



NEW YORK STATE ATTORNEY GENERAL

CONTACT: KEVIN RYAN (AG)
212-417-5256

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EMILY GEST (DOI)
212-825-5931

***STATE AND CITY WIRETAP PROBE SNARES HRA EMPLOYEES
AND OTHERS IN MAJOR "MEDICAID CARDS FOR SALE" RING
Bribes Paid To Create Phony Medicaid Cards, \$2 Million Stolen from Taxpayers***

Attorney General Eliot Spitzer and New York City Department of Investigation (DOI) Commissioner Rose Gill Hearn today announced that 16 individuals – including three New York City Human Resources Administration employees (HRA) – have been charged with participating in a widespread “Medicaid cards for sale” scam that has cost taxpayers more than \$2 million in medical services.

The arrests announced today are the result of a 19-month undercover investigation that included months of court-authorized wiretaps and thousands of intercepted telephone calls. The scheme involved City employees at HRA offices in Brooklyn and Manhattan, at the supervisory and staff level, who took thousands of dollars in payoffs from “recruiters” to circumvent the Medicaid eligibility application process in order to provide hundreds of improperly enrolled people with free medical care.

Attorney General Spitzer and Commissioner Gill Hearn noted that the investigation is actively continuing, and that HRA is presently examining the eligibility of each individual inappropriately enrolled as a Medicaid recipient. As part of the investigation, investigators will be visiting each of HRA’s 21 Medical Assistance Program (MAP) offices throughout the city. All HRA employees and other individuals having knowledge of the scheme are urged to come forward by contacting either the Attorney General’s 24-hour hotline at 212-417-5397 or DOI’s HRA Inspector General’s Office at 212-331-3030. Callers may remain anonymous, and all information will be treated in confidence.

“The widespread market in fraudulent Medicaid cards is a direct attack on a public health care program designed to deliver care to those in need,” said Spitzer. “The scheme to cheat taxpayers out of millions of dollars in benefits worked because corrupt government employees betrayed the trust of the people of New York. Individuals who aid and cheat the system will be prosecuted regardless of where they work.”

DOI Commissioner Gill Hearn said, “Medical treatment can be costly, but that’s no excuse for cynically taking advantage of Medicaid, which is designed to help honest people in need of affordable health care. The detrimental effect of this kind of corruption becomes even more apparent when one considers Mayor Bloomberg’s announcement Wednesday that the City’s ballooning Medicaid costs, which are expected to total \$4.1 billion this year, are eating away at the City’s recent revenue gains. DOI makes it a priority to turn off spigots of corruption, particularly when precious financial resources are flowing out of the City’s coffers. We will work with the Attorney General’s Office and HRA to enact reforms to prevent future losses. DOI will continue to provide corruption awareness lectures to HRA and other City

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employees in the hope that others will come forward and expose corruption.”

“HRA has absolutely no tolerance for those who would betray the trust of the people we serve. We will not compromise our integrity. We have and will continue to cooperate fully with this investigation,” said HRA Commissioner Verna Eggleston. “We are also implementing our new Model Medicaid Office project, a service model that features increased utilization of electronic systems to verify eligibility and provides for the rotation of job responsibilities to ensure accountability. This is just one of the many initiatives that assists us with the detection and elimination of fraud.”

The taxpayer-funded Medicaid program is intended to provide health care to the poor. To become eligible to receive Medicaid benefits a prospective recipient in New York City must submit an application and supporting documentation to a HRA eligibility specialist. Once HRA determines an applicant is eligible to receive Medicaid benefits, the agency provides the recipient with a Medicaid card, which the recipient can then use to obtain medical services from providers enrolled in the Medicaid program. The provider, in turn, submits reimbursement claims to Medicaid and is paid for the services provided to the Medicaid recipient.

According to the charges filed in the case, between October 1998 and October 2003, “recruiters” Andrey Dubrovskikh, Ruslan Sadyrbayev, Anna Levina, Gizella Fodor and Elizaveta Pavlovskiaia conspired with HRA Eligibility Specialists Gail Gutman and Claudette Garries and others to take money from individuals who had not properly applied to HRA for Medicaid benefits and who were thus not eligible for those benefits. In return for the cash bribes, Gutman and Garries then generated fraudulent Medicaid cards by entering information into the state Medicaid system without filing a legitimate corresponding application in HRA records. Once cards were generated, recruiters, such as Dubrovskikh or Sadyrbayev, delivered the fraudulently produced cards to the individuals who had purchased them. As a result, these individuals were able to illegally obtain more than \$2 million in medical services paid for by taxpayers.

Among the purchasers named in the Complaints are Roza Kovatch and her husband, Anatoli Grotski, who operated a profitable psychic business while driving a \$98,000 BMW. According to the Complaint, after September 11, 2001, Kovatch applied for special emergency Medicaid benefits. When her emergency Medicaid expired, a friend told her to contact “Andrey” [Dubrovskikh], who could facilitate enrollment in the Medicaid program in return for a \$400 payment for each card. Kovatch and Grotski provided Andrey with copies of their driver’s licenses, social security numbers and a utility bill. They did not provide Andrey with any income verification, nor did he request such documentation. In the approximate twelve weeks the defendants’ Medicaid cards were active, it is alleged that they received nearly \$1,000 in medical services.

In a second instance, a Rockland County resident was charged with having fraudulently obtained Medicaid benefits after a “friend of a friend” directed her parents to meet with a Russian male in Brooklyn, who could get her a Medicaid card in exchange for a payment of at least \$1,000. Shortly after the individual was paid and provided with copies of personal information about the individual, she received a Medicaid card, which did not list her true address in Rockland County but a false address in Staten Island. Between November 2002 and September 2003, the individual is alleged to have unlawfully used the Medicaid card for medication, tests and physician visits.

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Court documents further allege that as part of the investigation, an investigator with the state's Medicaid Fraud Control Unit posed as a potential Medicaid enrollee and contacted Sadyrbayev as a result of an advertisement that had been placed in a Russian newspaper to recruit clients. The agent was told that for a fee of \$1,000 to be initially enrolled, and \$500 for each subsequent year, Sadyrbayev could guarantee enrollment in the Medicaid program. Sadyrbayev also told the agent that it did not matter that the agent was employed and earning a good income. Over the course of the investigation, Sadyrbayev sold the investigator additional Medicaid cards, which the investigator claimed were for other individuals who were not eligible for Medicaid benefits. It is alleged that each of these cards was created by either defendant Gutman or defendant Garries and then given to Sadyrbayev by Dubrovskikh.

Attorney General Spitzer and Commissioner Gill Hearn expressed their appreciation to HRA Commissioner Verna Eggleston, HRA Deputy Commissioner for Revenue and Investigation Peter K. Jenik, and the state Department of Health for their assistance and cooperation throughout the investigation.

The investigation was conducted by the MFCU's New York City Regional Office, First Assistant Attorney General Peter M. Bloch, Assistant DOI Commissioner Steven A. Pasichow, Acting HRA Inspector General Benjamin Defibaugh and members of the HRA Inspector General's staff.

The cases are being prosecuted by Special Assistant Attorneys General Jane Drummey, Monica Hickey-Martin and Mark P. Cannon, who are assigned to the Medicaid Fraud Control Unit's New York City Regional Office, under the overall supervision of William J. Comiskey, Deputy Attorney General in charge of the New York State Medicaid Fraud Control Unit.

The charges against the defendants are merely accusations, and the defendants are presumed innocent until and unless proven guilty.

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ATTACHED IS A LIST OF DEFENDANTS

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CITY EMPLOYEES

1. **GAIL GUTMAN**, 47, of 2135 East 26 Street in Brooklyn, has been employed by HRA as a supervisor since December 2002, and has worked at its Bellevue Hospital MAP site, located at 446 First Avenue, from March 2003 until her resignation in October 2003. She previously worked as an Eligibility Specialist at HRA's Coney Island MAP site, located at 30-50 West 21 Street in Brooklyn, from October 1995 to December 2002.

Gutman has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the First Degree, five counts of Bribe Receiving in the Third Degree and five counts of Tampering with Public Records. If convicted, she faces up to 25 years in prison.

2. **CLAUDETTE GARRIES**, 54, of 2780 86th Street in Brooklyn, has been employed by HRA as an Eligibility Specialist since 1982, and was assigned to HRA's Coney Island MAP site until her resignation in October 2003. Garries has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the First Degree, one count of Bribe Receiving in the Third Degree and one count of Tampering with Public Records. If convicted, she faces up to 25 years in prison.
3. **INNA MARKOVICH**, 51, of 1900 Quentin Road in Brooklyn, has been employed by HRA since March 1993 and was assigned to HRA's Brighton Food Stamp Office at 2865 West 8th Street in Brooklyn. She has been suspended. Markovich has been charged with Bribe Receiving in the Third Degree, Bribery in the Third Degree, and Tampering with Public Records in the First Degree. If convicted, she faces up to seven years in prison.

RECRUITERS

1. **ANDREY DUBROVSKIKH (a/k/a Doubrouskiki)**, 40, of 1313 Webster Avenue in the Bronx, has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the Second Degree, and five counts of Bribery in the Third Degree. If convicted, he faces up to 15 years in prison.
2. **RUSLAN SADYRBAYEV**, 32, of 3411 Irwin Avenue in the Bronx, has been charged with one count of Conspiracy in the Fourth Degree, and three counts of Bribery in the Third Degree. If convicted, he faces up to 7 years in prison.
3. **ANNA LEVINA (a/k/a Anya)**, 48, of 1060 Ocean Avenue in Brooklyn, has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the Third Degree, and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.
4. **GIZELLA FODOR**, 54 of 40 Oceana Drive West in Brooklyn, has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the Third Degree, and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.
5. **ELIZAVETA PAVLOVSKAIA (a/k/a Gitana)**, 51, of 4817 Bedford Avenue in Brooklyn, has been charged with one count of Conspiracy in the Fourth Degree, one count of Grand Larceny in the Third Degree, and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.

MEDICAID RECIPIENTS

1. **VICTOR DZHURA**, 54, of 3060 Brighton 4th Street in Brooklyn, has been charged with one count of Grand Larceny in the Third Degree and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, he faces up to seven years in prison.
2. **ANATOLI GROTSKI**, 50, of 2202 East 26th Street in Brooklyn, works as an assistant and secretary to a psychic. He has been charged with one count of Criminal Possession of Stolen Property in the Fourth Degree and one count of Petit Larceny. If convicted, he faces up to seven years in prison.
3. **ROZA KOVATCH (Theresa)**, 46, of 2202 East 26th Street in Brooklyn, works as a psychic. She has been charged with one count of Criminal Possession of Stolen Property in the Fourth Degree and one count of Petit Larceny. If convicted, she faces up to seven years in prison.
4. **LYUBOV LISETSKAYA**, 46, of 2000 Kings Highway in Brooklyn, has been charged with one count of Grand Larceny in the Third Degree and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.
5. **SVETLANA McGRATH**, 40, of 2285 Ocean Avenue in Brooklyn, works as a paralegal and translator. She has been charged with one count of Grand Larceny in the Third Degree and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.
6. **ALEXANDER PROSTAKOV**, 62, of 733 Amsterdam Avenue in Manhattan, has been charged with one count of Grand Larceny in the Third Degree and three counts of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, he faces up to seven years in prison.
7. **ILYA TULBOVICH**, 26, of 1865 Ocean Avenue in Brooklyn, has been charged with one count of Grand Larceny in the Third Degree and one count of Criminal Possession of Stolen Property in the Fourth Degree. If convicted, she faces up to seven years in prison.