatory special assessment; forfeiture