NEWS

Brooklyn Doctor Convicted In $77 Million Medicare Fraud Scheme

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Gustave Drivas, M.D., a medical doctor and resident of Staten Island, was convicted today of two felony counts for his role in a $77 million Medicare fraud scheme. The jury's verdict followed an eight-week long trial in United States District Court in Brooklyn, New York, before the Honorable Nina Gershon. The conviction was announced by Loretta E. Lynch, United States Attorney for the Eastern District of New York, and Mythili Raman, Acting Assistant Attorney General of the United States for the Department of Justice.

The evidence at trial showed that Drivas, a medical doctor licensed in the State of New York, knowingly authorized his coconspirators at a medical clinic in Brooklyn, New York, to use his Medicare billing number to charge Medicare for more than $20 million in medical procedures and services that were never performed. In return he received more than $500,000 for his role in the scheme. The evidence established that Drivas was a "no show" doctor, who almost never visited the clinic. The evidence also showed that the medical clinic paid cash kickbacks to Medicare beneficiaries and used the beneficiaries' names to bill Medicare for more than $77 million in services that were medically unnecessary and never provided.

The government's investigation included the use of a court-ordered audio/video recording device hidden in a room at the clinic, in which the conspirators paid cash kickbacks to corrupt Medicare beneficiaries. The conspirators were recorded paying approximately $500,000 in cash kickbacks during a period of approximately six weeks from April to June 2010. This room was marked "PRIVATE" and featured a Soviet-era poster of a woman with a finger to her lips and the words "Don't Gossip" in Russian. The purpose of the kickbacks was to induce the beneficiaries to receive unnecessary medical services or to stay silent when services not provided to the patients were billed to Medicare.

To generate the large amounts of cash needed to pay the patients, the conspirators used a network of external money launderers. The owners and operators of the clinic wrote clinic checks to numerous shell companies that were controlled by money launderers. These checks did not represent payment for any legitimate service at, or for, the medical clinics. Rather, the checks were written to launder the medical clinics' fraudulently obtained Medicare proceeds. Two of the external money launderers, Anatoly Kraiter and Larisa Shelabadova, pleaded guilty prior to trial. Irina Shelikhova and her son Maksim Shelikhov, who directed the money laundering operation from inside the clinic, also

pleaded guilty prior to trial to conspiracy to commit money laundering.

Drivas was convicted today of health care fraud conspiracy and health care fraud. He was acquitted of kickback conspiracy. At sentencing before U.S. District Judge Nina Gershon of the Eastern District of New York, scheduled for July 9, 2013, Drivas faces a maximum penalty of 20 years in prison. Drivas also faces mandatory restitution to be paid jointly and severally with his co-defendants of up to $50 million, and a fine of up to $100 million.

This is the 13th conviction in this case. Prior to trial, 12 defendants pleaded guilty. At trial, Alexander Zaretser, 32, Vladimir Kornev, 53, and Yelena Galper, 40, were acquitted.

"Gustave Drivas sold his license and his ethics for cold, hard cash, and was the linchpin in a scheme that defrauded the Medicare system of millions. Medicare fraud weakens a vitally important program which millions of our citizens rely upon. We will continue to be vigilant in bringing those who seek to steal from Medicare to justice," stated United States Attorney Lynch. Ms. Lynch thanked the Federal Bureau of Investigation and Health and Human Services for their hard work in connection with this investigation that led to the defendant's arrest and conviction.

The case was brought together with the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section. The Medicare Fraud Strike Force operations are part of the Health Care Fraud Prevention & Enforcement Action Team (HEAT), a joint initiative announced in May 2009, between the Department of Justice and Health and Human Services to focus their efforts to prevent and deter fraud and enforce current anti-fraud laws around the country.

Since its inception in March 2007, the Medicare Fraud Strike Force, now operating in nine cities across the country, has charged more than 1,480 defendants who have collectively billed the Medicare program for more than $4.8 billion. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with HHS-OIG, is taking steps to increase accountability and decrease the presence of fraudulent providers.

The government's case is being prosecuted by Trial Attorney Sarah M. Hall of the Criminal Division's Fraud Section, and Assistant U.S. Attorneys William C. Campos and Shannon C. Jones.

The Defendant:

Gustave Drivas, M.D.
Age: 50

EASTERN DISTRICT of NEW YORK
271 Cadman Plaza East - Brooklyn, NY 11201