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JOINT INVESTIGATION BY DOI AND FEDERAL AUTHORITIES LEADS TO THE ARREST OF THREE INDIVIDUALS ON CHARGES OF PARTICIPATING IN A MEDICAID CARD FRAUD SCHEME
--Today's arrests are the result of an ongoing probe into Medicaid fraud--

IMAD HABIB, CLIFTON LEROY and ISAAC YEBOAH were arrested today as part of an ongoing investigation by the New York City Department of Investigation ("DOI") and federal authorities into a multi-million dollar Medicaid fraud scheme that has already resulted in the conviction of 15 individuals, including seven former employees of the New York City Human Resources Administration/Department of Social Services ("HRA"). The individuals arrested today are not HRA employees.

HABIB, 45, of North Bergen, N.J.; LEROY, 41, of Manhattan, N.Y. and YEBOAH, 47, of Bronx, N.Y. are each charged with Mail Fraud, Health Care Fraud and Conspiracy to Commit Mail and Health Care Fraud. They were arraigned today in U.S. District Court for the Eastern District of New York. Each defendant, if convicted, faces up to 20 years imprisonment on Mail Fraud; up to 10 years imprisonment on Health Care Fraud and up to five years imprisonment on the conspiracy charge. The Office of Benton J. Campbell, United States Attorney for the Eastern District of New York, is prosecuting the cases.

DOI Commissioner Rose Gill Hearn said, "Fraud on the Medicaid program diverts precious resources from those who are eligible and need it most. DOI, along with the federal authorities, will continue to follow the facts and ensure that those involved will be held accountable."

The defendants are charged in a federal indictment with participating in a conspiracy to defraud the Medicaid program and acting as middlemen between individuals who sought to purchase Medicaid cards and a then-HRA employee and one other co-conspirator who arranged for the creation of those cards. The indictment charges that in 2005 and 2006 the defendants obtained cash payments of between \$300 and \$450 from the purchasers and provided information, such as the purchasers' names, to those involved in producing the cards. The fraudulently created cards enabled the purchasers to obtain Medicaid benefits, according to the indictment.

HRA employees are supposed to open Medicaid accounts for needy clients through an application and evaluation process. Eligibility is determined based on various factors, including the applicant's annual income, living expenses and outstanding medical bills.

As part of this ongoing probe, 15 individuals – seven former HRA employees and eight other individuals – have pleaded guilty to federal offenses in connection with the Medicaid fraud scheme that operated principally out of HRA's Central Medicaid Office on 34th Street in Manhattan. Seven of the individuals convicted have already been sentenced to penalties ranging from probation to up to six years in prison. The most recent sentencing took place on Tuesday, June 17, 2008, when former HRA employee Donna Dorr was sentenced to five years in prison to be followed by three years of supervised release. She was also ordered to pay \$850,904 in restitution.

The convicted individuals participated in a lucrative scheme to sell Medicaid cards for cash fees of several-hundred dollars per card. It is estimated that the Medicaid program lost more than \$3.9 million as a result of these defendants' scheme.

Today's arrests and the 15 convictions are the culmination of a joint investigation by DOI; Office of the Inspector General for the U.S. Department of Health and Human Services, New York Regional Office; U.S. Secret Service, New York Field Office; the Federal Bureau of Investigation's Health Care Fraud Unit in New York and the U.S. Postal Inspection Service.

Commissioner Gill Hearn thanked Benton J. Campbell, U.S. Attorney for the Eastern District of New York, for prosecuting the cases. Commissioner Gill Hearn also thanked HRA Commissioner Robert Doar for his and his staff's assistance and cooperation.

Participating in the investigation for DOI was Chief Investigator Frank DeLisi from DOI's Office of the Inspector General for HRA, Supervising Chief Investigator Anthony DeLeo and Confidential Investigator Carmelo Galarza, under the supervision of Inspector General Pat Russo.

Assistant U.S. Attorney Marisa Megur Seifan of the U.S. Attorney's Office for the Eastern District of New York is prosecuting the cases.

An indictment is merely an accusation. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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To report someone ripping off the city, call DOI at (212) 825-5959.**