



**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE**

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**PRESS RELEASE**

**SIXTEEN DEFENDANTS, INCLUDING EIGHT EMPLOYEES  
OF THE CITY OF NEW YORK, CHARGED IN A  
SCHEME TO SELL MEDICAID CARDS**

***Medicaid Program Defrauded of Millions of Dollars***

Eight New York City employees and eight additional defendants were arrested today on charges that they illegally bought, sold, and renewed Medicaid cards, and defrauded the Medicaid program out of millions of dollars intended to pay the medical expenses of needy New Yorkers. As reflected in the complaints unsealed this morning,<sup>1</sup> since at least November 2003, individuals who wanted to purchase a valid Medicaid card could do so by simply providing a middleman with a name – whether real or fictitious – a date of birth, an address, and between \$300 and \$400 in cash. The middlemen then gave the information and a portion of the cash to City employees assigned to the agency entrusted to administer and safeguard the Medicaid program, and the employees fulfilled their role in the illegal scheme by fraudulently issuing and renewing Medicaid cards for the purchasers. The government estimates that for the year 2004 alone, the loss to the Medicaid program as a result of this scheme is more than \$3.9 million.

Of the City employees involved in the scheme, seven worked in the Human Resources Administration-Medical Assistance Program (“HRA-MAP”) office located at 340 West 34<sup>th</sup> Street in midtown Manhattan. All of these City employees – DONNA DORR, DONALD MILES, ILIANA ALBELO-JOHNSON, CHRISONE ROBERTSON, KELLY HOOPER, LAVERNE MAYS, and temp employee CARL SMITH – are charged with

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<sup>1</sup> The charges in the complaints are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

conspiring to illegally sell and renew Medicaid cards for middlemen and card purchasers. Nine additional defendants – MIGUEL PAREDES, IMAD ALAOUIE, IBRAHIM BAZZI, ROBERT FARES, ADAM FARHAT, MAMADOU GACKO, FEUZI KARABAY, and AHMED NOOR, together with another City employee, STEVEN VINSON, who is assigned to a Food Stamp office in Brooklyn – are charged with illegally purchasing new Medicaid cards or the renewal of pre-existing cards, either as middlemen buying cards for others, or for their own use. The arrests are the result of an investigation that included court-authorized wiretaps which revealed that during a 60-day period these 16 defendants were responsible for the fraudulent issuance, sale, and renewal of more than 140 Medicaid cards.

The defendants are scheduled to be arraigned this afternoon before United States Magistrate Judge Roanne L. Mann at the U.S. Courthouse, 225 Cadman Plaza, Brooklyn, New York.

“We are unwavering in our commitment to protecting the Medicaid program and the New Yorkers who rely on it for their medical care,” stated United States Attorney ROSLYNN R. MAUSKOPF. “To those who would seek to defraud Medicaid, and especially to City employees who would betray the trust that has been placed in them, be forewarned: You will be prosecuted to the fullest extent of the law.” Ms. MAUSKOPF added that the investigation is ongoing.

### **The Medicaid Program in the City of New York**

Medicaid is an assistance program that pays medical expenses of qualifying individuals and families. Typically, eligibility determinations are based on a showing of low income and a lack of other financial resources. The program is administered by HRA-MAP, a City agency.

To obtain Medicaid benefits legally, City residents must submit a completed and signed application at an HRA-MAP or other authorized office, with relevant documentation, including a birth certificate, recent paycheck stub or other proof of income, and proof of residence. If the application is approved, the applicant will receive a temporary paper card printed by HRA-MAP employees, and thereafter, a permanent plastic card, issued through the mail.

### **The Investigation**

As detailed in the complaints, the investigation began in November 2003, when a cooperating witness (“CW”) informed law enforcement agents that he knew of someone who was in the business of selling Medicaid cards. Acting under law enforcement supervision, the CW placed a call to MIGUEL PAREDES, who, in a recorded conversation, asked, “What exactly did you need, health insurance or something?” Over the course of subsequent meetings and telephone calls, PAREDES indicated that he could obtain a Medicaid card for the CW in exchange for \$350, and that for additional payments, he would provide Medicaid cards for other

purchasers.

In December 2003, the CW gave PAREDES a fictitious name, an address, and a date of birth, and later a partial payment of \$200 in cash. Upon receiving the money, PAREDES handed the CW a temporary Medicaid card, and in March 2004, a permanent Medicaid card was issued to the CW by HRA-MAP. The CW subsequently purchased five more Medicaid cards from PAREDES, each time providing nothing more than a fictitious name, a date of birth, an address, and a cash payment. In June 2005, an undercover Postal Inspector, posing as a friend of the CW, purchased an additional Medicaid card from PAREDES.

Agents then analyzed PAREDES's telephone bills and discovered that after he had met or spoken with the CW and the undercover Postal Inspector, he frequently called DONNA DORR and DONALD MILES. Analysis of HRA-MAP computer records indicated that DORR, MILES, and other HRA-MAP employees at the 34th Street office caused Medicaid cards to be issued on PAREDES's behalf by making entries into the HRA-MAP computer system.

In November and December 2005, the government obtained court approvals to intercept the cellular telephones of PAREDES, DORR, and MILES. The intercepted calls confirmed that these defendants were part of a widespread scheme to defraud the Medicaid program by selling and issuing new Medicaid cards, and in certain instances by fraudulently renewing pre-existing Medicaid cards, in exchange for cash.

U.S. Postal Inspector-in-Charge RON WALKER stated, "The victims in this case are America's honest and hard working taxpayers and the many New Yorkers who rely on the Medicaid program to pay for their medical needs. The defendants, some of whom are public servants, served only themselves by defrauding the program and lining their pockets with cash. Among their many mistakes, however, was using the U.S. Mail to help facilitate their criminal enterprise. By doing so they committed mail fraud and they got caught by U.S. Postal Inspectors."

"These arrests should send a clear message that federal, state, and local law enforcement agencies are actively working together to investigate and prosecute those who attempt to defraud the Medicaid program and its participants," said GARY HEUER, Special Agent-in-Charge, Department of Health and Human Services, Office of Inspector General.

New York City Department of Investigation Commissioner ROSE GILL HEARN stated, "The procedures for dispensing these important medical benefits to needy individuals were grossly subverted by the scheme charged in these complaints. The HRA employees charged were supposed to be serving the public, not themselves. DOI remains committed to working with US Postal Inspectors, HHS IG, and EDNY to continue to root out this corruption. DOI will also discuss procedural recommendations with HRA to reduce the ways in which their system is vulnerable to the corruption exposed by this case."

If convicted, the defendants each face a maximum sentence of 20 years of imprisonment and a \$250,000 fine.

The government's case is being prosecuted by Assistant United States Attorney Robert M. Radick.

**The Defendants:**

MIGUEL PAREDES  
DOB: May 29, 1971

DONNA DORR  
DOB: July 8, 1961

DONALD MILES  
DOB: January 9, 1963

ILIANA ALBELO-JOHNSON  
DOB: September 11, 1959

CHRISONE ROBERTSON  
DOB: January 21, 1971

CARL SMITH  
DOB: May 30, 1964

KELLY HOOPER  
DOB: July 25, 1975

LAVERNE MAYS  
DOB: September 27, 1957

IMAD ALAOUIE, also known as "Imad Alaquie" and "Imad Alovie"  
DOB: March 15, 1962

ROBERT FARES  
DOB: June 3, 1976

ADAM FARHAT  
DOB: July 16, 1972

MAMADOU GACKO  
DOB: January 1, 1972

FEUZI KARABAY, also known as "Fevzi Karabay"

DOB: October 10, 1963

AHMED NOOR

DOB: September 3, 1968

STEVEN VINSON

DOB: November 6, 1966