

Public Health: jail for healthcare fraud

In the USA, a Californian resident has been jailed for healthcare fraud - that was also a tax evasion scam and money laundering scheme using publishing companies.

A publisher of Russian-language newspapers and magazines has been sentenced to eight years in federal prison for running a sophisticated “cash-back” scheme that helped numerous perpetrators of health care fraud to avoid the payment of taxes and to obtain cash to be used for kickbacks to associates.

Andranik Petrosian, 43, of Burbank, was sentenced to 96 months in prison by United States District Judge Stephen V. Wilson. In addition to the prison term, Judge Wilson ordered Petrosian to pay USD521,845 in restitution to the Internal Revenue Service.

Following a trial in April 2008, a federal jury convicted Petrosian of conspiracy to defraud the Internal Revenue Service and making false statement to special agents with the IRS.

At today's sentencing hearing, Judge Wilson said the evidence at trial showed that Petrosian was at the “fulcrum” of a money-laundering scheme that helped perpetrators of health care fraud avoid paying federal taxes.

A joint investigation by IRS-Criminal Investigation, the Federal Bureau of Investigation, and the Office of Inspector General for the U.S. Department of Health and Human Services found that Petrosian used his publications as fronts to launder more than USD10 million for fraudulent medical companies.

The medical companies wrote cheques to Petrosian's companies—which included the newspaper Contact Weekly and the magazines Kakadu and Tet-a-Tet—for advertising or graphic design services that were never provided. Petrosian returned approximately 90 percent of the money to the medical company administrators in cash.

The cash was handed over in white envelopes during back-office meetings at Petrosian's office on Glenoaks Boulevard in Burbank. Petrosian obtained large quantities of cash, either by smuggling cash into the United States derived from wire transfers to Armenia, or via an elaborate

Hawalla-type money-changing system.

Petrosian provided invoices for the advertising, which allowed the medical companies to falsely deduct the payments on their tax returns. While Petrosian did place advertisements in his publications, these advertisements were worth only a small fraction of the price paid by medical companies across the Southwest.

The medical company administrators used the cash Petrosian returned to finance payments made to patients and cappers as part of their health care fraud schemes.