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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

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UNITED STATES OF AMERICA : Mag. No. 14-4111 (MAH)  
 :  
 v. : Hon. Michael A. Hammer  
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 :  
 IMADELDIN AWAD KHAIR : CRIMINAL COMPLAINT

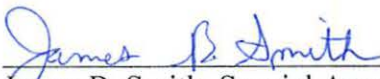
I, James B. Smith, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.

  
\_\_\_\_\_  
James B. Smith, Special Agent  
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,  
on October 6, 2014, at Newark, New Jersey

  
\_\_\_\_\_  
HONORABLE MICHAEL A. HAMMER  
UNITED STATES MAGISTRATE JUDGE

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**ATTACHMENT A**

**Count 1**  
**(Health Care Fraud)**

From at least in or about September 2011 through at least in or about October 2014, in the District of New Jersey, and elsewhere, defendant

**IMADELDIN AWAD KHAIR**

did knowingly and willfully execute and attempt to execute a scheme and artifice to defraud a health care benefit program, as defined under Title 18, United States Code, Section 24(b), namely the Medicare Part B program, and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, or under the custody and control of, a health care benefit program; namely the Medicare Part B program, in connection with the delivery of or payment for health care benefits, items, and services, as described in Attachment B below,

In violation of Title 18, United States Code, Sections 1347 and 2.

**Count 2**  
**(Money Laundering)**

On or about November 15, 2012, in the District of New Jersey, and elsewhere, defendant

IMADELDIN AWAD KHAIR

did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, specifically a check in the amount of \$15,500, such property having been derived from a specified unlawful activity, namely health care fraud,

In violation of Title 18, United States Code, Sections 1957 and 2.

## **ATTACHMENT B**

### **INTRODUCTION**

I, James B. Smith, a Special Agent with the Federal Bureau of Investigation, have been personally involved in the investigation of this matter. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained from other sources, including: a) statements made or reported by various witnesses with knowledge of relevant facts; b) my review of publicly available information relating to the defendants; and c) my review of consensual audio and video recordings. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include each and every fact that I have learned during the course of the investigation. Where the content of documents and the actions, statements and conversations of others or are set forth herein, they are related in substance and in part, except where otherwise indicated.

### **THE MEDICAID AND MEDICARE PROGRAMS**

1. The Medicare Program (Medicare) is a federal health care program that provides free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. The Medicare Part B program is a federally funded supplemental insurance program that provides supplementary Medicare insurance benefits, including emergency and non-emergency ambulance transportation, for individuals aged sixty-five or older, and certain individuals who are disabled.

2. The Medicaid Program (Medicaid) is a jointly funded, federal-state health insurance program that provides certain health benefits to the disabled, as well as low-income individuals and families. Under New Jersey law, Medicaid pays for various medical services, including emergency and non-emergency ambulance transportation for beneficiaries as well as transportation via wheelchair van.

3. Individuals or entities convicted of health care fraud are subject to a mandatory exclusion period from Medicare and Medicaid. While excluded, those individuals or entities may not submit, directly or indirectly, claims for reimbursement or cause any payment to be made by Medicare or Medicaid. Meaning, excluded individuals may not perform any work that results, either directly or indirectly, in a claim for payment being presented to Medicare or Medicaid. They are also prohibited from receiving funds (e.g., wages) that result from the reimbursement of claims for services rendered to Medicare and Medicaid beneficiaries. In order to receive a Medicare or Medicaid provider number, a health services provider must complete an 855-B form, under penalty of perjury, requiring disclosure of every individual who owns 5% or more of the company and disclosing if the company or any of its owners was criminally convicted or experienced any exclusions, revocations or suspensions from Medicare or Medicaid within the last ten years.

#### **THE SCHEME**

4. In or about May 2003, defendant IMADELDIN AWAD KHAIR (“KHAIR”) pleaded guilty in Passaic County Superior Court to one felony count of health care claims fraud for submitting false claims to Medicaid in connection with his ownership and operation of I & I Invalid Coach, an ambulance service provider based in Clifton, New Jersey. KHAIR was sentenced in September 2003 to three years’ imprisonment, served more than four months, and was ordered to pay \$82,000 in restitution. As a result of his conviction, KHAIR was excluded from participating in any capacity in Medicare, Medicaid, or any other federal health care program for a minimum period of eleven years. As such, at all times relevant to this Complaint, defendant KHAIR was an individual excluded from participating in any capacity in Medicare, Medicaid, or any other federal health care program.

5. Despite his status as an excluded individual, between 2011 and the present, defendant KHAIR has, along with others, operated K & S Invalid Coach LLC (“K & S”), a licensed ambulance and wheelchair transportation service operating out of Clifton, New Jersey. Nearly all of K & S’s patients have been Medicare beneficiaries requiring regular transportation to dialysis treatment. Between September 2011 and the present, K & S has submitted bills to Medicare totaling more than \$14 million and received more than \$6 million in payments from Medicare Part B. In 2014, K & S is in the top 3% of the more than 400 ambulance service providers in the state of New Jersey, as measured by total payments from Medicare. Between January and August 2014, alone, K & S received an average of more than \$24,000 per Medicare beneficiary it claimed to service.

6. From 2011 and the present, defendant KHAIR and others have concealed from Medicare KHAIR’s involvement, management and *de facto* ownership of K & S, as KHAIR’s involvement in the company made K & S ineligible to receive any of the millions of dollars in payments K & S has received from Medicare.

7. For example, in order to obtain a Medicare provider number, effective September 1, 2011, an individual at K & S submitted an 855-B form to Medicare indicating that the individual was the only owner of 5% or more of the company and that no owner of K & S had been criminally convicted or experienced any exclusions, revocations or suspensions from Medicare or Medicaid within the last ten years. A subsequent renewal 855-B form in January 2013 included the same representations.

8. In fact, defendant KHAIR not only helped control and manage the operations of K & S, but was also a *de facto* owner, exerting control over K & S’s operations and finances and receiving a substantial share of K & S’s profits.

9. Evidence from numerous sources, including recorded interviews between KHAIR and K & S employees, reveal that KHAIR (along with other individuals) controlled and managed the operations of K & S. Defendant KHAIR identified himself as an owner of K & S to company employees and to others with whom K & S did business, and demonstrated his authority by, among other things, wielding the power to hire and terminate employees, determine employee salaries, and enforce company policies.

10. When interviewed by federal law enforcement in 2013 relating to the smuggling of bulk cash out of the United States, law enforcement discovered a K & S business card on KHAIR's person that identified him as the Vice President of K & S. When questioned, however, KHAIR denied having a substantial role at K & S.

11. Money paid by Medicare Part B to K & S was direct deposited into a bank account set up by defendant KHAIR, with KHAIR and one other individual from K & S listed as the two signatories on the account. On the account opening documents, KHAIR signed for both himself and as power of attorney for the individual listed as the "owner" of K & S.

12. Bank records also reveal KHAIR's active involvement in and control of the finances of K & S. During the relevant time period, bank records reveal more than \$485,000 of K & S funds going directly to KHAIR, either through K & S checks written directly to him or checks written to cash that were then endorsed by KHAIR. Many of the K & S checks to KHAIR were signed by KHAIR himself. During the relevant time period, more than \$80,000 in K & S checks were also written to KHAIR's wife.

13. Among other transactions, on or about November 15, 2012, KHAIR wrote a check for \$15,500 against a K & S operating account, made payable to an individual with the initials "E.A.," endorsed by KHAIR, and deposited into an account in the name of E.A. Including this and other transactions from K & S operating accounts, KHAIR caused more than



\$86,000 to be transferred to the account in the name of E.A. Following these transactions, on or about February 8, 2013, KHAIR caused a wire transfer in the amount of \$86,295 to be made from the bank account in the name of E.A. for the purpose of completing a real estate transaction through which the property in which KHAIR resides was nominally transferred to E.A.

## FORFEITURE ALLEGATIONS

1. The allegations contained in Counts 1 and 2 of this Complaint are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 928(a)(1).

2. As the result of committing the violation of 18 U.S.C. § 1349 alleged in Count One of this Complaint, a Federal health care offense as defined in 18 U.S.C. § 24, defendant IMADELDIN AWAD KHAIR shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the offense.

3. As the result of committing the money laundering offense in violation of 18 U.S.C. § 1957 alleged in Count Two of this Complaint, defendant IMADELDIN AWAD KHAIR shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(1), all property, real and personal, involved in the money laundering offense, and all property traceable to such property.

4. The property subject to forfeiture includes, but is not limited to, all right, title and interest of defendant IMADELDIN AWAD KHAIR in the following property:

The real property and appurtenances known as 37 Adams Street, Clifton, Passaic County, New Jersey, also known as 35 Adams Street, Clifton, Passaic County, New Jersey, Parcel Number: 02-00015-11-00042; and

### Substitute Assets Provision

5. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;

- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.