

Armenian Gang Busted in U.S. Medicare Scam

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Agents leading Robert Terdjanian, a suspect in a \$100 million Medicare fraud scheme, from FBI headquarters in New York on Wednesday. **Louis Lanzano**

NEW YORK — A vast network of Armenian gangsters and their associates used phantom health care clinics to try to cheat the government medical insurance program Medicare out of \$163 million, the largest fraud by one criminal enterprise in the program's history, U.S. authorities said.

Federal prosecutors in New York and elsewhere charged 73 people. Most of the defendants were captured during raids Wednesday morning in New York City and Los Angeles, but there also were arrests in New Mexico, Georgia and Ohio.

The scheme's scope and sophistication "puts the traditional Mafia to shame," U.S. Attorney Preet Bharara said at a news conference. "They ran a veritable fraud franchise."

The operation was under the protection of an Armenian crime boss, known in the former Soviet Union as a ***vor,*** prosecutors said. The reputed boss, Armen Kazarian, was in

custody in Los Angeles.

Bharara said it was the first time a vor — "the rough equivalent of a traditional godfather" — had been charged in a U.S. racketeering case.

Kazarian, 46, of California, and two alleged ringleaders — Davit Mirzoyan, 34, also of California, and Robert Terdjanian, 35, of New York — were named in an indictment in Manhattan charging racketeering conspiracy, bank fraud, money laundering and identity theft.

The indictment accused Terdjanian and others of hatching other schemes involving stolen credit cards, untaxed cigarettes and counterfeit Viagra. It also alleges that during a meeting last year at a Brighton Beach restaurant, Terdjanian pulled a knife on someone who owed him money "and threatened to disembowel the individual if the debt was not paid."

A judge jailed Terdjanian without bail Wednesday at a brief hearing. Afterward, his lawyer said his client denies the charges.

Kazarian and Mirzoyan were scheduled to appear in court Wednesday in Los Angeles.

Authorities began the New York-based investigation after information on 2,900 Medicare patients in upstate New York — including Social Security numbers and dates of birth — was reported stolen.

The defendants in the New York case also had stolen the identities of doctors and set up 118 phantom clinics in 25 states, authorities said. The names were used to submit fake bills for care that was never given, they said.

Some of the phony paperwork was a giveaway: It showed eye doctors doing bladder tests; ear, nose and throat specialists performing pregnancy ultrasounds; obstetricians testing for skin allergies; and dermatologists billing for heart exams.

In the New York portion of the case, more than \$100 million in fraudulent bills was submitted and Medicare paid out at least \$35 million, sometimes by wiring it to the clinics' banks accounts, investigators said.

Most of the defendants "were Armenian nationals or immigrants, and many maintained substantial ties to Armenia" and criminals there, the indictment said. Couriers would often carry cash proceeds from the fraud back to Armenia, it added.

Prosecutors were seeking forfeiture of real estate in Las Vegas; Palm Springs, California; and elsewhere, and of a 2007 Maserati and a 2006 Jaguar.

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