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PRESS RELEASE

For Immediate Release

October 13, 2010

MEMBERS OF ORGANIZED CRIME ENTERPRISE CHARGED WITH FEDERAL HEALTH CARE FRAUD OFFENSES

ALBUQUERQUE – United States Attorney Kenneth J. Gonzales announced that two indictments charging seven foreign nationals with numerous felony offenses involving healthcare fraud were unsealed on October 12, 2010 by the United States District Court for the District of New Mexico. The investigations leading to these charges are part of a nationwide coordinated strike aimed at dismantling an Armenian-American organized crime enterprise based in New York, NY and Los Angeles, CA that was responsible for sophisticated Medicare fraud and money laundering operations in the United States, including New Mexico, and abroad. More than 70 defendants have been charged in New York, New Mexico, Georgia, Ohio and California with submitting fraudulent claims totaling more than \$163 million to Medicare in the largest Medicare fraud scheme ever perpetrated by a single criminal enterprise and charged by the Department of Justice. According to information contained in the indictments charging the defendants, members and associates of the enterprise allegedly operated at least 118 phony clinics in 25 states and used the stolen identities of doctors and thousands of Medicare beneficiaries to perpetuate their fraudulent Medicare scheme.

In New Mexico, federal charges have been filed in two separate cases against those involved in the frauds connected to New Mexico. The indictment filed in *United States v. Petroysan, et al.*, Criminal No. 10-2320, charges six defendants: (1) **Rita Petroysan**, 55, an Armenian national; (2) **Igor Ostronin**, 22, a Ukrainian national; (3) **Sergei Ivanov**, 25, a Russian national; (4) **Artur Nabyev**, 23, a Kazakh national; (5) **Yvgeny Grinev**, 24, a Russian national; and (6) **Tatiana Bolshakova**, 22, a Russian national. The indictment filed in *United States v. Gasparian*, Criminal No. 10-2319, charges **Khoren Gasparian**, 27, an Armenian national. These seven defendants are charged with submitting fraudulent claims totaling more than \$2,159,000.00 to Medicare, and unlawfully receiving more than \$848,000.00 in Medicare payments. To date, none of the defendants charged in the New Mexico cases have been arrested and they are considered fugitives.

United States v. Petroysan, et al., Crim. No. 10-2320. The indictment in this case generally alleges that, from November 2008 through September 2009, Petroysan executed a scheme to defraud Medicare and other healthcare benefit programs, and that she and her five co-defendants participated in conspiracy to launder the proceeds of that unlawful scheme. More specifically, the indictment alleges that Petroysan owned and operated Rio Bravo Medical Supply, Inc. (RBMS), a phony medical durable equipment supplier located at 1515 Eubank Blvd. in Albuquerque, NM, and used that business to facilitate her unlawful healthcare fraud scheme. The indictment alleges that, between December 2008 and September 2009, RBMS submitted 838 false claims totaling \$1,311,465.00 to Medicare and received a total of \$578,302.19 in Medicare payments based on those false claims. It also alleges that Petroysan and her five co-defendants conspired to conceal the unlawful nature of the proceeds of Petroysan's unlawful scheme and distribute the proceeds through a series of financial transactions.

Petroysan Indictment – Summary of Charges

Count 1: 18 U.S.C. § 1349 – Healthcare Fraud. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine (Petroysan).

Counts 2-29: 18 U.S.C. § 1341 – Mail Fraud. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine (Petroysan).

Count 30: 18 U.S.C. § 1956(h) – Money-laundering Conspiracy. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine (All Defendants).

Counts 31-40: 18 U.S.C. § 1956(a)(1) – Money-laundering. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine (Petroysan).

Counts 41-50: 18 U.S.C. § 1956(a)(1) – Money-laundering. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine (Petroysan).

Count 51: 18 U.S.C. §§ 981 and 982 – Forfeiture. Penalty: forfeiture of the gross proceeds obtained, directly or indirectly, as a result of the offense. (All Defendants).

United States v. Gasparian, Crim. No. 10-2319. The indictment in this case generally alleges that, from January 2009 through October 2009, Gasparian executed a scheme to defraud Medicare; that he engaged in wire-fraud to execute his unlawful healthcare fraud scheme and obtain the proceeds of his unlawful scheme; and that he engaged in identity-theft to facilitate his unlawful scheme. More specifically, the indictment alleges that Gasparian secured a mailbox in the name of Healthy Steps at a UPS Store in Las Cruces, NM, and opened a bank account also in the name of Healthy Steps, identifying himself as the CFO of Healthy Steps. It further alleges that Gasparian

submitted a fraudulent Medicare enrollment application in the name of Dr. Gary L. Wood, a physician who practices in Tucson, AZ and who was unaware of and did not authorize the application. According to the indictment, Gasparian then submitted 575 fraudulent claims requesting \$847,597.00 in Medicare payments to Dr. Wood, who purportedly was doing business as Healthy Steps, and received a total of \$270,460.96 in Medicare payments based on those false claims. The unlawful proceeds were wire-transferred to the Healthy Steps bank account controlled by Gasparian.

Gasparian Indictment – Summary of Charges

Count 1: 18 U.S.C. § 1349 – Healthcare Fraud. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine.

Counts 2-31: 18 U.S.C. § 1343 – Wire Fraud. Maximum penalties: 20 years of imprisonment and \$1,000,000.00 fine.

Count 32: 18 U.S.C. § 1028A – Aggravated Identity Theft. Maximum penalties: mandatory term of two years imprisonment to run consecutive to any term of imprisonment for the underlying offense.

United States Attorney Gonzales said:

These are not victimless crimes. Our public healthcare programs are burdened with fraudulent charges, and it drives the cost of healthcare up for all of us – consumers pay more in premiums and companies pay more to cover their employees. We also cannot forget that the funds unlawfully obtained by those who engage in healthcare fraud are tax dollars that have been set aside to provide healthcare for our seniors and other vulnerable Americans. We must not let these individuals get away with stealing from the taxpayers. My Office and its law enforcement partners will continue to work together to ensure that those who engage in healthcare fraud are thoroughly investigated and aggressively prosecuted.

Janice Flores, Acting Special Agent in Charge, Defense Criminal Investigative Service, Southwest Field Office, U.S. Department of Defense said:

As the investigative arm of the Department of Defense Office of Inspector General, one of the primary missions of the Defense Criminal Investigative Service is the detection of fraud, especially the type that targets critical funding for health care for our Warfighters, their families and military retirees. This investigation, which is a big step in achieving our goal of rooting out and stopping health care fraud, is an example of what can be

accomplished through interagency cooperation and would not have been possible without the involvement of our law enforcement counterparts.

Mike Fields, Special Agent in Charge, U.S. Department of Health and Human Services, Office of Inspector General, Dallas Region, said:

Sophisticated crime rings incorporating medical identity theft into their health care fraud schemes now pose a serious threat to the Medicare and Medicaid programs. These crimes deplete government health care resources and endanger the physicians and patients whose identities have been stolen. Crime rings around the country today received a powerful message that OIG will fight to protect Medicare and Medicaid patients, health providers, and the Nation's taxpayers.

Randall C. Till, Inspector in Charge, Fort Worth Division, U.S. Postal Inspection Service, said:

Health insurance fraud, especially when it's against government programs like Medicare or Tricare, abuses the goodwill of the tax-paying public and puts a financial strain on systems designed to help those most in need of medical assistance - our seniors and the medically challenged. For over 200 years the U.S. Postal Inspection Service has been charged with ensuring the mails are free of scams against Americans, be it against consumers, businesses or the government. In these challenging financial times scams are the rise and Postal Inspectors are there to make sure these criminals are prosecuted to the fullest extent of the law.

The New Mexico cases were investigated by the Defense Criminal Investigative Service of U.S. Department of the Defense with, the Albuquerque Division of the Federal Bureau of Investigation, the Office of Inspector General of the U.S. Department of Health and Human Services, Immigration and Customs Enforcement of the U.S. Department of Homeland Security, the U.S. Postal Inspection Service, and the Social Security Administration. The cases are being prosecuted by Assistant United States Attorney George C. Kraehe.

Charges in indictments and complaints are only accusations. All criminal defendants are presumed innocent unless proven guilty beyond a reasonable doubt.