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OIFP Criminal Case Descriptions – Medicaid Fraud

**State v.
Azam Khan, et al.**

Azam Khan, owner of S Brothers Pharmacy, pled guilty on August 9, 2002, to health care claims fraud, admitting that his pharmacy defrauded the Medicaid Program of more than \$290,000 for medications that were never dispensed or dispensed to persons using another person's Medicaid recipient number. In some instances, phony bills were submitted to Medicaid for medications prescribed for Medicaid recipients who had died years earlier. Khan is scheduled to be sentenced in early 2004. Milton Barasch, the Pharmacist-in-charge of S Brothers Pharmacy, also pled guilty to health care claims fraud on May 19, 2003 and is scheduled to be sentenced in early 2004. Co-defendant Dr. Axat Jani, also charged in the S Brothers Pharmacy scheme, pled guilty on January 7, 2003 to health care claims fraud. Jani admitted that he had written phony prescriptions in the names of Medicaid recipients who had visited his clinic located in Newark. He further admitted that he had provided the prescriptions, along with the Medicaid beneficiary numbers, to co-defendants Shahid Khawaja and Milton Barasch for a fee. Jani is scheduled to be sentenced in early 2004. The case against Shahid Khawaja is pending trial. These matters will be referred to the Professional Licensing Boards for Medicine and Pharmacy for appropriate action with respect to the professional licenses held by the defendants.

**State v.
Seymour H. Blau**

Seymour H. Blau, a former licensed podiatrist, pled guilty on October 15, 2002, to Medicaid fraud and was sentenced on July 15, 2003 to one year probation conditioned upon paying \$5,819 in restitution to the Medicaid Program. Between September 1998 and April 2001, Blau wrote and submitted approximately 150 prescriptions for both legend drugs and controlled dangerous substances (CDS) in the names of four former patients of his who were enrolled in the Medicaid Program. The former patients never received the drugs. Blau personally obtained the drugs from the pharmacies. The fraudulently prescribed drugs, totaling over \$6,000, were billed to the Medicaid Program.

**State v.
Bennie M. Martin
and Recovery Services, Inc.**

Bennie M. Martin, a licensed professional substance abuse counselor and Recovery Services, Inc., a Medicaid provider authorized to provide drug and alcohol counseling services, were indicted on January 13, 2003 by a State Grand Jury. The indictment charged Martin with health care claims fraud, Medicaid fraud and corporate misconduct. According to the indictment, between February 2001 and September 2002, Martin fraudulently obtained the names and Medicaid recipient numbers of Medicaid recipients who were not counseled at Recovery Services, Inc. Using the recipients' names and numbers, Martin allegedly billed the Medicaid Program falsely

claiming that he had provided the counseling services to those Medicaid recipients. Allegedly, Martin and Recovery Services, Inc. fraudulently submitted claims to Medicaid totaling over \$504,000 for counseling sessions that never took place. The case is pending trial.

**State v.
Cristino Morales
and Maria Carmen Cruz**

A State Grand Jury returned an indictment charging Cristino Morales and Maria Carmen Cruz with health care claims fraud and Medicaid Fraud. According to the indictment, between May 1999 and October 1999, Morales and Cruz, the owner/operators of the New Hopes of New Jersey Clinic in Camden, billed Medicaid more than \$13,000 for mental health counseling and psychological services which were not rendered or not rendered as billed. Cruz pled guilty to Medicaid fraud and on December 5, 2003, was sentenced to three years probation conditioned upon performing 150 hours of community service. She was also debarred from participating in the Medicaid Program for a period of five years. Morales pled guilty to health care claims fraud and is scheduled to be sentenced in early 2004.

**State v.
Patrick Traynor**

As part of the OIFP Medicaid Fraud Section's investigation into the New Hopes of New Jersey Clinic, Patrick Traynor, Program Director of New Hopes of New Jersey, pled guilty to an Accusation charging him with Medicaid fraud. Traynor admitted that between March 1999 and June 1999, at the direction of the owners of New Hopes, he prepared patient progress notes for counseling sessions which never occurred. As a result, New

Hopes submitted fraudulent bills to the Medicaid Program for non-existent counseling sessions. On December 5, 2003, Traynor was sentenced to three years probation conditioned upon performing 150 hours of community service. He was also debarred from participating in the Medicaid Program for a period of five years.

**State v.
Akbar Oliver, et al.**

A State Grand Jury returned indictments charging Ifeanyi Akemelu, Kattia Bermudez, Rayonne Clark, Victor Cordero, Lenora Grant, Iris Sabree and Akbar Oliver variously with multiple counts of Medicaid fraud. The indictments alleged that the seven defendants, who were employees of Maximus, Inc., a company contracted by the State to assist with the task of enrolling eligible persons into the New Jersey Family Care Program, fraudulently obtained benefits from the New Jersey Family Care Program. The Program provides health insurance benefits to the "working poor," people who work and earn too much money for Medicaid coverage, but not enough money for privately purchased health insurance. According to the indictments, the defendants obtained benefits by providing false information about income or dependents on their applications for the Program. The indictments also alleged that Akemelu and Oliver assisted others in preparing false applications for the Program. Rayonne Clark pled guilty to Medicaid fraud and on February 21, 2003, Clark was sentenced to two years probation conditioned upon completing 100 hours community service and paying a \$250 fine. The cases against the six remaining defendants resulted in Pre-Trial Intervention (PTI) or other probationary dispositions.



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**State v.
Paul Steffens**

Paul Steffens pled guilty to Medicaid fraud and, on February 21, 2003, he was sentenced to three years probation. Steffens was also barred from participating as a provider in the Medicaid Program. Steffens and the corporate entity known as Hudson Behavioral Treatment Center had been charged by a State Grand Jury with theft by deception, misconduct by a corporate official and Medicaid fraud. The indictment alleged that as the Executive Director of Hudson Behavioral Treatment Center, an outpatient drug and alcohol treatment center managed by Facilities Management Associates Inc. (FMA), Steffens submitted claims to the Medicaid Program for group therapy services that were not provided.

**State v.
Howard Williams, III**

On December 23, 2002, Howard Williams, III pled guilty to an Accusation charging him with health care claims fraud. Williams admitted that between March 2000 and February 2002, he obtained and filled phony prescriptions for non-narcotic drugs, including Diflucan, Viracept and Epivir, fraudulently using the names of Medicaid recipients. The investigation revealed that the Medicaid Program was billed approximately \$75,388 for the phony prescriptions filled by Williams. When Williams was arrested by officers of the West New York Police Department, he was found to have in his possession a small amount of heroin, as well as Diflucan, Viracept, and Epivir. On October 24, 2003, Williams was sentenced to four years State prison and ordered to pay restitution to the Medicaid Program in the amount of \$75,388.

**State v.
Nino Paradiso,
Singac Pharmacy, et al.**

On June 13, 2003, a State Grand Jury returned an indictment charging Nino Paradiso, a licensed pharmacist, and corporate defendant, Singac Pharmacy, which Paradiso owned and operated, with health care claims fraud and Medicaid fraud. Paradiso was also charged with misconduct by a corporate official. According to the indictment, between February 2001 and August 2001, Paradiso, through Singac Pharmacy, and Kenneth Horwitz, another licensed pharmacist, submitted approximately 103 fictitious prescription drug claims to the Medicaid Program for eight Medicaid recipients. Horwitz was employed as a licensed pharmacist at the Medical Treatment Center located at 935 Allwood Road in Clifton. The indictment further alleged that the fictitious claims were submitted based upon prescriptions that Horwitz admitted he forged. The eight Medicaid recipients were unaware of the fictitious prescriptions and fraudulent claims. Although no medicines were dispensed, Medicaid was billed approximately \$35,012. Paradiso and Singac Pharmacy are pending trial.

**State v.
Kenneth Horwitz**

On April 10, 2003, Kenneth Horwitz pled guilty to an Accusation which charged him with Medicaid fraud. Horwitz admitted that between February 2001 and August 2001, he and a co-conspirator, Nino Paradiso, submitted approximately 103 fictitious prescription drug claims to the Medicaid Program for eight Medicaid recipients. The fictitious claims were submitted based upon prescriptions that Horwitz admitted he forged. The eight Medicaid recipients were unaware of the fictitious prescriptions and fraudulent claims. Although no medicines

were dispensed to them, Medicaid was billed approximately \$35,012. Horwitz is awaiting sentencing.

**State v.
Manuprasad Parikh**

On November 12, 2003, Manuprasad Parikh, the owner of Irving Pharmacy, pled guilty to an Accusation charging him with Medicaid fraud. Parikh, through Irving Pharmacy, fraudulently billed the Medicaid Program for expensive prescriptions, namely, Serostim, used in HIV treatment. The prescription drugs, valued at approximately \$180,000, were never dispensed to Medicaid recipients. The matter was referred to the Board of Pharmacy for appropriate action with respect to Parikh's license. Parikh is scheduled for sentencing in early 2004.

**State v.
Eliezer Martinez, et al.**

A State Grand Jury returned an indictment charging Eliezer Martinez, Olga Marquez, Olga Bonett, Juanita Melendez, Jose Jimenez, Bartolo Moreno and Luz Senquiz with health care claims fraud and Medicaid fraud. Martinez owned and operated Hispanic Counseling and Family Services of New Jersey, Inc., a drug and alcohol counseling center. According to the indictment, Martinez, Marquez, Bonett, Melendez, Jimenez, Moreno and Senquiz, all counselors at the center, submitted fraudulent health care claims to the Medicaid Program seeking reimbursement for medical services provided to Medicaid recipients, when, in fact, the health care services had not been provided. Jimenez, Bonett, Senquiz and Melendez pled guilty to health care claims fraud and are awaiting sentencing. On July 25, 2003, Marquez was accepted into the Camden County Pre-Trial Intervention (PTI) Program conditioned upon completion of 50 hours of

community service and cooperation with the State in the continuing investigation of this matter.

**State v.
Harvey Lee Bellamy
and Bernice Bellamy**

A State Grand Jury returned an indictment charging Harvey Lee Bellamy and Bernice Bellamy with health care claims fraud and Medicaid fraud. Harvey Lee Bellamy was the corporate president of H&B Medical Transportation Services, Inc., (H&B), a mobility assistance patient transportation service which provides transportation to Medicaid patients to and from their medical treatment appointments. Bernice Bellamy, his wife, was in charge of the billing for H&B. According to the indictment, Harvey and Bernice Bellamy, through H&B, a licensed Medicaid provider, fraudulently billed the Medicaid Program for the use of extra crew members who purportedly provided assistance to Medicaid recipients during the vehicle transports. At trial, the State intends to prove that the extra crew members were not provided during the transports and the Bellamys fraudulently billed Medicaid for transportation services rendered to approximately 14 Medicaid patients in the approximate amount of \$22,860. On February 3, 2003, a bench warrant for Harvey Bellamy was issued as a result of his non-appearance at a scheduled status conference.

**State v.
Michael Stavitski, et al.**

On November, 10, 2003, Michael Stavitski, Wall Pharmacy, Avon Pharmacy and Belmar Pharmacy pled guilty to health care claims fraud. Stavitski's sentencing is scheduled in early 2004. A State Grand Jury indictment had charged Stavitski, a licensed pharmacist and the operator of four pharmacy corporations located in Monmouth



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County, with health care claims fraud, corporate misconduct and Medicaid fraud. Three of the four pharmacy corporations were also charged with health care claims fraud and Medicaid fraud. The pharmacies charged were Jr. Mick, Inc. d/b/a Belmar Hometown Pharmacy, 911 Main Street, Belmar, New Jersey; Stavco, Inc., d/b/a Avon Pharmacy, 300 Main Street, Avon, New Jersey; and Winky, Inc., d/b/a Wall Pharmacy, 2510 Belmar Blvd., Wall, New Jersey. These pharmacies operated as retail walk-in pharmacies and also filled prescriptions for residents of approximately 30 nursing home and assisted living facilities, as well as provided services to Medicaid and private insurance recipients. According to the indictment, between May 1996 and February 2002, Stavitski and the three pharmacies submitted numerous claims for payment which reflected that medications or refills of medications were provided to Medicaid and privately insured patients when, in fact, such medications were never provided. Additionally, in many instances, Stavitski allegedly billed for providing medications that were never prescribed by physicians.

State v.

John and Kathleen Bukowiec

John and Kathleen Bukowiec were indicted by a State Grand Jury for Medicaid fraud and filing a fraudulent New Jersey income tax form. The indictment alleged that between February 2000 and May 2002, John and Kathleen Bukowiec, husband and wife, falsely under-reported their income on applications for Medicaid benefits and misrepresented their earnings on State income tax returns. Additionally, John Bukowiec allegedly applied for and received unemployment benefits while employed.

According to the indictment, John Bukowiec was employed by Michael

Stavitski, a pharmacist separately indicted by the State Grand Jury along with Belmar Hometown Pharmacy, Avon Pharmacy and Wall Pharmacy. It was alleged that Bukowiec was being paid “off the books” by Stavitski and that income was not reported by Bukowiec to the New Jersey Medicaid program or on his taxes. On June 30, 2003, the Bukowiecs were admitted into the PTI Program conditioned upon John paying \$7,181 restitution, Kathleen paying \$5,195 restitution, and both performing 75 hours of community service.

State v.

Stephen Poggioli

As part of the OIFP’s investigation into the Stavitski matter, Stephen Poggioli pled guilty to an Accusation charging him with Medicaid fraud. Poggioli admitted that between May 1999 and February 2002, he provided kickbacks in the form of cash and over-the-counter medicine to approximately 15 nursing home and assisted living facilities. These kickbacks were provided in exchange for the facilities’ agreement to exclusively use pharmacies owned by Michael Stavitski to provide medications for the facilities’ Medicaid patients. On October 24, 2003, Poggioli was sentenced to three years probation.

State v.

Rx2000 Pharmacy

On May 7, 2003, Rx2000 Pharmacy, a Medicaid provider, pled guilty to an Accusation charging Medicaid fraud. Rx 2000 Pharmacy admitted that between January 1999 and July 1999, it submitted bills totaling approximately \$18,506 to the Medicaid Program for prescription drugs which the pharmacy never provided to Medicaid recipients. The pharmacy was ordered to pay \$22,289 in restitution to the Medicaid Program and to pay a \$1,000 fine.

**State v.
I&I Invalid Coach,
Imad Elbashir,
and Imadelin A. Khair**

On May 22, 2003, Imad Elbashir, Imadelin Khair and a corporate defendant, I&I Invalid Coach, pled guilty to health care claims fraud. The defendants had been charged with conspiracy, health care claims fraud, theft by deception, Medicaid fraud and corporate misconduct. I&I, an invalid coach provider owned by defendants, Imad Elbashir and Imadelin Khair, provided non-emergency medical transportation to Medicaid recipients. I&I inflated mileage, submitted false claims to the Medicaid Program and received \$90,000 more than it was entitled to for services rendered. In addition, the defendants paid cash kickbacks to several Medicaid recipients in exchange for their continued patronage. On September 12, 2003, Khair was sentenced to three years State prison. Khair and the corporation were ordered to pay \$103,235 restitution and the corporation was dissolved and ordered to refrain from doing business in the State of New Jersey. Elbashir is scheduled for sentencing in early 2004.

**State v.
Matthew Faenza**

On June 4, 2003, Matthew Faenza pled guilty to an Accusation which charged him with health care claims fraud. Faenza, a licensed pharmacist who owned and operated McDermott Pharmacy located at 433 Union Avenue, Paterson, admitted billing the Medicaid Program for dispensing drugs to Medicaid patients when, in fact, no drugs were dispensed. The drug most commonly involved in the phony Medicaid transactions was Serostim, an expensive drug used to treat persons infected with HIV. On October 17, 2003, Faenza was sentenced to three years

State prison. He was also ordered to pay \$450,000 restitution to the Medicaid Program, and a \$15,000 criminal fine. The Judge also ordered Faenza's pharmacy license suspended for one year and barred him from participating in the Medicaid Program for a period of five years.

**State v.
Michael Pacheco**

As part of the investigation into the McDermott Pharmacy matter, on July 18, 2003, Michael Pacheco pled guilty to an Accusation charging him with Medicaid fraud. Pacheco admitted that between January 1998 and July 1999, as an employee of McDermott Pharmacy, he assisted Matthew Faenza, a licensed pharmacist who owned and operated the pharmacy, with billing the Medicaid Program for dispensing drugs to Medicaid patients when, in fact, no drugs were dispensed. The drug most commonly involved in the phony Medicaid transactions was Serostim, an expensive drug used to treat persons infected with HIV. Pacheco also admitted that, at Faenza's direction, he paid "runners" for prescriptions when Faenza was not at the pharmacy. Faenza then billed Medicaid for those prescriptions. On September 19, 2003, Pacheco was sentenced to three years probation. He has also been suspended from participating in the Medicaid Program for five years.

**State v.
Kwadwo Oei Agyemang
and Victory Pharmacy, Inc.**

A State Grand Jury returned an indictment charging Kwadwo Oei Agyemang, a pharmacist licensed in New Jersey, with health care claims fraud, Medicaid fraud and corporate misconduct. Victory Pharmacy, a corporation owned and operated by



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Agyemang, was also charged in the indictment with health care claims fraud and Medicaid fraud. The indictment alleged that between November 2001 and June 2002, Agyemang, through Victory Pharmacy, Inc., submitted in excess of \$27,000 in fraudulent bills to the Medicaid Program for legend drugs which were never dispensed. The false claims were allegedly submitted on behalf of investigators from OIFP who were working undercover and who were posing as Medicaid recipients. Agyemang pled guilty to health care claims fraud and on September 19, 2003, he was sentenced to two years probation conditioned upon paying \$54,000 in restitution and penalties.

**State v.
Angela Fusco**

Angela Fusco pled guilty to an Accusation charging her with one count of Medicaid fraud. Fusco admitted that between February 2002 and November 2002, she used her Medicaid Managed Care Organization cards to pay for controlled dangerous substances (CDS) for which she did not have valid prescriptions. On September 15, 2003, Fusco was sentenced to three years probation conditioned upon paying restitution in the amount of \$502.

**State v.
Surbhi Tarkas
and Progressive Health Care
of Hudson County, Inc.**

On September 19, 2003, a State Grand Jury returned an indictment charging Surbhi Tarkas and Progressive Health Care of Hudson County, Inc., with theft by failure to make required disposition. According to the indictment, between June 2000 and January 2001, Tarkas, in her capacity as the owner/operator of Meadowview Nursing Center, which was owned by Progressive Health Care of Hudson County, Inc., diverted over \$100,000

from the trust account of nursing home residents and used it to pay corporate expenses. Meadowview Nursing Center was a Medicaid provider of long term care services to Medicaid recipients. Meadowview received payments from the Medicaid Program and Social Security on behalf of the nursing home residents. The nursing home, in turn, was required by law to place \$35 to \$40 of these payments into a Personal Needs Account (PNA) each month for each resident's personal use. The indictment alleged that Tarkas diverted over \$100,000 from the PNA accounts and used it to pay the expenses of the nursing home which was experiencing financial difficulties.

The case against Tarkas and Progressive is pending trial.

**State v.
Jennifer Kim**

Jennifer Kim, the owner/pharmacist of the now defunct Medicine Shoppe pharmacy located in Arlington, New Jersey, pled guilty to an Accusation which charged her with third degree Medicaid fraud. Kim admitted that between March and August 2001, she submitted bills to the Medicaid Program for prescription medicines for Medicaid patients that pertained to conditions and illnesses that the patients did not suffer and for prescriptions not prescribed by physicians. As much as \$16,000 may have been billed to the Medicaid Program in this manner, and the total fraud to the Medicaid Program may have been as high as \$35,000. On December 5, 2003, Kim was sentenced to one year of probation. As a condition of probation, she was ordered to pay a \$1,000 criminal fine. She is suspended from participating in the Medicaid Program for five years and her pharmacist's license was suspended for one year.

**State v.
Douglas Tyer**

On December 10, 2003, Douglas Tyer pled guilty to two separate Accusations. The first Accusation charged him with Medicaid fraud and the second with receiving stolen property. Tyer admitted that he obtained stolen Medicaid recipient cards which entitled him to medical benefits, including prescription drugs, paid for by the Medicaid Program. He also admitted that he obtained stolen written prescriptions, purportedly issued by doctors for various narcotic medicines, so that he could obtain narcotic drugs for personal use not related to medical treatment. Tyer was previously arrested and convicted for similar conduct. Tyer is scheduled to be sentenced in early 2004.

**State v.
Steven Aberbach**

On December 19, 2003, Steven Aberbach pled guilty to an Accusation charging him with health care claims fraud. Aberbach, a licensed pharmacist and owner/pharmacist of Springfield Pharmacy located at 234 Mountain Avenue in Springfield, admitted that between August 2001 and June 2003, he filled legitimate prescriptions for medicines on doctors' orders for a Medicaid patient, then added several false prescriptions for the same patient so that he could fraudulently bill the Medicaid Program. Aberbach is scheduled to be sentenced in early 2004.