



*United States Attorney
Southern District of New York*

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**U.S. MAKES ARRESTS IN MULTI-MILLION DOLLAR MEDICAID
FRAUD**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI") announced today the arrest of MUHAMMAD EJAZ AHMAD, M.D., MUHAMMAD NAWAZ AHMAD and MOHAMMAD TANVEER on charges that they conspired to defraud the United States and New York State of Medicaid funds and paid illegal kickbacks to Medicaid recipients.

According to the complaint, MUHAMMAD EJAZ AHMAD is a physician with an office in Brooklyn, who specializes in infectious diseases, including treatment of HIV positive patients. MUHAMMAD EJAZ AHMAD paid HIV-positive Medicaid recipients an illegal kickback of \$40 per visit, even though New York State only paid MUHAMMAD EJAZ AHMAD \$30 for such visits, the complaint alleges. It is charged that MUHAMMAD EJAZ AHMAD then referred these patients to one of at least three pharmacies affiliated with his co-conspirators, MUHAMMAD NAWAZ AHMAD and MOHAMMED TANVEER. On numerous occasions the pharmacies failed to provide the monthly supply of these medications, but fraudulently billed the New York State Medicaid program for the medications, including HIV-related drugs costing thousands of dollars per month, it was charged. On those occasions where the pharmacies did provide medications, the complaint charged, they also paid an illegal \$40 kickback to the recipients of the drugs, charged the complaint.

The complaint alleges that, for one such medication alone, the pharmacies charged the New York State Medicaid Program for approximately \$1.2 million more in medications than the pharmacies had ordered from their likely wholesale drug

distributors. The complaint also alleges that in 2005 one of the pharmacies, Staywell Pharmacy doing business as Nash Pharmacy located in Bayside, New York, billed New York State Medicaid for approximately \$2.6 million for fraudulent and legitimate services. Approximately \$2 million of that amount was prescribed by MUHAMMAD EJAZ AHMAD, the complaint further charged. The other two pharmacies involved, according to the complaint, are Stay Slim Pharmacy in Brooklyn, New York, and ASA Drugs doing business as Script Depot, in Rego Park, New York.

The arrests announced today are part of a year-long law enforcement operation led by the Federal Bureau of Investigation, the New York State Department of Health Office of the Medicaid Inspector General, and the City of New York Human Resources Administration Bureau of Fraud Investigation.

The complaint charged the defendants with conspiracy to defraud the United States by committing health care fraud and providing illegal kickbacks. If convicted, the defendants each face a maximum of five years in prison.

MUHAMMAD EJAZ AHMAD, M.D., 49, resides in Albertson, New York.

MUHAMMAD NAWAZ AHMAD, 38, resides in Floral Park, New York.

MOHAMMAD TANVEER, 49, resides in Floral Park, New York.

Mr. GARCIA stated, "The high cost of HIV medications and the dire need for such treatment worldwide makes this instance of false billing and kickbacks all the more egregious."

Assistant Director MERSHON stated, "Medicaid is part of the government safety net established to assist people in shouldering the high costs of health care. These defendants used the safety net as a catch-basin for cash to line their pockets. It was not only a case of unjust enrichment, but also a case of theft, plain and simple. The FBI and our partners are casting a broad dragnet to ensure the integrity of the health care safety net."

New York State Medicaid Inspector General O'CONNOR stated, "The successful resolution of this investigation demonstrates not just the value of new technological strategies such as provider billing data mining, but also the real, practical value of combining new and old fraud-fighting tactics. New technologically-based strategies first pointed to wrong-doing in this case, but time-tested personal investigatory work brought

it to fruition. The case also proves how different levels of law enforcement—federal, state, and local—can successfully work together to combat Medicaid fraud and sends a powerful signal to Medicaid cheats.”

Mr. GARCIA praised the efforts and cooperation of the Federal Bureau of Investigation, the New York State Department of Health Office of the Medicaid Inspector General, and the City of New York Human Resources Administration Bureau of Fraud Investigation.

Assistant United States Attorney William J. Harrington is in charge of the prosecution.

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

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