

14 MAG 0373

Approved: Daniel Richenthal
DANIEL C. RICHENTHAL
Assistant United States Attorney

Before: THE HONORABLE DEBRA FREEMAN
United States Magistrate Judge
Southern District of New York

- - - - - X
: UNITED STATES OF AMERICA : SEALED COMPLAINT
: :
: - v. - : Violations of
: 18 U.S.C. §§ 1341, 1347,
ALEXANDER KNOBEL and : and 1349
YANA MALKINA, :
: COUNTY OF OFFENSE:
Defendants. : NEW YORK
: :
- - - - - X

SOUTHERN DISTRICT OF NEW YORK, ss.:

VITALY ZUBRY, being duly sworn, deposes and says that he is a Special Agent with the United States Department of Health and Human Services ("HHS"), Office of Inspector General ("HHS-OIG"), and charges as follows:

COUNT ONE

(Conspiracy to Commit Mail Fraud and Health Care Fraud)

1. From at least in or about November 2008 up to and including at least in or about February 2014, in the Southern District of New York and elsewhere, ALEXANDER KNOBEL and YANA MALKINA, the defendants, willfully and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Sections 1341 and 1347.

2. It was a part and an object of the conspiracy that ALEXANDER KNOBEL and YANA MALKINA, the defendants, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and would and did deposit and cause to be deposited a matter

and thing to be sent and delivered by private and commercial interstate carrier, and take and receive therefrom, such matter and thing, and knowingly would and did cause such matter and thing to be delivered by mail and by such carrier according to the direction thereon and at the place at which it was directed to be delivered by the person to whom it was addressed, to wit, KNOBEL and MALKINA agreed to submit a fraudulent application and fraudulent renewals for themselves and their family to receive federally-funded public health insurance, commonly known as Medicaid, and to cause mailings to be sent in furtherance of the scheme.

3. It was a further part and an object of the conspiracy that ALEXANDER KNOBEL and YANA MALKINA, the defendants, would and did execute and attempt to execute a scheme and artifice to defraud a health care benefit program, and to obtain, by means of false and fraudulent pretenses, representations, and promises money and property owned by and under the custody and control of a health care benefit program in connection with the delivery of and payment for health care benefits, items, and services, to wit, KNOBEL and MALKINA agreed to submit a fraudulent application and fraudulent renewals for themselves and their family to receive federally-funded public health insurance, commonly known as Medicaid.

(Title 18, United States Code, Section 1349.)

COUNT TWO
(Mail Fraud)

4. From in or about November 2008 up to and including at least in or about February 2014, ALEXANDER KNOBEL and YANA MALKINA, the defendants, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, placed in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and deposited and caused to be deposited a matter and thing to be sent and delivered by private and commercial interstate carrier, and took and received therefrom, such matter and thing, and knowingly caused such matter and thing to be delivered by mail and by such carrier according to the direction thereon and at the place at which it was directed to be delivered by the person to whom it was addressed, to wit, KNOBEL and MALKINA submitted a fraudulent application and fraudulent renewals for themselves and their family to receive federally-funded public health insurance, commonly known

as Medicaid, and caused mailings to be sent in furtherance of the scheme.

(Title 18, United States Code, Sections 1341 and 2.)

COUNT THREE
(Health Care Fraud)

5. From in or about November 2008 up to and including at least in or about February 2014, ALEXANDER KNOBEL and YANA MALKINA, the defendants, executed a scheme and artifice to defraud a health care benefit program, and to obtain, by means of false and fraudulent pretenses, representations, and promises money and property owned by and under the custody and control of a health care benefit program in connection with the delivery of and payment for health care benefits, items, and services, KNOBEL and MALKINA submitted a fraudulent application and fraudulent renewals for themselves and their family to receive federally-funded public health insurance, commonly known as Medicaid.

(Title 18, United States Code, Sections 1347 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

6. I am a Special Agent with HHS-OIG and have been employed by HHS-OIG since 2011. I have participated in the investigation of this matter, and I am familiar with the information contained in this affidavit based on my own personal participation in the investigation, my review of documents, recordings, and conversations that I have had with other law enforcement agents and other individuals. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents, and the actions and statements of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Background

7. Based on my training and experience, my review of documents, and my conversations with others, I have learned the following:

a. Various publicly-funded health insurance plans are available to low-income individuals and their children in New York State and elsewhere. These plans include, among others, Medicaid, a health insurance program for low-income adults and children; and Family Health Plus, a health insurance program for lower-income adults who are not eligible for standard Medicaid ("Medicaid") because they have higher incomes than those eligible for Medicaid, but whose incomes are still below or near the federal poverty level, and who do not have private insurance. Family Health Plus, Medicaid, and other similar publicly-funded health insurance plans (collectively, "public health insurance") fall within what is commonly referred to as the Medicaid Program, a health care benefit program as defined in Title 18, United States Code, Section 24(b).

b. While the Medicaid Program is largely federally-funded, it is administered by the states.

c. The New York State Department of Health (the "NY DOH") administers the Medicaid Program in New York State. HHS provides more than \$1 billion annually to the NY DOH to fund and/or reimburse the costs of the Medicaid Program.

d. Local departments of social services within New York State process applications for health insurance plans falling within the Medicaid Program and monitor the provision of plans at the local level.

e. In New York City, the department that administers the Medicaid Program is the Human Resources Administration ("HRA"), which is an agency of the City of New York. HRA processes applications for health insurance plans falling within the Medicaid Program in its office in New York, New York, and acts on behalf of NY DOH.

f. New York State offers potential applicants health insurance plans falling within the Medicaid Program the ability to sign up for such plans not only with a local department of social services, but also through what is known as the Facilitated Enrollment Program ("FEP"). Under the FEP, the NY DOH enters into contracts with companies or organizations offering health insurance

plans, such as a managed care plan, which are funded through the Medicaid Program, but are administered and branded privately by the company or organization offering the plan (the "Plan Organization"). In order to qualify for such plans, an individual must meet certain requirements, just as the individual would were he or she applying directly through a local department of social services. These requirements include those regarding income, residence, and immigration status.

g. A Plan Organization employs individuals, generally referred to as "Facilitated Enrollers," whose job is to provide application assistance to individuals applying for health insurance plans funded through the Medicaid Program, including screening individuals, collecting required documentation, and certifying that original documentation of eligibility has been provided.

h. Once a Facilitated Enroller processes an application, it is transmitted to the Plan Organization, and then to the pertinent local department of social services for final approval, in this case, HRA's office in New York, New York.

i. A Plan Organization receives money from NY DOH for administering a health insurance plan on an individual by individual basis, that is, the Plan Organization receives additional funds from NY DOH for each individual added to the Plan Organization's health insurance plan. In addition, the Plan Organization receives funds from NY DOH for certain health services utilized by members of the Plan Organization's plan.

j. Once an individual is approved by the local department of social services, the individual must renew his or her eligibility annually, certifying in writing that he or she continues to qualify. The annual renewal is generally processed through the mail by the local department of social services, such as HRA.

Summary of the Scheme

8. As set forth below, investigation has revealed that starting in or about November 2008, ALEXANDER KNOBEL, an employee of the United States Postal Service, and his wife, YANA MALKINA, the defendants, repeatedly submitted fraudulent documents to obtain and continue to receive public health insurance for themselves and their family, thereby defrauding the Medicaid Program, and causing resources designed for low-income individuals to be diverted to themselves.

The Defendants' Employment, Income, and Real Property

9. Based on my review of documents, and my conversations with a law enforcement agent with the United States Postal Service ("USPS"), Office of Inspector General ("USPS-OIG"), I have learned the following, in substance and in part:

a. ALEXANDER KNOBEL, the defendant, has been employed as a letter carrier with the USPS since in or about April 2006.

b. In an Appointment Affidavit dated March 7, 2006, signed by KNOBEL, KNOBEL listed YANA MALKINA, the defendant, as his wife.

c. In 2008, KNOBEL earned approximately \$47,502; in 2009, he earned approximately \$48,483; in 2010, he earned approximately \$59,040; in 2011, he earned approximately \$68,846; in 2012, he earned approximately \$67,269; and in 2013, he earned approximately \$63,738.

10. Based on my review of records of the City of New York, Office of the City Clerk, obtained in or about June 2013, I have learned that ALEXANDER KNOBEL and YANA MALKINA, the defendants, were married in or about September 2001.

11. Based on my review of a mortgage application dated on July 15, 2010, signed by both ALEXANDER KNOBEL and YANA MALKINA, the defendants, in which the defendants applied for a \$320,000 loan to purchase a residence in Brooklyn, New York (the "2010 Residence"), I have learned that the defendants indicated that they were married; MALKINA had worked as a home attendant for a particular company ("Company-1") for more than eleven years, and earned approximately \$1800 a month; and KNOBEL had worked for the USPS for more than four years, and earned approximately \$4300 a month.

12. Based on my review of real estate documents, I have learned that ALEXANDER KNOBEL and YANA MALKINA, the defendants, purchased the 2010 Residence in or about summer 2010 for \$445,000.

13. Based on my review of a sample of direct deposit receipts from September 2009 and September 2010, I have learned that YANA MALKINA, the defendant, earned approximately \$500 every two weeks in 2009 and 2010 working for Company-1.

14. Based on my review of records of the New York State Department of Labor, I have learned that, starting in or about early 2011, up to and including in or about the middle of 2013, that YANA MALKINA, the defendant, was employed both by Company-1 and a second company ("Company-2"), and earned, on average, approximately \$2300 monthly in 2011 and approximately \$2700 monthly in 2012.

15. Based on my training and experience, and my conversations with HRA, the amount of money earned by ALEXANDER KNOBEL, the defendant, alone, in each of years 2008 through 2013 disqualified him, and any member of his household, from receiving public health insurance.

The Defendants' Fraudulent Application for Public Health Insurance

16. Based on my conversations with a law enforcement agent with USPS-OIG, and my review of materials provided by this agent, I have learned that at all periods of his employment with the USPS, ALEXANDER KNOBEL, the defendant, has had the opportunity to receive health insurance through the USPS, either for himself alone, or for himself and one or more family members. I have further learned that KNOBEL declined to receive such insurance when he joined the USPS, and thereafter elected to receive such insurance, for himself alone, but not his wife, defendant YANA MALINKA, or their children, between 2009 and 2010; then canceled the coverage; and then elected to receive such insurance again, for himself alone, but not his wife, defendant YANA MALINKA, or their children, starting in or about January 2014.

17. Based on my review of documents supplied by HRA and my conversations with HRA, I have learned the following, in substance and in part:

a. In an application dated November 11, 2008 (the "Application"), ALEXANDER KNOBEL and YANA MALKINA, the defendants, applied for public health insurance for themselves and their two children, who all resided at the same address.

b. In response to the question on the Application, "Does your employer offer health insurance," the "No" box was checked.

c. In response to questions on the Application regarding household income, KNOBEL and MALKINA listed no income. Instead, following a question that asked, "If no income, please

explain," was written "Family support[ed] by wife (living off cash savings (\$18,000))."

d. KNOBEL and MALKINA signed the final page of the Application, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best I know."

e. The Application was supported by two Declarations of No Income, each dated November 22, 2008, and each signed by KNOBEL and MALKINA, respectively, following a statement that read "I certify that I have no other way to document the above information and that all of the above information is true and correct." The Declaration of No Income signed by KNOBEL stated that KNOBEL was "Living off of cash savings (\$18,000)." The Declaration of No Income signed by MALKINA stated "I'm not working [and] am living off of cash savings (\$18,000)."

f. The Application was mailed to HRA's office in New York, New York, and was received by HRA on or about December 1, 2008.

g. Based on the Application, KNOBEL, MALKINA, and their two children were approved to receive public health insurance.

18. I have reviewed a photocopy of the passport of each of ALEXANDER KNOBEL and YANA MALKINA, the defendants, each of which contains a signature. The signature on each of these passports matches the signature for KNOBEL and MALKINA on the Application and on the Declarations of No Income.

19. I have reviewed the Health Benefits Election Form, dated November 27, 2010, in which ALEXANDER KNOBEL, the defendant, informed the USPS that he was electing to cancel the health insurance he was then receiving for himself through the USPS. This form asked, among other things, "Do you, your spouse or any other eligible family members have any group health insurance coverage other than the [Federal Employees Health Benefits Program] in which you are enrolling or enrolled?" KNOBEL checked "No."

The Defendants' Fraudulent Renewals for Public Health Insurance

20. Based on my review of the document, and my conversations with HRA, I have learned that in a document dated September 18, 2009 (the "2009 Renewal"), ALEXANDER KNOBEL and YANA MALKINA, the defendants, certified that they and their children

continued to qualify to receive public health insurance.¹ The 2009 Renewal stated that MALKINA earned \$664.35 biweekly. No income was listed for KNOBEL. KNOBEL and MALKINA signed the final page of the 2009 Renewal, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best as I know." The 2009 Renewal was mailed to HRA's office in New York, New York.

21. Based on my review of the document, and my conversations with HRA, I have learned that in a document dated October 1, 2010 (the "2010 Renewal"), ALEXANDER KNOBEL and YANA MALKINA, the defendants, certified that they and their children continued to qualify to receive public health insurance. The 2010 Renewal stated that MALKINA earned \$684.95 biweekly. No income was listed for KNOBEL. In response to a question asking for all "resources," including "real estate/real property," was written "N/A." In response to a question asking whether "anyone on this case ha[s] a spouse or parent who can provide health insurance for them," a box was checked stating "No." In response to a question asking whether "you own or co-own your home," a box was checked stating "No." KNOBEL and MALKINA signed the final page of the 2010 Renewal, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best as I know." The 2010 Renewal was mailed to a USPS Post Office Box ("P.O. Box") in Brooklyn, New York maintained on behalf of HRA.

22. Based on my review of the document, and my conversations with HRA, I have learned that in a document dated October 14, 2011 (the "2011 Renewal"), ALEXANDER KNOBEL and YANA MALKINA, the defendants, certified that they and their children continued to qualify to receive public health insurance. The 2011 Renewal stated that MALKINA earned \$629.59 biweekly working for Company-1. It did not disclose any income from Company-2. No income was listed for KNOBEL. No answer was given in response to a question asking for all "resources," including "real estate/real property." In response to a question asking whether "anyone on this case ha[s] a spouse or parent who can provide health insurance for them," a box was checked stating "No." In response to a question asking whether "you own or co-own your home," a box was checked

¹ This document is written in Russian, a language in which I am a fluent speaker but not a fluent reader or writer. I have reviewed the contents of the 2009 Renewal with a New York State, Office of Medicaid Inspector General, investigator who is fluent in reading Russian. All of the other documents discussed herein are written in English.

stating "No." KNOBEL and MALKINA signed the final page of the 2011 Renewal, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best as I know." The 2011 Renewal was mailed to a P.O. Box in Brooklyn, New York maintained on behalf of HRA.

23. Based on my review of the document, and my conversations with HRA, I have learned that in a document dated November 2, 2012 (the "2012 Renewal"), ALEXANDER KNOBEL and YANA MALKINA, the defendants, certified that they and their children continued to qualify to receive public health insurance. The 2012 Renewal stated that MALKINA earned \$630 biweekly working for Company-2. It did not disclose any income from Company-1. The 2012 Renewal asserted that KNOBEL did not earn any income; his name was written next to a line asking for adults in the household who have "no income." In response to a question asking whether "anyone on this case ha[s] a spouse or parent who can provide health insurance for them," a box was checked stating "No." KNOBEL and MALKINA signed the final page of the 2012 Renewal, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best as I know." The 2012 Renewal was mailed to a P.O. Box in Brooklyn, New York maintained on behalf of HRA.

24. Based on my review of the document, and my conversations with HRA, I have learned that in a document dated October 15, 2013 (the "2013 Renewal"), YANA MALKINA, the defendant, certified that she and her children continued to qualify for public health insurance. In the 2013 Renewal, MALKINA stated that her husband, ALEXANDER KNOBEL, the defendant, "l[i]ves separate," and accordingly indicated that KNOBEL did not contribute to her household's income. In the 2013 Renewal, MALKINA answered "no" in response to a question asking whether anyone seeking to continue to receive public health insurance had a spouse or parent who can provide health insurance for others in the household, but does not. MALKINA signed the final page of the 2013 Renewal, following a statement that read "I certify under penalty of perjury that everything on this application is the truth as best as I know." The 2013 Renewal was mailed to a P.O. Box in Brooklyn, New York maintained on behalf of HRA.

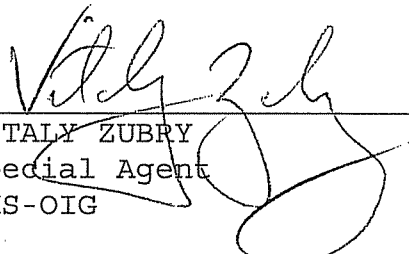
25. Based on my review of the documents, I have learned that each of 2009, 2010, 2011, 2012, and 2013 Renewals listed the 2010 Residence as the home address of ALEXANDER KNOBEL and YANA MALKINA, the defendants.

26. Based on my review of documents maintained by the USPS, I have learned that, in electing to receive health insurance through USPS, for himself alone, in December 2013, ALEXANDER KNOBEL, the defendant, listed the 2010 Residence as his home address, indicated that he was married, and answered "no" in response to a question asking if he was covered by any insurance other than Medicare.

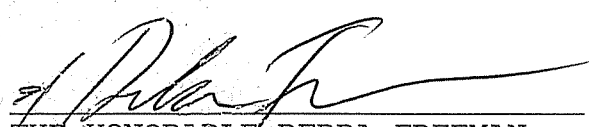
The Approximate Loss Caused by the Defendants to Date

27. Based on my review of documents provided by HRA, I have learned that nearly \$100,000 in claims have been paid by public health insurance for medical services used by ALEXANDER KNOBEL and YANA MALKINA, the defendants, and their children, between in or about November 2008 and in or about mid-January 2014.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrest of ALEXANDER KNOBEL and YANA MALKINA, the defendants, and that they be imprisoned, or bailed, as the case may be.


VITALY ZUBRY
Special Agent
HHS-OIG

Sworn to before me this
25th day of February, 2014


THE HONORABLE DEBRA FREEMAN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK