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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
February 2018 Grand Jury

UNITED STATES OF AMERICA,  
Plaintiff,

v.

IRINA SADOVSKY,  
aka "Irina Bekerman,"  
YIGAL KEREN,  
MIKHAIL KHANUKHOV,  
SHAHRIAR KALANTARI,  
aka "Michael Kalantari,"  
ANDREI SOTNIKOV,  
NIDA ROSALES, and  
JUAN CARLOS ENRIQUEZ,

Defendants.

No. CH **18CR00375-AB**

I N D I C T M E N T

[18 U.S.C. § 1349: Conspiracy to Commit Health Care Fraud; 18 U.S.C. § 1347: Health Care Fraud; 18 U.S.C. § 2(b): Causing an Act to be Done; 18 U.S.C. § 371: Conspiracy to Engage in the Unlicensed Wholesale Distribution of Prescription Drugs; 21 U.S.C. §§ 331(t), 333(b)(1)(D), 353(e)(1)(A): Unlicensed Wholesale Distribution of Prescription Drugs; 18 U.S.C. § 371: Conspiracy to Pay and Receive Health Care Kickbacks; 42 U.S.C. §§ 1320a-7b(b)(1)(A), (2)(A): Payment and Receipt of Health Care Kickbacks; 18 U.S.C. §§ 981(a)(1)(C), 982(a)(7) and 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 1349]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. Defendant IRINA SADOVSKY, also known as ("aka") "Irina Bekerman," a resident of Woodland Hills, California, owned, operated, and was the Pharmacist in Charge of Five Star RX d/b/a Five Star Pharmacy ("Five Star Pharmacy") and Ultimate Pharmacy, Inc. ("Ultimate Pharmacy") (collectively, "the Pharmacies"), which were located in Nos. 101 and 201, respectively, of 16438 Vanowen Street, Van Nuys, California, within the Central District of California.

2. The Pharmacies serviced a patient population that received health care benefits through Medicare and/or Medicaid of California ("Medi-Cal"). Many of the Pharmacies' patients were obtained from facilities, including transitional housing centers, senior living residences, and board and care homes.

3. From in or about January 2014 to in or about September 2017, Medicare reimbursed the Pharmacies approximately \$44,546,313 for prescription claims. During the same time period, Medi-Cal reimbursed the Pharmacies approximately \$9,521,290 for prescription claims.

4. Defendant YIGAL KEREN, a resident of Los Angeles, California, owned and operated transitional housing centers located in Los Angeles, California, within the Central District of California, under the business name Socially Oriented United Living, Inc.

5. Defendant SHAHRIAR KALANTARI, aka "Michael Kalantari,"

1 a resident of Los Angeles, California, was a patient recruiter,  
2 or "marketer," who had access to the medication prescription pad  
3 for prescriber Y.K.

4 The Medicare Program

5 6. Medicare was a federal health care benefit program,  
6 affecting commerce, that provided benefits to individuals who  
7 were 65 years and older or disabled. Medicare was administered  
8 by the Centers for Medicare and Medicaid Services ("CMS"), a  
9 federal agency under the United States Department of Health and  
10 Human Services.

11 7. Individuals who qualified for Medicare benefits were  
12 referred to as Medicare "beneficiaries." Each beneficiary was  
13 given a unique health insurance claim number.

14 8. Medicare programs covering different types of benefits  
15 were separated into different program "parts." Part D of  
16 Medicare (the "Medicare Part D Program") subsidized the costs of  
17 prescription drugs for Medicare beneficiaries in the United  
18 States. The Medicare Part D Program was enacted as part of the  
19 Medicare Prescription Drug, Improvement, and Modernization Act  
20 of 2003, and went into effect on January 1, 2006.

21 9. In order to receive Medicare Part D Program benefits,  
22 a beneficiary had to be enrolled in a Medicare drug plan.  
23 Medicare drug plans were operated by private companies approved  
24 by Medicare. Those companies were often referred to as drug  
25 plan "sponsors." A beneficiary in a Medicare drug plan could  
26 fill a prescription at a pharmacy and use his or her plan to pay  
27 for some or all of the prescription.

1           10. A pharmacy could participate in the Medicare Part D  
2 program by entering into a retail network agreement directly  
3 with a drug plan; with one or more Pharmacy Benefit Managers  
4 ("PBMs"); or with a Pharmacy Services Administration  
5 Organization, which would, in turn, contract with PBMs on behalf  
6 of the pharmacy. A PBM acted on behalf of one or more drug  
7 plans. Through a plan's PBM, a pharmacy could join the drug  
8 plan's network. When a Medicare Part D program beneficiary  
9 presented a prescription to a pharmacy, the pharmacy submitted a  
10 claim either directly to the drug plan or to a PBM that  
11 represented the beneficiary's Medicare drug plan. The drug plan  
12 or PBM determined whether the pharmacy was entitled to payment  
13 for each claim and periodically paid the pharmacy for  
14 outstanding claims. The drug plan's sponsor reimbursed the PBM  
15 for its payments to the pharmacy.

16           11. A pharmacy could also submit claims to a Medicare drug  
17 plan to whose network the pharmacy did not belong. Submission  
18 of such out-of-network claims was not common and often resulted  
19 in smaller payments to the pharmacy by the drug plan sponsor.

20           12. Medicare, through CMS, compensated Medicare drug plan  
21 sponsors. Medicare paid the sponsors a monthly fee for each  
22 Medicare beneficiary of the sponsors' plans. Such payments were  
23 called capitation fees. The capitation fee was adjusted  
24 periodically based on various factors, including the  
25 beneficiary's medical conditions. In addition, in some cases  
26 where a sponsor's expenses for a beneficiary's prescription  
27 drugs exceeded that beneficiary's capitation fee, Medicare  
28

1 reimbursed the sponsor for a portion of those additional  
2 expenses:

3 13. Medicare and Medicare drug plans (collectively,  
4 "Medicare") were health care benefit programs, as defined by  
5 Title 18, United States Code, Section 24(b).

6 The Medi-Cal Program

7 14. Medi-Cal was a health care benefit program, affecting  
8 commerce, that provided reimbursement for medically necessary  
9 health care services to indigent individuals in California.  
10 Funding for Medi-Cal was shared between the federal government  
11 and the State of California.

12 15. The California Department of Health Care Services,  
13 ("DHCS") administered the Medi-Cal program. DHCS authorized  
14 provider participation, determined beneficiary eligibility,  
15 issued Medi-Cal benefits identification cards to beneficiaries,  
16 and promulgated regulations for the administration of the  
17 program.

18 16. Individuals who qualified for Medi-Cal benefits were  
19 referred to as "beneficiaries." Each beneficiary was given a  
20 Medi-Cal benefits identification card with an identification  
21 number.

22 17. Medi-Cal reimbursed physicians and other health care  
23 providers for medically necessary treatment and services  
24 rendered to Medi-Cal beneficiaries.

25 18. Health care providers, including pharmacies, could  
26 receive direct reimbursement from Medi-Cal by applying to Medi-  
27 Cal and receiving a Medi-Cal provider number.

28 19. To obtain payment for services, an enrolled provider,

1 using its unique provider number, would submit claims to Medi-  
2 Cal certifying that the information on the claim form was  
3 truthful and accurate and that the services provided were  
4 reasonable and necessary to the health of the Medi-Cal  
5 beneficiary.

6 20. Medi-Cal was a health care benefit program, as defined  
7 by Title 18, United States Code, Section 24(b).

8 21. The Pharmacies were Medi-Cal providers. Defendant  
9 SADOVSKY submitted a Medi-Cal provider application for Five Star  
10 Pharmacy in or around November 2008, and for Ultimate Pharmacy  
11 in or around June 2014.

12 B. OBJECT OF THE CONSPIRACY

13 22. Beginning in or around January 2017, and continuing  
14 through in or around March 2017, in Los Angeles County, within  
15 the Central District of California, and elsewhere, defendants  
16 SADOVSKY, KEREN, and KALANTARI, together with others known and  
17 unknown to the Grand Jury, knowingly combined, conspired, and  
18 agreed with each other to commit health care fraud, in violation  
19 of Title 18, United States Code, Section 1347.

20 C. MEANS BY WHICH THE OBJECT OF THE CONSPIRACY WAS TO BE  
21 ACCOMPLISHED

22 23. The object of the conspiracy was carried out, and was  
23 to be carried out, in substance as follows:

24 a. Defendant KEREN would obtain lists of beneficiary  
25 names and information, including dates of birth, social security  
26 numbers, and Medi-Cal identification numbers, from others known  
27 and unknown to the Grand Jury, and would provide the lists to  
28 defendants KALANTARI and SADOVSKY.

1           b. Defendant SADOVSKY would check the eligibility of  
2 the beneficiaries on the lists to determine whether Medi-Cal  
3 would reimburse claims for certain prescription drugs.

4           c. Defendants KALANTARI and SADOVSKY would write,  
5 and cause to be written, prescriptions for certain drugs,  
6 including HIV drugs Triumeq, Truvada, and Norvir, on the  
7 prescription pad to which defendant KALANTARI had access, in the  
8 names of beneficiaries on the lists.

9           d. Defendant SADOVSKY would order and cause to be  
10 ordered from prescription drug wholesalers the prescription  
11 drugs for which defendants SADOVSKY and KALANTARI had written on  
12 the prescriptions.

13           e. Defendant SADOVSKY would knowingly and willfully  
14 submit, and cause the submission of, claims to Medi-Cal and  
15 Medicare for these prescription drugs. In so doing, defendant  
16 SADOVSKY would falsely represent and maintain the pretense that  
17 the Pharmacies had dispensed the prescription drugs to the  
18 beneficiaries, even though, as defendant SADOVSKY then well  
19 knew, the Pharmacies had not dispensed the prescription drugs to  
20 beneficiaries.

21           f. Defendant SADOVSKY would provide the bottles,  
22 obtained from wholesalers, of the prescription drugs for which  
23 she had submitted claims to Medi-Cal and Medicare to defendant  
24 KEREN with no patient labels adhered, so that defendant KEREN  
25 could sell the prescription drugs on the black market and  
26 defendants SADOVSKY and KEREN could share in the profits from  
27 those sales.  
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1 g. On or about March 21, 2017, defendant SADOVSKY  
2 issued a check for \$5,800 from Ultimate Pharmacy to Socially  
3 Oriented United Living, Inc., defendant KEREN's company, which  
4 defendant KEREN deposited, and paid \$5,800 to defendant  
5 KALANTARI in cash as compensation for the prescriptions  
6 defendant KALANTARI wrote.

7 h. As the result of the submission to Medi-Cal and  
8 Medicare of the false and fraudulent claims that defendants  
9 SADOVSKY, KEREN, and KALANTARI submitted and caused to be  
10 submitted, Medi-Cal and Medicare made payments to the Pharmacies  
11 of at least approximately \$115,147.



COUNTS TWO THROUGH FOUR

[18 U.S.C. §§ 1347, 2(b)]

24. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 21 and 23 of this Indictment as if set forth fully herein.

A. THE SCHEME TO DEFRAUD

25. Beginning in or around January 2017, and continuing through in or around March 2017, in Los Angeles County, within the Central District of California, and elsewhere, defendants SADOVSKY, KEREN, and KALANTARI, together with others known and unknown to the Grand Jury, knowingly, willfully, and with intent to defraud, executed and attempted to execute, a scheme and artifice: (a) to defraud health care benefit programs, namely, Medi-Cal and Medicare, as to material matters in connection with the delivery of, and payment for, health care benefits, items, and services; and (b) to obtain money from health care benefit programs, namely, Medi-Cal and Medicare, by means of materially false and fraudulent pretenses and representations and the concealment of material facts in connection with the delivery of, and payment for health care benefits, items, and services.

B. MEANS TO ACCOMPLISH THE SCHEME TO DEFRAUD

26. The fraudulent scheme operated, in substance, as described in paragraph 23 of this Indictment.

C. EXECUTIONS OF THE FRAUDULENT SCHEME

27. On or about the dates set forth below, within the Central District of California, and elsewhere, defendants SADOVSKY, KEREN, and KALANTARI, together with others known and unknown to the Grand Jury, knowingly and willfully executed and

1 attempted to execute the fraudulent scheme described above, by  
 2 submitting, and causing to be submitted, to Medi-Cal and  
 3 Medicare the following false and fraudulent claims for payment  
 4 for the prescription drugs purportedly dispensed to the  
 5 beneficiaries set forth below:

COUNT	BENE- FICIARY	DRUGS	DATE CLAIMS SUBMITTED	AMOUNT CLAIMED	HEALTH CARE BENEFIT PROGRAM
TWO	V.G.	NORVIR CHLORPROMAZINE ATRIPLA LEVETIRACETAM ABILIFY FAMOTIDINE TRIZIVIR	1/6/2017	\$8,555.83	Medi-Cal
THREE	T.H.	NORVIR FLUPHENAZINE ATRIPLA OLANZAPINE TRUVADA	1/6/2017	\$6,931.57	Medi-Cal
FOUR	D.N.	TRIUMEQ NORVIR SUSTIVA NAPROXEN ROSUVASTATIN CALCIUM AMLODIPINE BESYLATE	1/31/2017	\$4,122.97	Medicare

COUNT FIVE

[18 U.S.C. § 371]

28. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 5 of this Indictment as if set forth fully herein.

A. INTRODUCTORY ALLEGATIONS

29. At all times relevant to this Indictment, defendant MIKHAIL KHANUKHOV, a resident of Sherman Oaks, California, was the manager of the Pharmacies.

The Food, Drug, and Cosmetic Act

30. The United States Food and Drug Administration ("FDA") was the federal agency responsible for protecting the health and safety of the American public by enforcing the Federal Food, Drug, and Cosmetic Act ("FDCA"), Title 21, United States Code, Sections 301-399f, and other pertinent laws and regulations.

31. One purpose of the FDCA was to ensure that drugs sold for use by humans were safe, effective, and bore labeling containing only true and accurate information. The FDA's responsibilities under the FDCA included regulating the manufacture, labeling, and distribution of all drugs, including prescription drugs, and drug components shipped or received in interstate commerce.

32. Under the FDCA, the term "drug" included articles that (a) were intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man; or (b) were intended to affect the structure or any function of the body of man.

1           33. There were certain drugs intended for use by man  
2 which, because of their toxicity or other potentiality for  
3 harmful effect, or the method of their use, or the collateral  
4 measures necessary for their use, were not safe for use except  
5 under the supervision of a practitioner licensed by law to  
6 administer such drugs. These drugs were known as prescription  
7 drugs. For certain drugs, the application approved by the FDA  
8 limited those drugs to use under the professional supervision of  
9 a practitioner licensed by law to administer the drugs. These  
10 drugs were also known as prescription drugs.

11           Wholesale Distribution of Prescription Drugs

12           34. U.S. drug manufacturers generally distributed  
13 prescription drugs to pharmacies, hospitals, and customers  
14 through licensed wholesale distributors.

15           35. Some drug distributors sometimes obtained drugs from  
16 unlicensed sources who sold drugs at prices significantly below  
17 the average wholesale price of the drug. Those sources  
18 sometimes purchased counterfeit, stolen, or expired drugs that  
19 were previously dispensed and resold by the patient for whom the  
20 drug was prescribed and were reintroduced into the wholesale  
21 distribution chain.

22           36. To prevent prescription drug diversion and the  
23 distribution of counterfeit, stolen, expired and substandard  
24 drugs, Congress enacted the Prescription Drug Marketing Act  
25 ("PDMA"), which was incorporated into the FDCA.

1 37. Under the PDMA, persons engaged in the wholesale  
2 distribution of prescription drugs in interstate commerce in a  
3 State were required to be licensed by the State in accordance  
4 with guidelines established by the FDA.

5 38. The FDCA prohibited the wholesale distribution or  
6 causing the wholesale distribution of a prescription drug  
7 without the required state license.

8 39. Neither defendant SADOVSKY nor the Pharmacies were  
9 licensed as prescription drug wholesalers in the State of  
10 California.

11 B. OBJECT OF THE CONSPIRACY

12 40. Beginning no later than in or around September 2016,  
13 and continuing through in or around April 2017, in Los Angeles  
14 County, within the Central District of California, and  
15 elsewhere, defendants SADOVSKY, KEREN, KHANUKHOV, and KALANTARI,  
16 together with others known and unknown to the Grand Jury,  
17 knowingly combined, conspired, and agreed to engage in the  
18 unlicensed wholesale distribution of prescription drugs in  
19 interstate commerce, in violation of Title 21, United States  
20 Code, Section 331(t), 333(b)(1)(D), and 353(e)(1)(A).

21 C. THE MANNER AND MEANS OF THE CONSPIRACY

22 41. The object of the conspiracy was carried out, and to  
23 be carried out, in substance, as follows:

24 a. Defendant KALANTARI and individuals known and  
25 unknown to the Grand Jury would write prescriptions for certain  
26 drugs for which there was demand on the black market, including  
27 HIV and psychiatric drugs, and would provide those prescriptions  
28 to the Pharmacies.

1           b. Defendant SADOVSKY would submit and cause the  
2 submission of corresponding prescription claims to Medicare and  
3 Medi-Cal, and would order the prescription drugs from legitimate  
4 wholesalers, but would not dispense the prescription drugs to  
5 beneficiaries.

6           c. Defendants SADOVSKY and KEREN would pay  
7 kickbacks, and cause the payment of kickbacks, to beneficiaries,  
8 marketers, prescribers, including defendant KALANTARI, and  
9 facilities in exchange for prescriptions for drugs that were  
10 prescribed to the beneficiaries and billed to Medicare and Medi-  
11 Cal, but not dispensed to beneficiaries, thereby creating an  
12 inventory of prescription drugs at the Pharmacies available for  
13 re-sale on the black market.

14           d. Defendant SADOVSKY would provide unopened bottles  
15 of prescription drugs obtained from wholesalers to defendant  
16 KEREN and others known and unknown to the Grand Jury with no  
17 patient labels adhered to the bottles, or with patient labels  
18 partially adhered to the bottles to allow for easy removal.

19           e. Defendants KEREN, KHANUKHOV, and others known and  
20 unknown to the Grand Jury, would sell and attempt to sell these  
21 wholesale bottles of prescription drugs to various outlets.

22 D. OVERT ACTS

23           42. In furtherance of the conspiracy, and to accomplish  
24 its object, defendants SADOVSKY, KEREN, KHANUKHOV, and  
25 KALANTARI, together with others known and unknown to the Grand  
26 Jury, committed and willfully caused others to commit the  
27 following overt acts, among others, in the Central District of  
28 California and elsewhere:

1        Overt Act No. 1: On or about September 20, 2016, defendant  
2 KHANUKHOV provided defendant KEREN with a list of prescription  
3 drugs that the Pharmacies had available for sale on the black  
4 market.

5        Overt Act No. 2: On or about October 31, 2016, defendant  
6 KHANUKHOV sent defendant KEREN a Russian-language text message  
7 that meant, "the merchandise and papers are ready."

8        Overt Act No. 3: On or about January 6, 2017, defendants  
9 KALANTARI and SADOVSKY wrote and caused to be written  
10 prescriptions for certain drugs on the prescription pad to which  
11 defendant KALANTARI had access.

12        Overt Act No. 4: On or about February 1, 2017, defendant  
13 SADOVSKY provided a box of prescription drugs to defendant  
14 KEREN.

15        Overt Act No. 5: On or about February 8, 2017, defendant  
16 SADOVSKY confirmed via a telephone call with defendant KEREN  
17 that the prescription drugs she had previously provided to  
18 defendant KEREN had been purchased from wholesaler Cardinal  
19 Health.

20        Overt Act No. 6: On or about February 8, 2017, defendant  
21 KEREN sold to an individual whom he believed to be a purchaser,  
22 but who was, in fact, a confidential source working with law  
23 enforcement (the "Purchaser"), the prescription drugs in the box  
24 obtained from defendant SADOVSKY.

25        Overt Act No. 7: On or about February 8, 2017, defendant  
26 KEREN paid defendant SADOVSKY a percentage of the money paid by  
27 the Purchaser in exchange for the prescription drugs that  
28 defendant KEREN had sold.

1           Overt Act No. 8: On or about March 17, 2017, defendant  
2 SADOVSKY sent a text message to defendant KEREN stating that  
3 defendant KALANTARI wanted to join their meeting with the  
4 Purchaser.

5           Overt Act No. 9: On or about March 21, 2017, defendants  
6 KEREN and SADOVSKY met the Purchaser of the prescription drugs.

7           Overt Act No. 10: On or about April 1, 2017, defendant  
8 KEREN sent an email to the Purchaser titled "Inventory List,"  
9 with a list of 19 prescription drug names, their cost and  
10 quantity.

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COUNT SIX

[21 U.S.C. §§ 331(t), 333(b)(1)(D), and 353(e)(1)(A)]

43. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 4, 30 through 39, 41 and 42 of this Indictment as if set forth fully herein.

44. On or about February 8, 2017, in Los Angeles County, within the Central District of California, and elsewhere, defendants SADOVSKY and KEREN knowingly engaged in, and caused others to engage in, the wholesale distribution in the State of California of prescription drugs in interstate commerce in a State without being licensed by that State to do so, namely, defendants SADOVSKY and KEREN engaged in and caused the wholesale distribution of prescription drugs Advair, Zetia, Creon, Abilify, and Nexium, when neither defendant SADOVSKY, defendant KEREN, nor the Pharmacies were licensed as prescription drug wholesalers in the State of California.

COUNT SEVEN

[18 U.S.C. § 1349]

45. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 4 and 6 through 21 of this Indictment as if set forth fully herein.

A. OBJECT OF THE CONSPIRACY

46. Beginning in or around August 2014, and continuing through in or around December 2014, in Los Angeles County, within the Central District of California, and elsewhere, defendants SADOVSKY and KEREN, together with others known and unknown to the Grand Jury, knowingly combined, conspired, and agreed with each other to commit health care fraud, in violation of Title 18, United States Code, Section 1347.

B. MEANS BY WHICH THE OBJECT OF THE CONSPIRACY WAS TO BE ACCOMPLISHED

47. The object of the conspiracy was carried out, and was to be carried out, in substance as follows:

a. Defendant KEREN and others known and unknown to the Grand Jury would pay kickbacks to marketers to bring beneficiaries and beneficiary information from facilities to prescriber B.T. in order to obtain prescriptions for certain drugs, including psychiatric drugs Seroquel, Abilify, and Latuda.

b. Defendant SADOVSKY would check the eligibility of the beneficiaries to determine whether Medi-Cal and Medicare would reimburse claims for certain prescription drugs for these beneficiaries.

c. Defendant SADOVSKY would order and cause to be

1 ordered from prescription drug wholesalers the prescription  
2 drugs that B.T. had prescribed.

3 d. Defendant SADOVSKY would knowingly and willfully  
4 submit, and cause the submission of, claims to Medi-Cal and  
5 Medicare for the prescription drugs prescribed by B.T. In so  
6 doing, defendant SADOVSKY would falsely represent and maintain  
7 the pretense that the Pharmacies dispensed the prescription  
8 drugs to the beneficiaries, even though, as defendant SADOVSKY  
9 then well knew, the majority of these prescription drugs had not  
10 been dispensed to the beneficiaries.

11 e. Defendant SADOVSKY would provide, and cause  
12 others to provide, the bottles of the prescription drugs  
13 obtained from wholesalers, for which she had submitted claims to  
14 Medi-Cal and Medicare, to defendant KEREN and others known and  
15 unknown to the Grand Jury with no patient labels adhered, or  
16 with the patient labels partially adhered, so that defendant  
17 KEREN and others known and unknown to the Grand Jury could sell  
18 the prescription drugs on the black market.

19 f. As the result of the false and fraudulent claims  
20 that defendants SADOVSKY and KEREN submitted and caused to be  
21 submitted to Medi-Cal and Medicare, Medi-Cal and Medicare made  
22 payments to Five Star Pharmacy of at least approximately  
23 \$1,067,231.

COUNT EIGHT

[18 U.S.C. §§ 1347, 2(b)]

48. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 4, 6 through 21, and 47 of this Indictment as if set forth fully herein.

A. THE SCHEME TO DEFRAUD

49. Beginning in or around August 2014, and continuing through in or around December 2014, in Los Angeles County, within the Central District of California, and elsewhere, defendants SADOVSKY and KEREN, together with others known and unknown to the Grand Jury, knowingly, willfully, and with intent to defraud, executed and attempted to execute, a scheme and artifice: (a) to defraud health care benefit programs, namely, Medi-Cal and Medicare, as to material matters in connection with the delivery of, and payment for, health care benefits, items, and services; and (b) to obtain money from health care benefit programs, namely, Medi-Cal and Medicare, by means of materially false and fraudulent pretenses and representations and the concealment of material facts in connection with the delivery of, and payment for health care benefits, items, and services.

B. MEANS TO ACCOMPLISH THE SCHEME TO DEFRAUD

50. The fraudulent scheme operated, in substance, as described in paragraph 47 of this Indictment.

C. EXECUTION OF THE FRAUDULENT SCHEME

51. On or about the date set forth below, within the Central District of California, and elsewhere, defendants SADOVSKY and KEREN, together with others known and unknown to the Grand Jury, knowingly and willfully executed and attempted

1 to execute the fraudulent scheme described above, by submitting,  
2 and causing to be submitted, to Medicare the following false and  
3 fraudulent claim for payment for prescription drugs:

BENEFICIARY	DRUG NAMES	DATE CLAIM SUBMITTED	AMOUNT CLAIMED
L.H.	ABILIFY LATUDA	8/13/2014	\$1,833.94

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COUNT NINE

[18 U.S.C. § 371]

52. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 3 and 6 through 21 of this Indictment as if set forth fully herein.

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

53. Defendant ANDREI SOTNIKOV, a resident of Northridge, California, was a marketer.

54. Defendant NIDA ROSALES, a resident of Bellflower, California, was a marketer who owned and operated NGR Pharmed-Health Consulting & Marketing Inc. ("NGR Pharmed").

55. Defendant JUAN CARLOS ENRIQUEZ, a resident of Los Angeles, California, was a pharmacy technician at the Pharmacies, and was a marketer.

B. OBJECTS OF THE CONSPIRACY

56. Beginning no later than in or around January 2014, and continuing through in or around September 2017, in Los Angeles County, within the Central District of California, and elsewhere, defendants SADOVSKY, SOTNIKOV, ROSALES, and ENRIQUEZ, together with others known and unknown to the Grand Jury, knowingly combined, conspired, and agreed to commit the following offenses against the United States:

a. Knowingly and willfully soliciting and receiving remuneration in return for referring an individual to a person for the furnishing and arranging for the furnishing of any item or service for which payment may be made in whole or in part

1 under a Federal health care program, in violation of Title 42,  
2 United States Code, Section 1320a-7b(b) (1) (A); and

3 b. Knowingly and willfully offering to pay and  
4 paying any remuneration to any person to induce such person to  
5 refer an individual to a person for the furnishing and arranging  
6 for the furnishing of any item or service for which payment may  
7 be made in whole or in part under a Federal health care program,  
8 in violation of Title 42, United States Code, Section 1320a-  
9 7b(b) (2) (A).

10 C. THE MANNER AND MEANS OF THE CONSPIRACY

11 57. The objects of the conspiracy were carried out, and to  
12 be carried out, in substance, as follows:

13 a. Defendants SOTNIKOV, ROSALES, and ENRIQUEZ would  
14 develop relationships with the owners and operators of certain  
15 facilities, whereby the owners and operators of the facilities  
16 would send their beneficiaries' prescriptions to the Pharmacies,  
17 for which prescriptions defendant SADOVSKY would submit claims  
18 and cause claims to be submitted to Medicare and Medi-Cal.

19 b. In exchange for the referral of beneficiaries  
20 from facilities, defendant SADOVSKY would pay defendants  
21 SOTNIKOV and ENRIQUEZ a kickback that was calculated as a  
22 percentage of the profit the Pharmacies made from the  
23 reimbursement from Medicare and Medi-Cal for the prescription  
24 claims submitted for the beneficiaries at the respective  
25 facilities referred by defendants SOTNIKOV and ENRIQUEZ.

26 c. Defendant SADOVSKY would pay defendant ROSALES a  
27 kickback of \$40 per beneficiary per month in exchange for the  
28

1 referral of beneficiaries from facilities with prescription  
2 claims.

3 d. In order to keep track of the kickback payments  
4 to defendants SOTNIKOV, ROSALES, and ENRIQUEZ, defendant  
5 SADOVSKY would maintain marketing files for each of defendants  
6 SOTNIKOV, ROSALES, and ENRIQUEZ, which contained calculations of  
7 the number of beneficiaries each marketer had referred from the  
8 facilities and the profit the Pharmacies made on the  
9 reimbursement for these beneficiaries' prescriptions from each  
10 facility.

11 D. OVERT ACTS

12 58. On or about the following dates, in furtherance of the  
13 conspiracy and to accomplish its objects, defendants SADOVSKY,  
14 SOTNIKOV, ROSALES, and ENRIQUEZ, and others known and unknown to  
15 the Grand Jury, committed and willfully caused others to commit  
16 the following overt acts, among others, within the Central  
17 District of California and elsewhere:

18 Overt Act No. 1: On or about April 20, 2016, defendant  
19 SADOVSKY paid defendant ENRIQUEZ approximately \$2,934 via check  
20 drawn on Five Pharmacy's Bank of the West account ending in  
21 -9113 payable to "Juan Carlos Enriquez."

22 Overt Act No. 2: On or about October 18, 2016, defendant  
23 SADOVSKY paid defendant ROSALES approximately \$3,640 via check  
24 drawn on Ultimate Pharmacy's JPMorgan Chase account ending in  
25 -1627 payable to "NGR Pharmed."

26 Overt Act No. 3: On or about June 20, 2016, defendant  
27 SADOVSKY paid defendant SOTNIKOV approximately \$1,167 via check  
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1 drawn on Five Star Pharmacy's Bank of the West account ending in  
2 -9113 payable to "Andrei Sotnikov."  
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## COUNTS TEN THROUGH TWELVE

[42 U.S.C. § 1320a-7b(b) (1) (A)]

59. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 3, 6 through 21, 53 through 55, and 57 of this Indictment as if set forth fully herein.

60. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendants SOTNIKOV, ROSALES, and ENRIQUEZ, as set forth below, knowingly and willfully received remuneration, namely, checks in the amounts set forth below, drawn on the Pharmacies' bank accounts set forth below, which constituted kickbacks for referring patients to the Pharmacies for the furnishing and arranging for the furnishing of prescription drugs, for which payment could be made in whole and in part under a Federal health care program, namely, Medicare and Medi-Cal:

COUNT	RECIPIENT	DATE	ACCOUNT	AMOUNT
TEN	SOTNIKOV	June 20, 2016	Bank of the West -9113	\$1,167.75
ELEVEN	ROSALES	October 18, 2016	JPMorgan Chase -1627	\$3,640
TWELVE	ENRIQUEZ	April 20, 2016	Bank of the West -9113	\$2,934

## COUNTS THIRTEEN THROUGH SEVENTEEN

[42 U.S.C. § 1320a-7b(b) (2) (A); 18 U.S.C. § 2(b)]

61. The Grand Jury hereby repeats, re-alleges, and incorporates by reference paragraphs 1 through 3, 6 through 21, 53 through 55, and 57 of this Indictment as if set forth fully herein.

62. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant SADOVSKY knowingly and willfully paid and caused to be paid remuneration: (a) to marketers, using checks drawn on the Pharmacies' bank accounts, and (b) to beneficiaries, using U.S. Bank rewards cards, in the amounts identified below, which constituted kickbacks in exchange for providing prescriptions to the Pharmacies for the furnishing and arranging for the furnishing of prescription drugs, for which payment could be made in whole and in part under a Federal health care program, namely, Medicare and Medi-Cal:

COUNT	RECIPIENT	DATE	ACCOUNT/CARD	AMOUNT
THIRTEEN	Sotnikov	June 20, 2016	Bank of the West -9113	\$1,167.75
FOURTEEN	Rosales	October 18, 2016	JPMorgan Chase -1627	\$3,640
FIFTEEN	Enriquez	April 20, 2016	Bank of the West -9113	\$2,934
SIXTEEN	Beneficiary Y.U.	October 2016	U.S. Bank Reward Card	\$25
SEVENTEEN	Beneficiary I.G.	November 2016	U.S. Bank Reward Card	\$25

FORFEITURE ALLEGATION

[18 U.S.C. §§ 982(a)(7), 981(a)(1)(C); 28 U.S.C. § 2461(c)]

63. Pursuant to Rule 32.2(a) Fed. R. Crim. P., notice is hereby given to defendants IRINA SADOVSKY, also known as ("aka") "Irina Bekerman," YIGAL KEREN, MIKHAIL KHANUKHOV, SHAHRIAR KALANTARI, aka "Michael Kalantari," ANDREI SOTNIKOV, NIDA ROSALES, and JUAN CARLOS ENRIQUEZ ("defendants") that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Sections 982(a)(7) and 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendants' conviction under any of Counts One through Seventeen of this Indictment.

64. Defendants shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of any offense set forth in any of Counts One through Seventeen of this Indictment; and

b. A sum of money equal to the total value of the property described in subparagraph a. above. For each of Counts One through Seventeen for which more than one defendant is found guilty, each such defendant shall be jointly and severally liable for the entire amount forfeited pursuant to that Count.

65. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), each defendant shall forfeit substitute property, up to the total


1 value of the property described in the preceding paragraph if,  
2 as a result of any act or omission of a defendant, the property  
3 described in the preceding paragraph, or any portion thereof:

- 4 (a) cannot be located upon the exercise of due diligence;  
5 (b) has been transferred, sold to, or deposited with a third  
6 party; (c) has been placed beyond the jurisdiction of the Court;  
7 (d) has been substantially diminished in value; or (e) has been  
8 commingled with other property that cannot be divided without  
9 difficulty.

10 A TRUE BILL

11  
12 Foreperson \_\_\_\_\_

13 NICOLA T. HANNA  
14 United States Attorney

15   
16 LAWRENCE S. MIDDLETON  
17 Assistant United States Attorney  
18 Chief, Criminal Division

18 RANEE A. KATZENSTEIN  
19 Assistant United States Attorney  
20 Chief, Major Frauds Section

20 STEPHEN A. CAZARES  
21 Assistant United States Attorney  
22 Deputy Chief, Major Frauds Section

22 ROBERT ZINK  
23 Acting Principal Deputy Chief, Fraud Section  
24 United States Department of Justice

24 DIIDRI ROBINSON  
25 Assistant Chief, Fraud Section  
26 United States Department of Justice

27 ALEXIS GREGORIAN  
28 Trial Attorney, Fraud Section  
United States Department of Justice