

SCJ/ABS: RAP  
F.# 2017R01146

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

**CR 17 336**

----- X

UNITED STATES OF AMERICA

INDICTMENT

**BRODIE, J.**

- against -

VADIM ALEKSEYEV,

Defendant.

Cr. No. \_\_\_\_\_

(T. 18, U.S.C., §§ 371,  
982(a)(1), 982(a)(7), 1956(h) and  
3551 et seq.; T. 21, U.S.C.,  
§ 853(p))

**ORENSTEIN, M.J.**

FILED  
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2017 JUN 27 PM 1:24  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. Background

A. The Medicare and Medicaid Programs

1. The Medicare program (“Medicare”) was a federal health care program providing benefits to persons who were at least 65 years old or disabled. Medicare was administered by the Centers for Medicare and Medicaid Services (“CMS”), a federal agency under the United States Department of Health and Human Services. Individuals who received benefits under Medicare were referred to as Medicare “beneficiaries.”

2. The New York State Medicaid program (“Medicaid”) was a federal and state health care program providing benefits to individuals and families who met specified financial and other eligibility requirements, and certain other individuals who lacked

adequate resources to pay for medical care. CMS was responsible for overseeing the Medicaid program in participating states, including New York. Individuals who received benefits under Medicaid were similarly referred to as “beneficiaries.”

3. Medicare and Medicaid were “health care benefit program[s],” as defined by Title 18, United States Code, Section 24(b).

4. Medicare was divided into multiple parts. Medicare Part B covered the costs of physicians’ services and outpatient care, such as physical therapy, occupational therapy and diagnostic tests. Generally, Medicare Part B covered these costs only if, among other requirements, they were medically necessary and ordered by a physician.

5. Medicaid covered the costs of medical services and products ranging from routine preventive medical care for children to institutional care for the elderly and disabled. Among the specific medical services and products provided by Medicaid were physical therapy, occupational therapy and diagnostic tests. Generally, Medicaid covered these costs only if, among other requirements, they were medically necessary and ordered by a physician.

6. Medical providers and suppliers that sought to participate in Medicare Part B and Medicaid and to bill Medicare and Medicaid for the cost of their treatment of Medicare and Medicaid beneficiaries and related benefits, items and services were required to apply for and receive a provider identification number (“PIN”) or provider transaction access number (“PTAN”) from each program. The PIN/PTAN allowed medical providers and suppliers to submit bills, known as claims, to Medicare and Medicaid, respectively, to obtain reimbursement for the cost of treatment and related health care benefits, items and services that they had supplied and provided to beneficiaries.

7. Medical providers and suppliers were authorized to submit claims to Medicare and Medicaid only for services they actually rendered and items they actually provided, and were required to maintain patient records verifying the provision of services and items.

8. To receive reimbursement from Medicare for covered services and items, medical providers were required to submit claims, either electronically or in writing, through Forms CMS-1500 or Forms UB-92. To receive reimbursement from Medicaid for covered services and items, medical providers were required to submit claims, either electronically or in writing, through the New York State eMedNY-150003 Claim Forms. Each claim form required certain important information, including (a) the beneficiary's name and identification number; (b) the PIN/PTAN of the doctor or other qualified health care provider who ordered the health care benefit, item or service that was the subject of the claim; (c) the health care benefit, item or service that was provided or supplied to the beneficiary; (d) the billing codes for the benefit, item or service; and (e) the date upon which the benefit, item or service was provided or supplied to the beneficiary. By submitting the claim, the provider was certifying, among other things, that the items and services were not induced by kickbacks, were rendered to the beneficiary and were medically necessary.

B. Relevant Entities and Persons

(1) The Medical Clinics and Related Individuals and Entities

9. Ideal Health PT, P.C. ("Ideal Health") was a New York State corporation located at 2263 E. 15th Street, Brooklyn, NY 11229, 2365 E. 13th Street, Brooklyn, NY 11229, and other locations. Ideal Health purported to provide physical therapy services to Medicare and Medicaid beneficiaries.

10. Co-conspirator Eduard Noykhovich was a licensed physical therapist authorized to participate in the Medicare and Medicaid programs. Noykhovich incorporated Ideal Health in approximately September 2009, and served as the President of Ideal Health from approximately September 2009 through approximately October 2015.

11. Oleg Dron Handz On Occupational Therapy, P.C. (“Handz On”) was a New York State corporation located at 1729 East 14th Street, #A, Brooklyn, NY 11229, and other locations. Handz On purported to provide occupational therapy services to Medicare and Medicaid beneficiaries.

12. Co-conspirator Oleg Dron was a licensed occupational therapist authorized to participate in the Medicare and Medicaid programs. Dron incorporated Handz On in approximately October 2006, and served as the President of Handz On from approximately October 2006 through approximately January 2014.

13. St. Pavly P.T. P.C. (“St. Pavly”) was a New York State corporation located at 1601 W. 5th Street, Brooklyn, NY 11223, and other locations. St. Pavly purported to provide physical therapy services to Medicare and Medicaid beneficiaries.

14. Co-conspirator Amgad Mikhail was a licensed physical therapist authorized to participate in the Medicare and Medicaid programs. Mikhail incorporated St. Pavly in approximately April 2008, and served as the President of St. Pavly from approximately April 2008 through approximately March 2016.

(2) The Defendant and Related Shell Companies

15. The defendant VADIM ALEKSEYEV owned and operated a number of shell companies (the “Shell Companies”) in furtherance of the scheme, including the following:

(a) BRD Group Inc., which purported to do business at 2001 Avenue P, Apt F-3, Brooklyn, NY 11230, and other locations; and

(b) Quilcom Inc., which purported to do business at 2911 Surf Avenue, Brooklyn, NY 11224, and other locations.

16. Co-conspirator Yevgeniy Sudman owned and operated another of the Shell Companies called Prime Care Medical Management, Inc. (“PCMM”), which purported to do business at 2955 Brighton 4th Street, Brooklyn, NY 11235, and other locations. Sudman used bank accounts opened in the name of PCMM to assist the defendant VADIM ALEKSEYEV and his co-conspirators in furthering the criminal scheme set forth below.

17. Another participant in the scheme, Participant 1, an individual whose identity is known to the Grand Jury, used bank accounts opened in the name of another of the Shell Companies, Company 1, an entity the name of which is known to the Grand Jury, to assist the defendant VADIM ALEKSEYEV and his co-conspirators in furthering the criminal scheme set forth below.

18. The defendant VADIM ALEKSEYEV, together with others, controlled and operated the Shell Companies, and used bank accounts opened in the names of the Shell Companies, to further the criminal schemes set forth below.

II. The Money Laundering and Kickback Conspiracies

19. Between approximately October 2012 and March 2016, the defendant VADIM ALEKSEYEV, together with others, agreed to execute and executed a scheme to enrich himself and his co-conspirators as follows: (a) they referred beneficiaries to Ideal Health, Handz On, St. Pavly and other medical clinics in return for illegal kickback payments; (b) they paid illegal kickbacks to ambulette drivers and others in return for providing beneficiaries to Ideal Health, Handz On, St. Pavly and other medical clinics; and (c) they artificially and corruptly increased demand for medical services by making and causing to be made cash payments to Medicare and Medicaid beneficiaries to induce those beneficiaries to subject themselves to medically unnecessary services, including physical and occupational therapy, performed by Noykhovich, Dron, Mikhail and others.

20. Specifically, and in part, the defendant VADIM ALEKSEYEV, together with others, submitted and caused to be submitted to Medicare and Medicaid claims for services, including physical and occupational therapy, that they knew were induced by cash payments to beneficiaries and were not medically necessary. In order to receive payment for these claims, Noykhovich, Dron, Mikhail and others submitted and caused the submission of paperwork that permitted them to receive electronic deposits from Medicare and Medicaid into bank accounts under their control.

21. The defendant VADIM ALEKSEYEV, together with others, including Sudman and Participant 1, established and controlled the Shell Companies, which were purportedly in the business of providing consulting, advertising, marketing, medical support and other commercial services. In reality, the Shell Companies provided only superficial staffing and business support services, and were primarily used to conceal the nature of the

kickback payments to ALEKSEYEV and his co-conspirators and to generate cash to pay the kickbacks to ambulette drivers, beneficiaries and others.

22. Upon receiving payments from Medicare and Medicaid, Noykhovich, Dron, Mikhail and others transferred most of the proceeds of this scheme to the defendant VADIM ALEKSEYEV and his co-conspirators with checks made payable to various Shell Companies. These payments were made in return for the referral of beneficiaries to Ideal Health, Handz On, St. Pavly and other medical clinics. On behalf of the referred beneficiaries, Noykhovich, Dron, Mikhail and others submitted claims for services that were subsequently paid for, in whole and in part, by Medicare and Medicaid.

23. The defendant VADIM ALEKSEYEV, together with others, also transferred funds among the Shell Companies' bank accounts using checks. These intercompany transfers were designed, in whole and part, to further disguise the nature, location, source, ownership and control of the proceeds generated by the scheme.

24. The defendant VADIM ALEKSEYEV, together with others, converted many of the checks written to the Shell Companies into cash through a series of transactions that included, among other steps, cashing checks at check-cashing businesses. These cash transactions were designed, in whole and part, to disguise the nature, location, source, ownership and control of the proceeds generated by the scheme.

25. In order to conceal these cash transactions, the defendant VADIM ALEKSEYEV did not report the checks and the cash he received from the check-cashing business on the tax returns of the Shell Companies.

26. The defendant VADIM ALEKSEYEV, together with others, fabricated and caused to be fabricated invoices falsely stating that the checks written to the Shell

Companies were fees for management and other business services, when, in fact, as ALEKSEYEV then and there well knew and believed, these payments were made, in whole and part, (1) to enrich the defendant and his co-conspirators through the receipt of illegal kickbacks for the referral of beneficiaries, and (2) to generate cash to pay illegal kickbacks to ambulance drivers, beneficiaries and others. These false invoices were designed, in whole and part, to further conceal the nature, location, source, ownership and control of the proceeds of the scheme.

27. Between approximately February 2010 and December 2014, Ideal Health submitted approximately \$20.2 million in claims to Medicare and Medicaid, and was paid approximately \$5.6 million in connection with those claims.

28. Between approximately January 2011 and January 2014, Handz On submitted approximately \$11.3 million in claims to Medicare and Medicaid, and was paid approximately \$3.8 million in connection with those claims.

29. Between approximately June 2011 and March 2016, St. Pavly submitted more than \$8.7 million in claims to Medicare and Medicaid, and was paid approximately than \$2.2 million in connection with those claims.

### III. The Tax Fraud Conspiracy

30. The Internal Revenue Service (“IRS”), an agency within the U.S. Department of the Treasury, was responsible for administering and enforcing federal revenue laws and regulations regarding the ascertainment, computation, assessment and collection of taxes owed to the United States by its citizens and residents.

31. In order to accurately assess and collect taxes, the IRS, among other things, determined taxpayers’ actual income, credits and deductions. To accomplish this

mission, the IRS used, among other means, tax returns filed pursuant to the tax laws and regulations of the United States. In general, domestic corporations in existence for any part of a tax year filed an income tax return for that year to report taxable income.

32. For the Shell Companies that the defendant VADIM ALEKSEYEV controlled, he was required to file with the IRS a United States Corporation Income Tax Return, Form 1120 (“Form 1120”) to report the companies’ gross receipts, income, gains, losses, deductions, credits and income tax liabilities.

33. The defendant VADIM ALEKSEYEV concealed his check-cashing transactions and failed to report the checks and the cash he received as gross receipts on the Forms 1120 filed on behalf of the Shell Companies that he controlled.

34. The concealment of these check-cashing transactions by the defendant VADIM ALEKSEYEV resulted in the under-reporting of taxable income on the Forms 1120 filed on behalf of ALEKSEYEV for BRD Group Inc. and Quilcom Inc. for the years 2012 and 2013, which rendered those Forms 1120 false.

COUNT ONE  
(Money Laundering Conspiracy)

35. The allegations contained in paragraphs one through 29 are realleged and incorporated as if fully set forth in this paragraph.

36. In or about and between October 2012 and March 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant VADIM ALEKSEYEV, together with others, did knowingly and intentionally conspire to conduct one or more financial transactions in and affecting interstate commerce, to wit: deposits, withdrawals and transfers of funds and monetary instruments, which

transactions in fact involved the proceeds of one or more specified unlawful activities, to wit:

(a) wire fraud, health care fraud and conspiracy to commit wire fraud and health care fraud, in violation of Title 18, United States Code, Sections 1343, 1347 and 1349, respectively, and

(b) receiving health care kickbacks, paying health care kickbacks, and conspiracy to receive and pay health care kickbacks, in violation of Title 42, United States Code, Section 1320a-7b(b)(1), Title 42, United States Code, Section 1320a-7b(b)(2), and Title 18, United States Code, Section 371, respectively, knowing that the property involved in such financial transactions represented the proceeds of some form of unlawful activity, and knowing that such financial transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of one or more of the specified unlawful activities, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

COUNT TWO

(Conspiracy to Receive and Pay Health Care Kickbacks)

37. The allegations contained in paragraphs one through 29 are realleged and incorporated as if fully set forth in this paragraph.

38. In or about and between October 2012 and March 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant VADIM ALEKSEYEV, together with others, did knowingly and willfully conspire: (1) to solicit and receive kickbacks, directly and indirectly, overtly and covertly, in return for referring Medicare and Medicaid beneficiaries to persons at Ideal Health, Handz On, St. Pavly and other medical clinics for the furnishing of and arranging for the furnishing

of items and services for which payment may be made in whole and in part under Medicare and Medicaid, contrary to Title 42, United States Code, Section 1320a-7b(b)(1); and (2) to offer and pay kickbacks, directly and indirectly, overtly and covertly, to persons to induce such persons to refer Medicare and Medicaid beneficiaries to persons at Ideal Health, Handz On, St. Pavly and other medical clinics for the furnishing of and arranging for the furnishing of items and services for which payment may be made in whole and in part under Medicare and Medicaid, contrary to Title 42, United States Code, Section 1320a-7b(b)(2).

39. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendant VADIM ALEKSEYEV, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

(a) On or about March 27, 2013, ALEKSEYEV cashed check number 1876 in the approximate amount of \$3,000 payable to Quilcom Inc. and drawn on an HSBC bank account with a number ending in 7892 held in the name of St. Pavly P.T. P.C.; and

(b) On or about March 27, 2013, ALEKSEYEV cashed check number 1294 in the approximate amount of \$4,000 payable to Quilcom Inc. and drawn on a Citibank bank account with a number ending in 1998 held in the name of Company 1.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT THREE

(Conspiracy to Defraud by Obstructing the Lawful Functions  
of the Internal Revenue Service)

40. The allegations contained in paragraphs one through 34 are realleged and incorporated as if fully set forth in this paragraph.

41. In or about and between October 2012 and March 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant VADIM ALEKSEYEV, together with others, did knowingly and willfully conspire to defraud the United States by impairing, impeding, obstructing and defeating, through deceitful and dishonest means, the lawful government functions of the IRS, an agency and department of the United States, in the ascertainment, computation, assessment and collection of revenue, to wit: income taxes.

MANNER AND MEANS

42. The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

- (a) receiving checks made payable to BRD Group and Quilcom, which were controlled by the defendant VADIM ALEKSEYEV;
- (b) cashing these checks at check-cashing businesses and distributing the cash to pay health care kickbacks, among other uses;
- (c) failing to report the checks and the cash the defendant VADIM ALEKSEYEV received from the check-cashing businesses on Forms 1120 for BRD Group Inc. and Quilcom Inc.; and
- (d) under-reporting taxable income on Forms 1120 filed on behalf of the defendant VADIM ALEKSEYEV for BRD Group Inc. and Quilcom Inc.

43. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendant VADIM ALEKSEYEV, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

(a) On or about December 16, 2013, ALEKSEYEV filed and caused to be filed a Form 1120 on behalf of BRD Group Inc. for the year 2012, which tax return under-reported the gross receipts of BRD Group Inc.; and

(b) On or about December 16, 2013, ALEKSEYEV filed and caused to be filed a Form 1120 on behalf of Quilcom Inc. for the year 2012, which tax return under-reported the gross receipts of Quilcom Inc.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION  
AS TO COUNT ONE

44. The United States hereby gives notice to the defendant that, upon his conviction of the offense charged in Count One, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offense to forfeit any property, real and personal, involved in such offense, or any property traceable to such property.

45. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 982(a)(1); Title 21, United States Code, Section 853(p))

CRIMINAL FORFEITURE ALLEGATION  
AS TO COUNT TWO

46. The United States hereby gives notice to the defendant that, upon his conviction of the offense charged in Count Two, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(7), which requires any person convicted of such offense to forfeit any property, real or personal, which constitutes or is derived directly or indirectly from gross proceeds traceable to such offense.

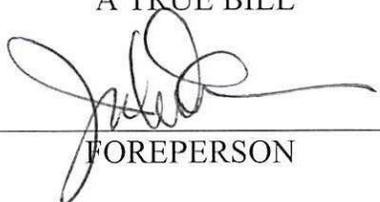
47. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

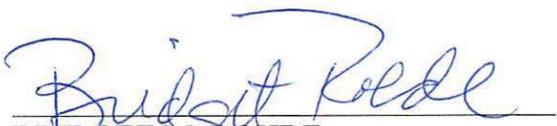
it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 982(a)(7); Title 21, United States Code, Section 853(p))

A TRUE BILL



FOREPERSON



BRIDGET M. ROHDE  
ACTING UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK



SANDRA MOSER  
ACTING CHIEF, FRAUD SECTION  
CRIMINAL DIVISION  
U.S. DEPARTMENT OF JUSTICE

F. #2017R01146  
FORM DBD-34  
JUN. 85

No.

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**UNITED STATES DISTRICT COURT**

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

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THE UNITED STATES OF AMERICA

vs.

VADIM ALEKSEYEV,

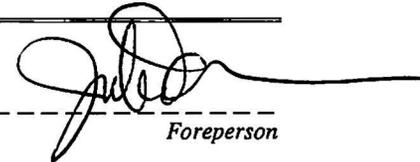
Defendant.

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**INDICTMENT**

(T. 18, U.S.C. §§ 371, 982(a)(1), 982(a)(7), 1956(h) and 3551 et seq.;  
T. 21, U.S.C. § 853(p))

*A true bill.*



Foreperson

Filed in open court this \_\_\_\_\_ day,

of \_\_\_\_\_ A.D. 20 \_\_\_\_\_

\_\_\_\_\_  
Clerk

Bail, \$ \_\_\_\_\_

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*Sarah A. Wilson, Trial Attorney (718) 254-6366*

CR 17

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FILED  
CLERK

2017 JUN 27 PM 1:25

U.S. DISTRICT COURT  
EASTERN DISTRICT  
OF NEW YORK

INFORMATION SHEET

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

1. Title of Case: United States v. Vadim Alekseyev

2. Related Magistrate Docket Number(s): \_\_\_\_\_

3. Arrest Date: Click here to enter a date.

BRODIE, J.

4. Nature of offense(s):  Felony  
 Misdemeanor

ORENSTEIN, M.J.

5. Related Cases - Title and Docket No(s). (Pursuant to Rule 50.3.2 of the Local E.D.N.Y. Division of Business Rules): U.S. v. Pikus, et al (16-CR-329)

6. Projected Length of Trial: Less than 6 weeks   
More than 6 weeks

7. County in which crime was allegedly committed: Kings  
(Pursuant to Rule 50.1(d) of the Local E.D.N.Y. Division of Business Rules)

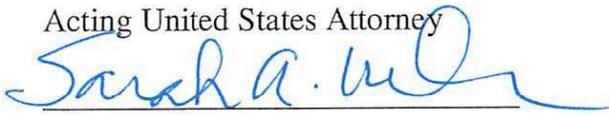
8. Was any aspect of the investigation, inquiry and prosecution giving rise to the case pending or initiated before March 10, 2012.<sup>1</sup>  Yes  No

9. Has this indictment/information been ordered sealed?  Yes  No

10. Have arrest warrants been ordered?  Yes  No

11. Is there a capital count included in the indictment?  Yes  No

BRIDGET M. ROHDE  
Acting United States Attorney

By: 

Sarah A. Wilson  
Trial Attorney  
(718) 254-6366

<sup>1</sup> Judge Brodie will not accept cases that were initiated before March 10, 2012.

CR 17 336

INDICTMENT SEALING FORM

BRODIE, J.

Case name: United States v. VADIM ALEKSEYEV

ORENSTEIN, M.J.

Reason for Sealing:

The defendant is currently at liberty, and the government plans to effectuate the arrest in the coming weeks. The government seeks to seal the indictment to ensure that the defendant does not learn that he is under indictment and to prevent him from fleeing justice to avoid arrest and prosecution. The indictment has been returned well within the applicable statute of limitations and sealing is not requested simply to toll the statute.

By: 

Date: June 27, 2017

Sarah A. Wilson  
Trial Attorney  
United States Department of Justice  
Criminal Division, Fraud Section  
271 Cadman Plaza East  
Brooklyn, New York 11201

FILED  
CLERK

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U.S. DISTRICT COURT  
EASTERN DISTRICT  
OF NEW YORK