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KINGS COUNTY DISTRICT ATTORNEY CHARLES J. HYNES, NYC HUMAN RESOURCES ADMINISTRATION COMMISSIONER ROBERT DOAR AND U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, SPECIAL AGENT IN CHARGE, THOMAS O'DONNELL ANNOUNCE THE INDICTMENT OF THE OWNER OF A WILLIAMSBURG PHARMACY FOR ILLEGALLY RECEIVING NEARLY \$800,000 IN MEDICAID PAYMENTS

UNDERCOVER INVESTIGATION REVEALED PHARMACY OWNER BILLED MEDICAID FOR HIV-RELATED DRUGS THAT WERE NEVER FILLED OR PARTIALLY FILLED AND PAID MEDICAID RECIPIENTS CASH AND METROCARDS FOR BRINGING HIM THEIR PRESCRIPTIONS

Brooklyn, August 29, 2013- Kings County District Attorney Charles J. Hynes, Human Resources Administration Commissioner Robert Doar, and U.S. Department of Health and Human Services, Special Agent in Charge, Thomas O'Donnell today announced the indictment of V&A Pharmacy, Inc. and its owner, Aleksandr Ilyayev, 41, for fraudulently collecting nearly \$800,000 in Medicaid payments between January 19, 2011 and November 29, 2012.

Ilyayev is charged with numerous offenses including Health Care Fraud in the Second Degree, Grand Larceny in the Third Degree, and Falsifying Business Records. He faces up to fifteen years in prison, if convicted on the top count and restitution of the stolen Medicaid funds.

“The commitment of resources that resulted in this arrest is representative of my office’s longstanding commitment to those Brooklyn residents and Brooklyn taxpayers who rightfully demand that their money and taxes are used for legitimate purposes and who demand they have a public health care system with integrity,” said D.A. Hynes. “To others like this defendant, who are driven by greed I have a message: When you steal from programs funded by taxpayers’ dollars, such as public assistance and Medicaid/Medicare, I will commit whatever resources it takes to build the case against you and my staff stands ready to prosecute that case to the fullest extent of the law.”

“Pharmacy owners purchasing prescriptions for thousands of dollars paid for by Medicaid without dispensing medications to the recipients is an egregious crime that threatens taxpayers’ trust in a program that was designed to truly help people in need,” said HRA Commissioner Robert Doar. “Thanks to the dedication and hard work of our agency’s fraud investigators and the vision and commitment of the Office of Medicaid Provider Fraud Abuse

Investigations, the Department of Health and Human Services and Brooklyn District Attorney Charles Hynes and his staff, this individual will be fully prosecuted and his fate will send a wide message that HRA and its law enforcement partners in government are always watching.”

“Prescription drug fraud -- perpetrated at taxpayer expense -- is increasing at an alarming rate both nationally and in Brooklyn,” said Thomas O’Donnell, Special Agent in Charge, U.S. Department of Health and Human Services, Office of Inspector General. “Along with our law enforcement partners, we will continue investigating pharmacy fraud, kickbacks and any other crimes against critical government health programs.”

According to the indictment, between January 19, 2011 and August 21, 2012, HHS and HRA investigators conducted 14 undercover operations at V&A Pharmacy, located at 72 Manhattan Ave. in Williamsburg. The investigation revealed that the defendant was allegedly engaged in three types of criminal schemes, all designed to get money from Medicaid.

First, it alleged the defendant billed Medicaid for 22 different prescription medications that were never dispensed, for which Medicaid paid a total of \$17,940.20.

Second, the defendant allegedly billed Medicaid for the full amount of prescription medications that were only partially dispensed. For example, an undercover investigator brought in prescriptions for two different HIV medications--60 pills of Isentress and 30 pills of Reyataz. Out of the 90 prescribed pills, the undercover investigator received only 20 Isentress and two Reyataz. The defendant, however, received \$1,878.88 from Medicaid—the total cost of the full 90 pills.

Finally, the defendant allegedly gave undercover investigators “kickbacks” in cash or Metrocards for bringing prescriptions for certain medications, primarily those used to treat HIV, to be filled at V&A Pharmacy, in violation of Medicaid rules and regulations. Ilyayev also encouraged the undercover investigators to send him other Medicaid recipients with similar prescriptions, and promised them a commission for each new customer. During the course of the investigation, the defendant allegedly gave money/Metrocards to the undercover investigators on 13 occasions for bringing prescription slips to the pharmacy. The undercover investigators received \$685 in cash and MetroCards valued at approximately \$203.59, totaling \$888.59. The defendants billed Medicaid for prescriptions that were dispensed to the undercover investigators together with a “kickback” and received payments totaling \$45,152.47 from Medicaid.

The defendants received a total of \$64,971.55 in Medicaid payments resulting from the 14 undercover operations.

In addition, an analysis of records obtained by KCDA investigators, including the defendants’ bank records, found that between the time period of January 19, 2011 and November 29, 2012, the pharmacy billed and received an additional \$726,150.04 from Medicaid, since the first fraudulent billing was submitted by the defendant. Had Medicaid known that the defendants were engaging in the above-described criminal schemes, the defendant would not have been eligible to remain a Medicaid Provider, and were, therefore, not entitled to any of these payments from Medicaid. In total, Medicaid paid \$791,121.59 to the defendant during that period.

An indictment is an accusatory instrument and not proof of a defendant's guilt.

The case was investigated by HRA Senior Fraud Investigator Vinson Chan and HRA Deputy Assistant Director Danny Harrell, Criminal Investigator John Croes, from HHS, Detective Investigator Ismael Zayas from the KCDA Healthcare Fraud Division KCDA Supervising Detective Investigator Glenn Kenny, and KCDA Chief Detective Investigator Joseph Ponzi.

The case is being prosecuted by Assistant District Attorney Debra Jaroslawicz and Senior Investigative Attorney Sean P. Courtney, both from the Healthcare Fraud Division. Lauren Mack is the Chief of the Healthcare Fraud Division.

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