



# UNITED STATES ATTORNEY'S OFFICE

## *Southern District of New York*

U.S. ATTORNEY PREET BHARARA

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### **MANHATTAN U.S. ATTORNEY AND FBI ASSISTANT DIRECTOR-IN-CHARGE ANNOUNCE ARRESTS OF EIGHT ADDITIONAL DEFENDANTS FOR PARTICIPATING IN \$57.3 MILLION FRAUD ON ORGANIZATION THAT MAKES REPARATIONS TO VICTIMS OF NAZI PERSECUTION**

*A Ninth Defendant Will Surrender Tomorrow Morning; Thirty People Charged In Total*

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced charges against nine additional participants in a scheme that defrauded programs established to aid the survivors of Nazi persecution out of more than \$57 million. Eight of those individuals – HENRY GORDIN, GENRIKH KOLONTYRSKIY, VIKTOR LEVIN, ELLA VOSKRESENSKIY, ZLATA BLAVATNIK, PYOTR BLAVATNIK, YEVGENIYA ABRAMOVICH, and ASYA GALINDO – were arrested on a Criminal Complaint unsealed today, and the ninth – LANA KAGAN – is expected to voluntarily surrender tomorrow morning. Since the original charges were brought in this case, a total of 30 people have been charged in connection with the scheme. Today's arrests include five additional former employees of the Conference on Jewish Material Claims Against Germany (the "Claims Conference"), which administered the programs. In exchange for kickbacks, those insiders, who were supposed to process and approve only legitimate applications, are alleged to have knowingly approved nearly 5,000 fraudulent applications, resulting in payouts to applicants who did not qualify for the programs.

Manhattan U.S. Attorney PREET BHARARA said: "As I said when the initial charges in this case were announced, my Office, working with our partners at the FBI, would not stop until we brought to justice those who are alleged to have stolen more than \$57 million from the Claims Conference, thereby diverting money intended for survivors of the Holocaust. With today's charges, we have now identified 30 people who allegedly exploited a fund that is as symbolically important as it is necessary to its beneficiaries. We again thank the Claims

Conference for their outstanding ongoing assistance in identifying the participants in this scheme."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "These defendants had a hand in fabricating, filing or processing nearly five thousand fraudulent claims on behalf of non-qualifying applicants. Claims Conference funds have been drained of \$57 million meant for Holocaust victims, and a large portion of the diverted money went into the pockets of corrupt insiders. These were people hired to give who conspired to take. "

According to the Criminal Complaint unsealed today, and other relevant charging documents, including the original Complaint filed in November 2010 and the subsequent Indictment:

The Claims Conference, a not-for-profit organization which provides assistance to victims of Nazi persecution, supervises and administers several funds that make reparation payments to victims of the Nazis, including "the Hardship Fund" and "the Article 2 Fund," both of which are funded by the German government. Applications for disbursements through these funds are processed by employees of the Claims Conference's office in Manhattan, and the employees are supposed to confirm that the applicants meet the specific criteria required for payments.

As part of the scheme, a web of individuals – including the five newly charged former employees of the Claims Conference – systematically defrauded the Article 2 Fund and Hardship Fund programs for over a decade. As outlined in the Complaint, the Claims Conference first suspected the fraud in December 2009, and immediately reported their suspicions to law enforcement, which conducted a wide-reaching investigation resulting in the charges unsealed today against additional participants.

The Hardship Fund pays a one-time payment of approximately \$3,500 to victims of Nazi persecution who evacuated the cities in which they lived and were forced to become refugees. Members of the conspiracy submitted fraudulent applications for people who were not eligible. Many of the recipients of fraudulent funds were born after World War II, and at least one person was not even Jewish. Some conspirators recruited other individuals to provide identification documents, such as passports and birth certificates, which were then fraudulently altered and submitted to corrupt insiders at the Claims Conference, who then processed those applications. When the applicants received their compensation checks, they kept a portion of the money and passed the rest back up the chain.

From the investigation to date, the Claims Conference has determined that at least 3,839 Hardship Fund applications appear to be fraudulent. These applications resulted in a loss to the Hardship Fund of approximately \$12.3 million.

The Article 2 Fund makes monthly payments of approximately \$400 to survivors of Nazi persecution who make less than \$16,000 per year, and either (1) lived in hiding or under a false identity for at least 18 months; (2) lived in a Jewish ghetto for 18 months; or (3) were incarcerated for six months in a concentration camp or a forced labor camp. The fraud involved doctored identification documents in which the applicant's date and place of birth had been changed. The fraud also involved more sophisticated deception, including altering documents

that the Claims Conference obtains from outside sources to verify a person's persecution by the Nazis. Some of the detailed descriptions of persecution in the fraudulent Article 2 Fund applications were completely fabricated.

From the investigation to date, the Claims Conference has determined that at least 1,112 Article 2 Fund cases it processed have been determined to be fraudulent. Those cases have resulted in a loss to the Claims Conference of approximately \$45 million.

In 2010 and 2011, charges were brought against 19 other alleged members of the scheme. To date, nine of those individuals have entered guilty pleas. Charges remain pending against the remaining ten in that case, which is before U.S. District Judge THOMAS P. GRIESA in Manhattan federal court.

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All nine defendants named in today's Complaint, as well as defendants OKSANA ROMALIS and ANNA ZINGER, who were arrested on August 26, 2011 and October 5, 2011, respectively, on two separate Complaints, are all charged with participating in a conspiracy to commit mail fraud. If convicted, each defendant faces a maximum of 20 years in prison as well as a maximum fine of \$250,000. Please see the ages and residency information for the defendants in the attached chart.

Mr. BHARARA praised the investigative work of the FBI. He also thanked the Claims Conference for bringing this matter to the FBI's attention and for its extraordinary continued cooperation in this investigation, which he noted is ongoing.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney Christopher D. FREY is in charge of the prosecution.

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

11-308

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<b>Defendant</b>	<b>Age</b>	<b>Residence</b>
HENRY GORDIN	74	Brooklyn, NY
GENRIKH KOLONTYRSKIY	79	Brooklyn, NY
VIKTOR LEVIN	71	Far Rockaway, NY
ELLA VOSKRESENSKIY	41	Brooklyn, NY
ZLATA BLAVATNIK	64	Brooklyn, NY
PYOTR BLAVATNIK	64	Brooklyn, NY
YEVGENIA ABRAMOVICH	68	Brooklyn, NY
ASYA GALINDO	72	Sherman Oaks, CA
LANA KAGAN	70	Brooklyn, NY
OKSANA ROMALIS	42	Brooklyn, NY
ANNA ZINGER	65	Highland Park, IL