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FOR IMMEDIATE RELEASE
September 17, 2009

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MEDICAL DOCTOR SENTENCED IN MANHATTAN FEDERAL COURT
TO 21 MONTHS IN PRISON FOR ILLEGAL
MEDICAID KICKBACK SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that MUHAMMAD EJAZ AHMAD was sentenced today to 21 months in prison and ordered to forfeit over \$1.7 million for his role in a scheme to pay illegal kickbacks to Medicaid recipients. The sentence was imposed in Manhattan federal court by United States District Judge JOHN G. KOELTL, who also presided over AHMAD'S guilty plea proceeding on May 22, 2008.

According to documents filed in this case and statements made during court proceedings:

MUHAMMAD EJAZ AHMAD was a physician, with an office in Brooklyn, who specialized in infectious diseases -- including the treatment of HIV-positive patients. From January 2004 to August 29, 2006, EJAZ AHMAD attracted HIV-positive Medicaid recipients by paying an illegal kickback of \$40 to patients at every visit, even though New York State only paid him \$30. The defendant then referred these patients to one of three pharmacies that he owned and controlled through his wife: Staywell Pharmacy doing business as Nash Pharmacy located in Bayside, New York; Stay Slim Pharmacy in Brooklyn, New York; and ASA Drugs doing business as Script Depot, in Rego Park, New York. Each of these pharmacies was also affiliated with one of his co-conspirators -- either his brother, MUHAMMAD NAWAZ AHMAD, or brother-in-law, MOHAMMAD TANVEER. Like EJAZ AHMAD, NAWAZ AHMAD and TANVEER also paid \$40 kickbacks to the Medicaid patients in order to retain the patients' business.

Between January 2002 and September 2006, the New York State Medicaid program paid the pharmacies at least \$2.5 million for services purportedly provided to patients to whom the defendant and his co-conspirators had paid illegal kickbacks. Most of these billings were for medications that were never ordered from legitimate wholesalers. Instead, the pharmacies

provided these Medicaid patients with lower-priced, diverted, and black-market medications or, in some cases, billed Medicaid for drugs that were never dispensed. For example, in 2005 alone, the pharmacies billed Medicaid over \$1 million in excess of what the pharmacies had ordered from their legitimate wholesale drug distributors for three costly medications. The excess profits obtained from the Medicaid program paid for the kickbacks to patients.

Judge KOELTL ordered MUHAMMAD EJAZ AHMAD, 52, of Albertson, New York, to pay \$1,783,020.06 -- the amount held in his pharmacies' bank accounts at the time of his arrest -- to the Medicaid program in restitution. The monies held in the bank accounts had been forfeited in a parallel civil action.

MUHAMMAD NAWAZ AHMAD, 41, of Floral Park, New York, pleaded guilty on May 22, 2008, to conspiring to pay illegal kickbacks to Medicaid recipients, and was sentenced by Judge KOELTL to 18 months in prison on December 14, 2008.

MOHAMMAD TANVEER, 52, of Floral Park, New York, pleaded guilty on June 10, 2008 before Judge KOELTL. His sentencing is scheduled for September 25, 2009, at 4:00 pm.

United States Attorney BHARARA thanked the Federal Bureau of Investigation for its work in the investigation and prosecution of this case, as well as the Office of the Medicaid Inspector General and the City of New York Human Resources Administration Bureau of Fraud Investigation.

Assistant United States Attorneys WILLIAM J. HARRINGTON and ANNA E. ARREOLA are in charge of the prosecution.

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