

UNITED STATES DISTRICT COURT  UNITED STATES OF AMERICA v.  Arman GRIGORYAN ("A. GRIGORYAN"), Lianna 'Lili' OVSEPIAN ("L. OVSEPIAN"), Kenneth Wayne JOHNSON, M.D. ("JOHNSON"), Nurista 'Nora' GRIGORYAN ("N. GRIGORYAN"), Phic "PK" LIM ("LIM"), Theana KHOU ("KHOU"), Edgar HOVANNISYAN ("HOVANNISYAN"), Artur HARUTYUNYAN ("HARUTYUNYAN"), Mikayel GHUKASYAN ("GHUKASYAN"), Artak OVSEPIAN ("Artak OVSEPIAN"), Artyom YEGHIAZARYAN ("YEGHIAZARYAN"), Samvel TAMAZYAN ("TAMAZYAN"), Nune OVSEPYAN ("N. OVSEPYAN"), Lisa D. 'Danielle' MENDEZ ("MENDEZ"), Anthony Glen JONES ("JONES"), David 'Green Eyes' SMITH ("SMITH"), Richard Bond WASHINGTON ("WASHINGTON")	CENTRAL DISTRICT OF CALIFORNIA  DOCKET NO.  MAGISTRATE'S CASE NO.  11- <b>11-2474M</b>  <div style="border: 1px solid black; padding: 5px; text-align: center;">             FILED              CLERK, U.S. DISTRICT COURT              OCT 25 2011              CENTRAL DISTRICT OF CALIFORNIA              BY DEPUTY           </div>
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Complaint for violation of Title 18, United States Code § 1349

NAME OF MAGISTRATE JUDGE CARLA WOHRLE	UNITED STATES MAGISTRATE JUDGE	LOCATION Los Angeles, CA
DATE OF OFFENSE Beginning in on a date unknown and continuing until on or about October 27, 2011	PLACE OF OFFENSE Los Angeles County	ADDRESS OF ACCUSED (IF KNOWN)

COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE OR VIOLATION:  
  
SEE ATTACHMENT

BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED:  
(See attached affidavit which is incorporated as part of this Complaint)

MATERIAL WITNESSES IN RELATION TO THIS CHARGE:

Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.  <div style="text-align: center; font-size: 2em;">157</div>	SIGNATURE OF COMPLAINANT LAURA WILBUR <i>157</i>  OFFICIAL TITLE SPECIAL AGENT -- California Department of Justice
---	--

Sworn to before me and subscribed in my presence,

SIGNATURE OF MAGISTRATE JUDGE(1) CARLA M. WOHRLE	DATE October 25 2011
---	-------------------------

1) See Federal Rules of Criminal Procedure rules 3 and 54.  
JLW:BRB REC: ARREST WARRANT /DETENTION (all defendants)

**ATTACHMENT**

Beginning in on a date unknown and continuing until on or about October 27, 2011, within the Central District of California and elsewhere, defendants Arman GRIGORYAN ("A.GRIGORYAN"), Lianna 'Lili' OVSEPIAN ("L.OVSEPIAN"), Kenneth Wayne JOHNSON, M.D. ("JOHNSON"), Nurista 'Nora' GRIGORYAN ("N.GRIGORYAN"), Phic "PK" LIM ("LIM"), Theana KHOU ("KHOU"), Edgar HOVANNISYAN ("HOVANNISYAN"), Artur HARUTYUNYAN ("HARUTYUNYAN"), Mikayel GHUKASYAN ("GHUKASYAN"), Artak OVSEPIAN ("Artak OVSEPIAN"), Artyom YEGHIAZARYAN ("YEGHIAZARYAN"), Samvel TAMAZYAN ("TAMAZYAN"), Nune OVSEPYAN ("N.OVSEPYAN"), Lisa D. 'Danielle' MENDEZ ("MENDEZ"), Anthony Glen JONES ("JONES"), David 'Green Eyes' SMITH ("SMITH"), Richard Bond WASHINGTON ("WASHINGTON"), and others known and unknown to the Grand Jury, knowingly combined, conspired, and agreed to execute a scheme to defraud a health care benefit program, namely Medicare and Medi-Cal, in violation of 18 U.S.C. § 1349.

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1           4)     In addition to this formal training, I have received on-the-job training in health  
2 care fraud, involving both Medi-Cal and Medicare, from experienced agents, attorneys, and other  
3 experts in the field of fraud who have described schemes that are commonly used by persons  
4 who are criminally involved in attempting to obtain money from individuals, businesses, or  
5 public entities by fraudulent means. As a result of my training and experience, I am familiar  
6 with the federal and state laws relating to health care fraud and the investigation of health care  
7 fraud. I am familiar with the rules and regulations that govern health care providers who bill  
8 government health care for services, and the processing of claims, payment of claims, and record  
9 retention. I am also familiar with the methods and means used by criminals in committing fraud  
10 and health care fraud.

11           5)     I am closely working on the case that is the subject of this affidavit with SA Paul  
12 Ramirez (also with Cal-DOJ). SA Ramirez was appointed with BMFEA in July 2007, is also a  
13 California peace officer, and has been awarded the POST Basic and Intermediate certificates.  
14 SA Ramirez was a peace officer for the Medical Board of California from August 2004 until July  
15 2007. In that position, SA Ramirez investigated California's licensed medical practitioners and  
16 other licensed allied health agencies for criminal and administrative violations involving the  
17 unlicensed practice of medicine, prescription drug crimes, monetary fraud, and provider health  
18 insurance fraud. SA Ramirez has a BA degree in Sociology/ Law and Society from the  
19 University of California, Riverside, has completed more than 640 hours of personalized training  
20 and instruction from the POST Specialized Investigator Basic Course and the 300-hour Special  
21 Agent Academy. SA Ramirez has attended many POST certified, law enforcement training  
22 schools, including courses on money laundering, white collar crime, economic crime, organized  
23 crime, and identity theft.

24           6)     Cal-DOJ BMFEA has worked closely on the investigation underlying this search  
25 warrant affidavit with Health and Human Services – Office of Inspector General (“HHS/OIG”);

1 the Food and Drug Administration ("FDA"); and the Internal Revenue Service ("IRS"), as well  
2 as agents and officers from Immigration and Customs Enforcement ("ICE"); US Office of  
3 Inspector General Veterans Affairs ("VA/OIG"); Drug Enforcement Agency ("DEA");  
4 California Department of Health Care Services; San Marino Police Department; California  
5 Medical Board; Los Angeles County Sheriff's Office; and Medicare Contracted Health Integrity.

6 7) The facts and circumstances set forth in this affidavit are based upon my personal  
7 participation in this investigation; information relayed to me from SA Ramirez; information  
8 obtained from other participating law enforcement agents and officers, and other individuals; my  
9 review of documents and computer records related to this investigation; oral and written  
10 communications with others who have personal knowledge of the events and circumstances  
11 described herein; review of publicly available information, including information available on  
12 the Internet; and records received via legal process. Because this affidavit is submitted for the  
13 limited purpose of establishing probable cause in support of the application for search and arrest  
14 warrants, it does not set forth each and every fact that I, or others, have learned during the course  
15 of this investigation.

## 16 **II. SUMMARY OF CRIMINAL SCHEME**

17 8) As described in detail in this affidavit, beginning as early as January 1, 2009,  
18 various individuals working through Manor Medical Imaging clinic ("MANOR") and in concert  
19 with multiple pharmacies (the "SUBJECT PHARMACIES") have participated in a criminal  
20 prescription harvesting scheme to defraud Medicare and Medi-Cal into paying millions of dollars  
21 to the co-schemers. In this scheme, MANOR recruits veterans and low-income and elderly  
22 Medicare and Medi-Cal beneficiaries, as well as uses stolen beneficiary information,  
23 (collectively referred to as "compromised beneficiaries" or "beneficiaries")<sup>1</sup> to bill Medicare and

---

24 <sup>1</sup> Beneficiaries are referred to in this affidavit by their initials in order to protect their  
25 privacy.

1 Medi-Cal for millions of dollars worth of illegitimate medical services and the issuance of  
2 prescriptions, through the SUBJECT PHARMACIES, for dangerous and expensive anti-  
3 psychotic drugs. The dispensed drugs are not then provided to the beneficiaries but, rather,  
4 diverted to black market wholesalers and back to the SUBJECT PHARMACIES, where the  
5 scheme participants re-label, re-package, and re-dispense the medications to compromised  
6 beneficiaries --- and re-bill Medicare and/or Medi-Cal as though they are billing for new (never  
7 been dispensed) bottles of drugs. By doing so, the co-schemers use one expensive bottle of anti-  
8 psychotic medications to fraudulently bill Medicare or Medi-Cal many times over through  
9 compromised beneficiaries. As a result of this scheme, more than approximately \$18 million in  
10 fraudulent claims have been submitted to Medicare and Medi-Cal, of which approximately \$7.3  
11 million has been paid, for claims that should not have been submitted. This prescription  
12 harvesting scheme is ongoing.

13 **A. SCHEME PARTICIPANTS AND EXECUTION**

14 9) The scheme summarized above, which is described in greater detail later in this  
15 affidavit, is perpetrated by numerous individuals playing different roles, who generally operate in  
16 the scheme as follows:

17 a. MANOR, which, according to its Medicare provider application, identifies  
18 itself as an Independent Diagnostic Testing Facility ("IDTF"), operates in Glendale and is run by  
19 the following individuals: Arman GRIGORYAN ("**A.GRIGORYAN**"), who is listed as  
20 MANOR's president on both MANOR's Medicare certification and Secretary of State records;  
21 Lianna 'Lili' OVSEPIAN ("**L.OVSEPIAN**"), who investigation shows to be MANOR's office  
22 manager and promoter; Kenneth Wayne JOHNSON, M.D. ("**JOHNSON**"), who lists MANOR  
23 as his employer on his Medicare provider application and who issues, and allows to be issued,  
24 prescriptions in his name for the fraudulently billed prescriptions; Nurista 'Nora' GRIGORYAN  
25 ("**N.GRIGORYAN**"), who investigation shows to be acting as a unlicensed medical

1 professional issuing prescriptions in JOHNSON's name; Izabella A. Ovsepien ("I. Ovsepien"),  
2 who investigation shows to be MANOR's point of contact for the SUBJECT PHARMAICES;  
3 and Seda Zakaryan ("Zakaryan") and Artur Arakelyan ("Arakelyan"), who investigation shows  
4 to be MANOR office staff who assist with the processing of compromised beneficiaries.

5           b.       MANOR utilizes individuals commonly referred to as "cappers," to  
6 recruit, organize, transport (to and from the MANOR clinic), and pay compromised  
7 beneficiaries. The following individuals have been identified in this investigation as "cappers"  
8 for MANOR: Lisa D. 'Danielle' MENDEZ ("MENDEZ"); Anthony Glen JONES ("JONES");  
9 David 'Green Eyes' SMITH ("SMITH"); Richard Bond WASHINGTON ("WASHINGTON");  
10 and Vincent 'Minh' VO ("Minh").

11           c.       When beneficiaries arrive at MANOR, the MANOR employees listed  
12 above collect beneficiary identifying information (which may then be used in the scheme without  
13 the individual beneficiaries' knowledge) and issue prescriptions, written or approved by  
14 JOHNSON (referred to herein as "JOHNSON prescriptions") without any medical examination  
15 or legitimate medical purpose, to those compromised beneficiaries.

16           d.       Thereafter, "drivers" or "runners" employed by MANOR transport  
17 compromised beneficiaries between MANOR and SUBJECT PHARMACIES, where the  
18 fraudulent prescriptions are filled and billed to Medicare and Medi-Cal. MANOR is shown to  
19 utilize a SUBJECT PHARMACY until the pharmacy is detected by insurance auditors for  
20 suspicious billing patterns, and then MANOR moves on to another SUBEJCT PHARMACY.  
21 The SUBJECT PHARMACIES identified during the course of the investigation are PS  
22 Enterprises d/b/a HUNTINGTION Pharmacy ("HUNTINGTION"), which is owned by co-  
23 schemers Phic "PK" LIM ("LIM"), who is also the pharmacist, and Theana KHOU ("KHOU");<sup>2</sup>

24 \_\_\_\_\_  
25 <sup>2</sup> HUNTINGTION's Medi-Cal Provider Application indicates that LIM is the President  
with 30% ownership, LIM's wife KHOU is 30% owner, and KHOU's mother Eng S. An is 40%  
owner.

1 PACIFIC GRAND Pharmacy ("PACIFIC GRAND"); ADAMS SQUARE Pharmacy ("ADAMS  
2 SQUARE"); WEST VERN Pharmacy ("WEST VERN"); GAROS Pharmacy ("GAROS");  
3 MIDWAY DRUGS Pharmacy ("MIDWAY DRUGS"); and MERCED MEDICAL Pharmacy  
4 ("MERCED MEDICAL").

5 e. The "runners" ensure that the beneficiaries' prescriptions are filled, serve  
6 as lookouts, and ultimately deliver the medications, now diverted, to MANOR and co-schemers.  
7 The following individuals have been identified in this investigation as such "drivers" or  
8 "runners": Artur HARUTYUNYAN ("HARUTYUNYAN"); Edgar HOVINNISYAN  
9 ("HOVANNISYAN"); Mikayel GHUKASYAN ("GHUKASYAN"); Artak OVSEPIAN  
10 ("Artak OVSEPIAN"); Archak 'Ray' Ovsepien ("Archak Ovsepien"); Artyom  
11 YEGHIAZARYAN ("YEGHIAZARYAN") and Samvel TAMAZYAN ("TAMAZYAN"),  
12 assisted by his wife Nune OVSEPYAN ("N.OVSEPYAN"). After the prescription medications  
13 are turned over to MANOR, the compromised beneficiaries are paid a small sum of cash and the  
14 runners or cappers return them to the pick-up location (often in low-income and veteran areas).

15 f. The co-schemers thereafter engage in black market dealing of the diverted  
16 drugs, often selling them at a discounted rate to SUBJECT PHARMACIES (for the pharmacies  
17 to re-fill for future beneficiaries and re-bill to Medicare and Medi-Cal) and black market drug  
18 runners. The SUBJECT PHARMACIES are believed to utilize fraudulent invoices from drug  
19 wholesalers, including from a secondary drug wholesaler, "Tri Med Wholesale" ("TRI-MED"),  
20 to conceal during audits and/or investigations the drug diversion scheme by making it appear as  
21 though the SUBJECT PHARMACIES are buying new medications from legitimate wholesalers  
22 rather than medications that have already been dispensed to beneficiaries and billed to the  
23 government programs. The "new" medications purchased from TRI-MED by the SUBJECT  
24 PHARMACIES (as reported on false invoices) are the same anti-psychotic medications  
25 identified as being illegally diverted during the course of the investigation.

1 **B. SCOPE OF THE SCHEME**

2 10) As stated above, according to Medicare and Medi-Cal payment records of the  
3 SUBJECT PHARMACIES, from September 1, 2009 to July 27, 2011, JOHNSON prescriptions  
4 have generated more than \$7,291,419 worth of paid prescription claims, and an additional  
5 \$10,753,979 of attempted and denied prescription claims, totaling more than approximately  
6 \$18,000,000 in intended and actual loss to the government-funded programs.

7 11) Although JOHNSON prescriptions have generated millions of dollars, according  
8 to Medicare Part B (discussed below) billing claims submitted by MANOR (under National  
9 Practitioner Identifier ("NPI") Number 1578653325), a self-identified IDTF, MANOR has been  
10 paid only approximately \$20,766 for IDTF-related services for the three-year span from  
11 September 1, 2007 to November 8, 2010 (the last date that MANOR received a payment).  
12 MANOR has not submitted Medi-Cal claims for any IDTF-related practices.

13 12) Medicare Part B records show that from November 19, 2007 through June 21,  
14 2011 (the most recent records), JOHNSON (under NPI number 1972560449 and Medicare Upin  
15 # BT1482) submitted 3,096 claims for a total of \$644,445. Of those, 2,805 claims totaling  
16 \$90,098 were paid to JOHNSON (meaning that \$554,346 in claims were denied). JOHNSON is  
17 the referring physician for \$83,528 of those paid claims, the majority of which are related to  
18 IDTF services. According to Medi-Cal billing records for JOHNSON, JOHNSON has submitted  
19 over 2,100 IDTF-related Medi-Cal claims (around \$40K), all of which were denied. As of the  
20 writing of this affidavit, JOHNSON has not been paid or reimbursed for any Medi-Cal claims  
21 since 2006. These claims did not reflect regular office visits or show regular patient care visits.

22 13) Medi-Cal billing records for HUNTINGTON, the main SUBJECT PHARMACY  
23 used in 2010, further illustrate the scope of the scheme. HUNTINGTON records show a  
24 significant spike in Med-Cal claims in the year 2010, correlating with an increase in JOHNSON  
25 prescriptions:

1           a.       Specifically, records show that HUNTINGTON was paid the following  
2 amounts for prescription claims:

3                       2006: \$58,683.70

4                       2007: \$40,407.60

5                       2008: \$27,181.74

6                       2009: \$44,498.94

7                       2010: **\$1,486,713.67**

8                       2011 (through August 24): \$14,558.98

9           b.       Medi-Cal records indicate that from September 1, 2009 to May 1, 2011,  
10 HUNTINGTON submitted a total of 5,105 claims, billing Medi-Cal \$7,768,238.47 (much of  
11 which, as indicated by the numbers above, were denied). Of those claims, 3,929, worth  
12 \$7,440,929.29, were from JOHNSON prescriptions. Therefore, JOHNSON prescriptions  
13 accounted for 96% of HUNTINGTON's Medi-Cal billings for this time period. For the year  
14 2010, 85% of HUNTINGTON's submitted claims to Medi-Cal were generated by JOHNSON  
15 prescriptions; in that same year 98% of HUNTINGION's paid Medi-Cal claims were to  
16 reimburse JOHNSON prescriptions and HUNTINGTON was paid \$1,463,194. Before  
17 September 2009, HUNTINGTON was not billing for JOHNSON prescriptions. Further, DHCS  
18 records show that, from February to July 2010, 74% of the beneficiaries filling JOHNSON  
19 prescriptions at HUNTINGTION received either Zyprexa or Abilify, both expensive anti-  
20 psychotic medications.

21           c.       Based on bank records, during the time that HUNTINGTON was filling  
22 JOHNSON prescriptions, hundreds of thousands of dollars were being structured into and  
23 laundered through HUNTINGTON accounts controlled by LIM and KHOU.

1                   **III. PURPOSE OF AFFIDAVIT (SEARCH AND ARREST WARRANTS)**

2           14) This affidavit is submitted in support of applications to search the following  
3 locations (collectively referred to as the "SUBJECT PREMISES"), which are described further  
4 in Attachments A-1 through A-14, incorporated as though fully set forth herein by reference:

5                   a.     MANOR: 520 W. Colorado St. Glendale, California.

6                   b.     TRI-MED Wholesalers: 52 East Santa Anita Ave. Burbank, California and  
7 1905 Victory Blvd. #15, Glendale, California.

8                   c.     SUBJECT PHARMACIES:<sup>3</sup>

9                           i.     HUNTINGTON: 2300 Huntington Dr., San Marino, CA;

10                           ii.    PACIFIC GRAND: 501 W. Glenoaks Dr. #12, Glendale, CA;

11                           iii.   ADAMS SQUARE: 1122 E. Chevy Chase Dr. #A, Glendale, CA;

12                           iv.   MIDWAY DRUGS: 10410 Lower Azusa Rd., #102 El Monte, CA;

13                           v.     MERCED MEDICAL: 1515 Merced Ave. West Covina, CA.

14                   d.     Residences of Co-Schemers:

15                           i.     OVSEPIAN (Lianna, Izabella, and Archak) RESIDENCE: 9430  
16 Tujunga Canyon Blvd. Tujunga, CA.

17                           ii.    Artak OVSEPIAN RESIDENCE: 9444 Tujunga Canyon Blvd.  
18 Tujunga, CA.

19                           iii.   GRIGORYAN (Arman, Elizabet, and Nuritsa) RESIDENCE:  
20 1344 5th St. Apartment #3, Glendale, CA.

21  
22  
23                   <sup>3</sup> Although WEST VERN Pharmacy, previously located at 2490 Honolulu Ave. Suite  
24 140 B, Montrose, California, and GAROS Pharmacy, previously located at 1646 E. Washington  
25 Blvd. Pasadena, California, are also referred to herein as SUBJECT PHARAMCIES,  
investigating agents learned that in September and October 2011, these pharmacies ceased  
operating and their previous business locations are now vacant. Accordingly, the government is  
not seeking to search these locations.

1 iv. HARUTYUNYAN RESIDENCE: 600 N. Kenwood St. Glendale,  
2 CA.

3 v. JOHNSON RESIDENCE: 7033 La Tijera I 202, Los Angeles,  
4 CA.

5 vi. LIM and KHOU RESIDENCE: 1298 South El Molino Avenue,  
6 Pasadena, CA.

7 15) This affidavit is also submitted in support of arrest warrants for and a criminal  
8 complaint charging the following individuals for violations of 18 U.S.C. § 1349 (Conspiracy to  
9 commit health care fraud:

10 a. A.GRIGORYAN; L.OVSEPIAN; JOHNSON; N.GRIGORYAN;  
11 HARUTYUNYAN; Artak OVSEPIAN; LIM; KHOU; HOVANNISYAN; GHUKASYAN;  
12 MENDEZ; JONES; SMITH; YEGHIAZARYAN; WASHINGTON; TAMAZYAN; and  
13 N.OVSEPIAN (collectively, "the TARGET SUBJECTS").

14 **IV. ITEMS TO BE SEIZED**

15 16) Based upon my training and experience and the probable cause set forth below, I  
16 respectfully submit that there is probable cause to believe that the Items to be Seized set forth in  
17 Attachments B-1 through B-14, which are hereby incorporated by reference, constitute evidence  
18 of 18 U.S.C. §§ 1349 (conspiracy to commit health care fraud); 1029 (access device fraud);  
19 1028 (identity theft); 1957(h) (conspiracy to launder monetary instruments and engage financial  
20 transactions with the proceeds of unlawful activities); 21 U.S.C. §§ 331(k) & (t) (unlicensed  
21 distribution of prescription drugs and distribution of misbranded prescription drugs), as set forth  
22 in Attachments B-1 through B-14, the and that the Items to be Seized will be found at the  
23 respective SUBJECT PREMISES.

1           **V. OVERVIEW OF HEALTHCARE PROGRAMS & RELEVANT DRUGS**

2           **A. MEDICARE**

3           17) I know from my training and experience, investigation in this case, and from  
4 information provided to me from other agents and officers in this investigation that the Medicare  
5 program is a federally funded health insurance program, as defined by 18 U.S.C. § 24(b), that  
6 operates as described below:

7           a. Medicare provides funds for free or below-cost health care services and  
8 prescription drugs to certain persons, primarily the elderly and certain disabled persons. These  
9 covered individuals are referred to herein as “beneficiaries” (“benes”) or “patients.” Medicare  
10 assigns each beneficiary a health insurance claim number (“HICN”) to identify the beneficiary  
11 for billing purposes. As explained below, prescription medications that are covered by Medicare  
12 are billed through Medicare Part D, while the actual physician visits leading to the writing of  
13 those prescriptions are billed through Medicare Part B.

14           b. The U.S. Department of Health and Human Services, through its agency,  
15 the Centers for Medicare and Medicaid Services (“CMS”) oversees and administers the Medicare  
16 program, including, through contractors, the processing and payment of Medicare claims. The  
17 benefits available under Medicare are governed by federal statutes and regulations.

18           **(1) Medicare Part B**

19           c. Medicare Part B (Medical Service Insurance) provides reimbursement for  
20 certain medically necessary physician services and medically necessary outpatient tests ordered  
21 by a physician. To obtain direct reimbursement from Medicare, a provider of medical services  
22 must first apply for a provider number, which is used for the processing and payment of claims.  
23 By signing the provider application, the provider agrees to abide by Medicare rules and  
24 regulations, including the Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), which prohibits the  
25 knowing and willful payment of remuneration for the referral of Medicare patients.

1 d. To then obtain payment for Part B services, an enrolled physician or  
2 clinic, using its Medicare provider number, submits claims to Medicare, using the beneficiary's  
3 HICN. Medicare claims may be submitted by the provider through the mail or electronically.  
4 Every claim submitted by or on behalf of a provider certifies that the information on the claim  
5 form is truthful and accurate and that the services provided were reasonable and necessary to the  
6 health of the Medicare beneficiary.

7 e. Medicare Part B generally reimburses 80% of the Medicare "allowed  
8 amount" on covered physician services and outpatient tests. The remaining 20%, known as the  
9 co-payment, may be covered by a secondary insurance plan, by Medi-Cal, or paid by the patient.

10 **(2) Medicare Part D**

11 f. Medicare Part D (Prescription Drug Coverage Insurance) provides  
12 coverage for outpatient prescription drugs. Medicare beneficiaries can obtain Part D coverage in  
13 two ways: they can enroll in one of many prescription drug plans ("PDP"), which cover only  
14 prescription drugs and are offered by qualified private insurance plans, such as United  
15 Healthcare Insurance Company, Health Net Life Insurance Company, Anthem Insurance  
16 Companies, and Unicare Life and Health Insurance Company, which receive reimbursement  
17 from Medicare; or they can join a Medicare Advantage plan that covers both prescription drugs  
18 and medical services.

19 g. Medicare PDPs commonly provide beneficiaries with identification cards  
20 to present at pharmacies to obtain prescription drugs. Beneficiaries will then fill their  
21 prescriptions at pharmacies by utilizing their Medicare coverage to cover the prescription cost.  
22 A beneficiary is responsible for any deductible or co-payment required under his PDP.

23 h. To obtain reimbursement for prescription drugs provided to such Medicare  
24 beneficiaries, pharmacies submit their prescription claims (also known as a Prescription Drug  
25 Event ("PDE")) for payment to the beneficiary's plan using the beneficiary's HICN and/or

1 Medicare plan identification number. Typically, a pharmacy submits a group of PDEs at a time  
2 to a Part D plan, and then the Part D plan sends a reimbursement check to the pharmacy by either  
3 warrant (similar to a bank check) or electronic transfer; the plan then bills Medicare through  
4 CMS and Medicare pays the plan sponsor.

5 18) During the relevant time period, MANOR, JOHNSON and the SUBJECT  
6 PHARMACIES were all Medicare providers.

7 **B. MEDI-CAL**

8 19) I know from my training and experience, investigation in this case, and from  
9 information provided to me from other agents and officers in this investigation that the Medi-Cal  
10 program is a state-administered program, funded by both the state and federal governments, so is  
11 it also federally funded health insurance program,<sup>4</sup> as defined by 18 U.S.C. § 24(b), that operates  
12 as described below:

13 a. Medi-Cal provides coverage for essential medical care and services for  
14 California's qualifying indigent, elderly, disabled, and refugees. These covered individuals are  
15 also referred to herein as "beneficiaries" ("benes") or "patients." Medi-Cal reimburses health  
16 care providers providing medically necessary treatment and services to Medi-Cal beneficiaries.

17 b. Medi-Cal is regulated by the California Department of Health Care Services  
18 ("DHCS"), which promulgates rules for the administration of the program. DHCS authorizes  
19 provider participation, determines beneficiary qualification, and issues Medi-Cal eligibility cards  
20 to beneficiaries for their use to obtain goods and services from Medi-Cal providers.

21 c. Medi-Cal providers (such as physicians, pharmacies, durable medical equipment  
22 suppliers, etc.) participate in Medi-Cal on a voluntary basis and are not government employees.  
23 Beneficiaries present their Medi-Cal eligibility cards to the providers for goods and services.  
24 Providers typically photocopy these cards, which contain information such as the beneficiary

25 \_\_\_\_\_  
<sup>4</sup> Medi-Cal also receives matching funds from United States Medicaid.

1 identification number, name, and date of birth. This information enables providers to bill Medi-  
2 Cal for services and goods, including prescriptions, rendered by the provider to the beneficiaries.

3 d. Health care providers receive direct reimbursement from Medi-Cal by applying to  
4 Medi-Cal and receiving a Medi-Cal provider number. To obtain payment for services, an  
5 enrolled provider, using its unique provider number, submits claims to Medi-Cal certifying that  
6 the information on the claim form is truthful and accurate and that the services or goods provided  
7 were reasonable and necessary to the health of the Medi-Cal beneficiary. Claims are mailed or  
8 transmitted electronically by providers to DHCS's contracted fiscal intermediary, currently  
9 Electronic Data Systems, which processes claims on behalf of Medi-Cal. Once claims have been  
10 through an edits and audits review, then EDS informs DHCS and the State Controller's Office.  
11 The Controller's Office then sends payment to the provider in the form of a California State  
12 Warrant (similar to a bank check).

13 20) During the relevant time period, JOHNSON and the SUBJECT PHARAMCIES  
14 were all Medi-Cal providers.

15 **C. PHARMACEUTICAL DRUGS AT ISSUE IN THIS INVESTIGATION**

16 21) Based on my training and experience, the investigation in this case, and my  
17 conversations with SA Ramirez, I know that a recent trend identified by health care fraud law  
18 enforcement agencies is the increase in the fraudulent prescribing and dispensing of expensive  
19 atypical anti-psychotic medications ("PSYCH MEDS") with no legitimate medical purpose.  
20 PSYCH MEDS are dangerous and expensive drugs, yet they are not tracked by the California  
21 Department of Justice like other commonly diverted drugs because PSYCH MEDS are not  
22 federally scheduled controlled substances. Accordingly, I believe that those who commit health  
23 care fraud using PSYCH MEDS do so because they believe that they will receive a substantial  
24 reimbursement from the heath care programs and yet will go undetected because it is more  
25

1 difficult for law enforcement to detect and track the fraud.<sup>5</sup> The PSYCH MEDS most mentioned  
2 in this affidavit are:

3 a. Abilify (generic name Aripiprazole): Abilify is an anti-psychotic agent,  
4 FDA approved to treat bipolar disorder, major depressive disorder, and schizophrenia. Abilify is  
5 also known on the street as "Abili," "A," or "Abo." Based on my training and experience, I  
6 know that a 90-count prescription bottle of 20 mg pills sells on the black market for \$540 to  
7 \$550. The average Medi-Cal reimbursement rate for such bottle is \$1,820, and the Medicare  
8 average rate is \$1,500.

9 b. Seroquel (generic name Quetiapine Fumarate): Seroquel is an anti-  
10 psychotic agent, FDA approved to treat bipolar disorder, major depressive disorder, and  
11 schizophrenia. Seroquel is also known on the street as "S," "Quell," or "Serajos." Based on my  
12 training and experience, I know that a 90-count prescription bottle of 300 mg pills sells on the  
13 black market for \$690 to \$700. The average Medi-Cal reimbursement rate for such bottle is  
14 \$2,089, and the Medicare average rate is \$2,800.

15 c. Zyprexa (generic name Olanzapine): Zyprexa is an anti-psychotic agent,  
16 FDA approved to treat bipolar disorder, major depressive disorder, and schizophrenia. Zyprexa  
17 is also known on the street as "Z." Based on my training and experience, I know that a 90-count  
18 prescription bottle of 20 mg pills sells on the black market for \$900 to \$1,000. The average  
19 Medi-Cal reimbursement rate for a 20mg 90 count is \$2,524.34, and the Medicare average rate is  
20 \$2,160.

21  
22 <sup>5</sup> Indeed, loss prevention fraud investigators from major retail pharmacies have  
23 reported that these types of non-scheduled controlled substances are targeted in organized retail  
24 burglaries. During the past year in the Southern California metropolitan area alone, more than  
25 forty major chain pharmacies have been burglarized, reporting that only PSYCH MEDS were  
stolen (and not other controlled substances). Because PSYCH MEDS are now being used in the  
commission of health care fraud, these drugs have also developed a "street value," that is, the  
price these drugs carry on the black market.



1 the male who received the bag from BENE VAN#1 appeared to be A.GRIGORYAN. The  
2 A.GRIGORYAN Benz was followed, but surveillance lost sight of it around the 500 block of W.  
3 Colorado St. in Glendale, which I now know is close in proximity to MANOR.

4 24) Given this report of suspicious activity, SA Ramirez thereafter reviewed the  
5 Medi-Cal billing history for HUNTINGTION and learned of a significant spike in its billing:  
6 from January to July 2010, HUNTINGTION received more than \$1.3 million from Medi-Cal for  
7 prescription reimbursements and had been denied more than \$3.6 million for submitted  
8 prescription claims. Of the more than \$1.3 million paid by Medi-Cal (for 2,169 submitted  
9 claims), more than \$700,000 reimbursed HUNTINGTION for filled JOHNSON prescriptions for  
10 PSYCH MEDS. In contrast, from February to December 2009, the previous year,  
11 HUNTINGTION received from Medi-Cal less than \$41,000 for 489 prescription claims. Also,  
12 during the same time period that HUNTINGTION was paid more than \$700,000 for JOHNSON  
13 prescriptions for PSYCH MEDS (January to July 2010), JOHNSON billed Medi-Cal for 1,340  
14 claims for medical services; 100% of these service claims were denied by Medi-Cal. I know  
15 from my training and experience that a 100% denial rate for services, coupled with millions of  
16 dollars in prescription claims, is a strong indication of health care fraud.

17 25) SA Ramirez also learned that Medi-Cal billing records show that on July 15, 2010  
18 (the date of the surveillance above), HUNTINGTION billed for 29 JOHNSON prescriptions,  
19 issued to five beneficiaries; the medications billed for include PSYCH MEDS and FILLER  
20 DRUGS. Medicare billing records show that on this same day, HUNTINGTION billed for 15  
21 JOHNSON prescriptions, issued to four beneficiaries; and WEST VERN billed for 29  
22 JOHNSON prescriptions, issued to four beneficiaries; the medications billed for include PSYCH  
23 MEDS and FILLER DRUGS.

1           (2)     Continued Surveillance (August 2010) – GRIGORYAN & HARUTYUNYAN

2           26)     On August 5, 2010, I was again contacted by SMPD Lt. Johnson, who reported  
3 that SMPD Captain Harrigan observed the same BENE VAN#1 parked adjacent to  
4 HUNTINGTON. Lt. Johnson said that when BENE VAN#1 left the area, it was followed by a  
5 grey Mercedes Benz SUV (R/O: Saak Avakyants, who I know was incarcerated at that time for a  
6 fraud scheme) (hereinafter, "Benz SUV"). The two cars went to a residential street where the  
7 driver of the BENE VAN#1 got out and approached the driver of the Benz SUV; Capt. Harrigan  
8 was unable to determine if a hand-to-hand transaction took place.

9           27)     SA Ramirez reviewed health care billing records for August 5, 2010, and learned  
10 the following: HUNTINGTON billed Medi-Cal for 18 JOHNSON prescription claims for three  
11 beneficiaries; HUNTINGTON billed Medicare for six JOHNSON prescription claims for two  
12 beneficiaries; and WEST VERN billed Medicare for four JOHNSON prescription claims for one  
13 beneficiary. The medications billed for include both PYSCH MEDS and FILLER DRUGS.

14           28)     On August 12, 2010, SA Ramirez and I met with SMPD to review the previous  
15 suspicious activity. During the meeting, an SMPD officer reported that the same BENE VAN#1  
16 had just arrived at HUNTINGTON. SA Ramirez and I then assisted SMPD in surveillance and  
17 observed and learned of the following:

18           a.       BENE VAN#1 driven by HARUTYUNYAN (who was identified in a  
19 subsequent traffic stop, set forth below) was at HUNTINGTON. Several individuals who  
20 appeared to be transient left HUNTINGTON and entered BENE VAN#1. BENE VAN#1 then  
21 drove to the same residential area observed on July 15, 2010, and parked where the Benz SUV  
22 was waiting. The Benz SUV was driven by A.GRIGORYAN, who SA Ramirez identified once  
23 A.GRIGORYAN drove away, having previously seen his CDL photo. A.GRIGORYAN exited  
24 the Benz SUV, walked to BENE VAN#1's passenger side, and then returned to BENE VAN#1's  
25 driver side carrying a colorful gift bag. HARUTYUNYAN gave A.GRIGORYAN a brown

1 paper bag, which A.GRIGORYAN placed into the gift bag. A.GRIGORYAN then returned to  
2 the Benz SUV and departed heading in the direction of MANOR.

3 b. Thereafter, SMPD conducted a traffic stop of BENE VAN#1. The driver  
4 of the van was identified as HARUTYUNYAN. HARUTYUNYAN stated that he was a driver  
5 for JOHNSON and provided the telephone number 818-xxx-1132 (which I later researched on  
6 the internet and found to be the phone number for MANOR and subsequently received  
7 subscriber information indicating the subscriber as: Manor Inc. 520 W. Colorado St. Glendale)  
8 (hereinafter, "MANOR Telephone"). The passengers were all identified, including the  
9 beneficiaries T.D. and J.H., who, as set forth below, were later interviewed

10 29) SA Ramirez then reviewed health care billing records for August 12, 2010, and  
11 learned the following: HUNTINGTON billed Medi-Cal for 20 JOHNSON prescription claims  
12 for three beneficiaries; HUNTINGTON billed Medicare for 10 JOHNSON prescription claims  
13 for three beneficiaries; and WEST VERN billed Medicare for 17 JOHNSON prescriptions for  
14 three beneficiaries. The medications billed for include both PSYCH MEDS and FILLER  
15 DRUGS.

16 **(3) Continued Surveillance (September 2010) – Artak OVSEPIAN & MENDEZ**

17 30) On September 20 and 21, 2010, BMFEA Special Agents, including myself,  
18 conducted surveillance on MANOR. From my own observations and the observations of the  
19 other agents, I learned the following:

20 a. On September 20, 2010, a couple of suspected beneficiaries were seen  
21 leaving MANOR and visiting a 7/11 store close by before returning to MANOR. Shortly  
22 thereafter, I saw a gray minivan (LPN 6MQM520, VIN 5TDKK3DC0BS016398; R/O Archak  
23 Ovsepian) (hereinafter "BENE VAN#2") leave MANOR's parking lot; surveillance followed it  
24 to PACIFIC GRAND. There, agents observed a male (who had been seen at 7/11 and MANOR  
25 that day) escort, one at a time, three females from BENE VAN#2 into PACIFIC GRAND before

1 returning to the van minutes later. Once the last female returned, SA Rojas observed an  
2 Armenian male, later identified, based on his CDL photo, to be Artak OVSEPIAN, walk from  
3 PACIFIC GRAND and enter the driver's side of BENE VAN#2.

4           b. SA Ramirez reviewed health care billing records for September 20, 2010,  
5 and learned the following: PACIFIC GRAND billed (1) Medi-Cal for seven JOHNSON  
6 prescription claims for two female beneficiaries and (2) Medicare for four JOHNSON  
7 prescription claims for one female beneficiary. Each beneficiary filled prescriptions for one  
8 PSYCH MED and FILLER DRUGS.

9           c. On September 21, 2010, agents again observed several suspected  
10 beneficiaries, at various times, leave MANOR and visit the 7/11 store before returning to  
11 MANOR; two eventually left and boarded the "603 Grand Street" bus, which I know goes to the  
12 downtown area of Los Angeles. Thereafter, I saw BENE VAN#2 leave MANOR's parking lot  
13 with multiple people inside. The driver was identified as Artak OVSEPIAN, and surveillance  
14 followed BENE VAN#2 to PACIFIC GRAND. There, Artak OVSEPIAN entered the pharmacy  
15 alone while a female, later identified based on a comparison with her CDL photo, as MENDEZ,  
16 got out of the passenger seat and into the driver seat.

17           d. SA Ramirez entered PACIFIC GRAND and observed Artak OVSEPIAN  
18 speaking to two female pharmacy employees, who he appeared to know. SA Ramirez  
19 approached the counter and saw a stack of papers in Artak OVSEPIAN's left hand, and, in his  
20 right hand, a roll of \$100 bills. Artak OVSEPIAN pulled off one of the \$100 bills and gave it to  
21 one of the female employees. He then put the papers on the counter, and SA Ramirez could see  
22 six or seven photocopies of prescriptions; on one of them, SA Ramirez saw the words "229 N.  
23 Central Ave. Glendale, Dr. Kenneth Johnson" at the top, dated "9/21/10," for "Seroquel" with  
24 the "90" count circled. SA Ramirez made a purchase, received a small blue bag, and left.

1 e. Soon thereafter, multiple beneficiaries entered the pharmacy, one at a time  
2 or in small groups, escorted by MENDEZ. SA Rojas went in the pharmacy and overheard Artak  
3 OVSEPIAN telling one of the female beneficiaries that the doctor had prescribed her medication,  
4 that she needed to fill out her address on a form, and that when they were done, they would be  
5 taken back downtown. SA Rojas reported that the beneficiaries did not appear to know they  
6 were going to get medications. At one point, Artak OVSEPIAN told two beneficiaries to call  
7 beneficiary L.S. into the pharmacy, at which time the beneficiaries, one holding a small blue bag,  
8 left. Artak OVSEPIAN then used his cell phone and told the person on the other line to bring in  
9 L.S. SA Ramirez, now parked across the street, saw MENDEZ escort a female beneficiary L.S.<sup>6</sup>  
10 to the pharmacy and several minutes later, back to BENE VAN#2. SA Black entered the  
11 pharmacy and saw a stack of photocopied prescriptions on the counter. SA Black observed that  
12 one prescription was from "Dr. Kenneth Johnson;" the prescription was for several different  
13 medications, including, at the top, Abilify.

14 f. SA Ramirez observed Artak OVSEPIAN leave PACIFIC GRAND with  
15 several small blue bags (similar to the one SA Ramirez received with his purchase), in addition  
16 to several rolled-up white forms. SA Black observed Artak OVSEPIAN take bottles from two of  
17 the bags, examine them, return them to the bags, and hand them to individuals inside BENE  
18 VAN#2.

19 g. BENE VAN#2 then left PACIFIC GRAND and surveillance followed it to  
20 downtown Los Angeles. There, agents observed the beneficiaries leave BENE VAN#2; the  
21 beneficiaries were not seen in possession of any of the blue pharmacy bags. The van then left  
22 downtown and traveled to the OVSEPIAN RESIDENCE.  
23  
24

25 <sup>6</sup> L.S. was later interviewed in this investigation, as set forth below.

1 h. SA Ramirez reviewed health care billing records for September 21, 2010,  
2 and learned the following: PACIFIC GRAND billed Medi-Cal for seventeen JOHNSON  
3 prescription claims for three beneficiaries (including L.S). Each beneficiary filled prescriptions  
4 for one PSYCH MED and FILLER DRUGS. Medi-Cal billing records showed that PACIFIC  
5 GRAND also billed Medi-Cal for the same prescriptions for R.M. and L.S. on August 23, 2010.

6 **B. INTERVIEWS OF COMPROMISED BENEFICIARIES**

7 31) Over the course of the investigation, I have participated in, or reviewed the  
8 reports of, approximately 25 interviews of beneficiaries (including veterans and Medicare/Medi-  
9 Cal beneficiaries) whose health care records report that HUNTINGTON billed for JOHNSON  
10 prescriptions for PSYCH MEDS, and in several cases, that JOHNSON billed for services  
11 provided at MANOR. All of the interviewed beneficiaries either (a) stated that they had no  
12 knowledge of MANOR or HUNTINGTON and did not consent to filling prescriptions using  
13 their government health care or (b) disclosed that they were recruited by others to provide their  
14 health care identities for services and prescriptions, in exchange for monetary compensation.  
15 None of the interviewed beneficiaries knew or recognized JOHNSON or received for themselves  
16 the JOHNSON prescriptions for PSYCH MEDS billed to their health care by HUNTINGTON.

17 The following is information related to a sampling of specific interviews:<sup>7</sup>

18  
19  
20  
21  
22 <sup>7</sup> Some of the interviewed beneficiaries have criminal backgrounds. Most common prior  
23 arrests and/or convictions include, but are not limited to, narcotics offenses, burglary, robbery,  
24 assault and battery. Based on my training and experience in health care fraud investigations, and  
25 the training and experience of other agents, I know that it is not unusual for beneficiaries used in  
a health care fraud scheme to have such criminal records. Moreover, even though some of the  
interviewed beneficiaries may have criminal backgrounds, I have found their information to be  
reliable because much of it has been corroborated, including through surveillance, identification  
by photograph and/or name, and Medicare and/or Medi-Cal records.







1 and FILLER DRUGS) for R.R. in April 2010. Medicare Part B records also report that  
2 JOHNSON billed for services provided to R.R. at MANOR in April 2010 and January 2011;  
3 those claims were denied. R.R. stated s/he has never heard of JOHNSON, has never been to  
4 HUNTINGTON, and has not received the JOHNSON prescriptions for which R.R.'s health care  
5 was billed. However, R.R. disclosed that s/he had been to multiple clinics with a man who drove  
6 six other veterans in a white van. R.R. recalled going to two clinics and a pharmacy. From a  
7 series of photos, R.R. identified MANOR as the second of the two clinics s/he was taken to and  
8 A.GRIGORYAN as the driver of the white van. R.R. stated that while at MANOR, the group  
9 was told to sit in a small waiting room and complete some paper work. R.R. stated that a  
10 woman, identified in a photo as L.OVSEPIAN, took his vital signs and R.R. was taken to a back  
11 room to meet with a male (either Caucasian or Hispanic). R.R. said this male, who R.R. believed  
12 to be a doctor, asked some questions about R.R.'s current medications and health status, but did  
13 no evaluation and never touched R.R. R.R. stated that this man then gave R.R. a prescription for  
14 multiple medications. After all the veterans were seen, they left with A.GRIGORYAN in the  
15 same white van and were taken to a pharmacy (name not recalled) somewhere off the Interstate 5  
16 freeway. R.R. then filled approximately three prescriptions at the pharmacy and handed them  
17 over to A.GRIGORYAN in exchange for \$75.

18 **(4) Beneficiary S.M. -- Identified HARUTYUNYAN and MANOR**

19 40) S.M.'s residence, a transitional housing unit, is ten miles from MANOR and 13  
20 miles from HUNTINGTON. S.M. disclosed that he had been driven in a van, with others, to a  
21 medical clinic and identified a photo of HARUTYUNYAN as the driver of a van. S.M. stated  
22 that s/he met HARUTYUNYAN at 8th Street and Alvarado, and HARUTYUNYAN offered  
23 S.M. \$50 to go to a medical clinic in the Glendale area. S.M. was shown a photograph of the  
24 MANOR and said, "That looks familiar. Do you have a picture of the back? We parked in the  
25 back." S.M. was not medically examined at MANOR and "just sat around." S.M. provided

1 his/her driver's license and Medicare and Medi-Cal cards to a female employee who later  
2 returned them. HARUTYUNYAN then gave S.M. a ride back in the van to the general area of  
3 S.M.'s residence. S.M. recalled going to a pharmacy on one occasion but could not remember if  
4 it was when S.M. met HARUTYUNYAN. S.M. stated photos of HUNTINGTON and PACIFIC  
5 GRAND "looked familiar."

6 41) Medicare billing records report that HUNTINGTON filled JOHNSON  
7 prescriptions (for PSYCH MEDS and FILLER DRUGS) for S.M. in May 2010. Medicare Part B  
8 records also report that JOHNSON billed for services provided to S.M. at MANOR in May  
9 2010; those claims were denied. S.M. stated s/he had never met JOHNSON (and did not  
10 recognize his photo) and has not received the JOHNSON prescriptions for which S.M.'s health  
11 care was billed.

12 **(5) Beneficiary J.H. – Identified HARUTYUNYAN, MANOR and HUNTINGTON**

13 42) J.H.'s residence, a skilled nursing facility, is 14 miles from MANOR and 13 miles  
14 from HUNTINGTON. J.H. disclosed that s/he had been taken to a clinic in a white van by a  
15 male who solicited J.H. at a 7-11 near the nursing facility, asking if J.H. wanted to go to the  
16 doctor; J.H. identified a photo of HARUTYUNYAN as that person and a photo of MANOR as  
17 the clinic. J.H. stated that at MANOR, J.H. was taken to a back room and a "doctor," described  
18 as an Armenian female, asked about J.H.'s medical history, drew blood, and examined J.H.'s  
19 heart and blood pressure. After everyone in J.H.'s group had been seen, they got into the white  
20 van with HARUTYUNYAN and went to a pharmacy, which J.H. identified through a photo as  
21 HUNTINGTON. There, each beneficiary went inside, signed their names, and were given a bag  
22 of medicines. J.H. and the others were instructed by HARUTYUNYAN to put their bags of  
23 medicine into a bag in the backset of the van. The van then drove away and followed another car  
24 to a side street where they parked. The driver of the car got out and talked to HARUTYUNYAN  
25 and HARUTYUNYAN handed him the bag with all the medications filled at HUNTINGTON.

1 This person took the bag and walked back to his car. HARUTYUNYAN drove J.H. back to the  
2 nursing facility and gave him a \$100 bill.

3 43) Medicare billing records report that HUNTINGTON filled JOHNSON  
4 prescriptions (for PSYCH MEDS and FILLER DRUGS) for J.H. in March, April, June, and  
5 August 2010. Medicare Part B records also report that JOHNSON billed for services provided to  
6 J.H. at MANOR in March 2010; these claims were denied. N.P. did not recognize photos of  
7 JOHNSON.

8 **(6) Beneficiary R.E.<sup>8</sup> -- Identified MANOR**

9 44) R.E.'s residence is 17 miles from MANOR and 29 miles from HUNTINGTON.  
10 R.E. (who was assisted by a Spanish interpreter) suffers from Alzheimer's disease, so R.E.'s  
11 spouse assisted during the interview. R.E. only fills prescriptions at Sayre Medical Pharmacy.  
12 Medicare billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
13 MEDS and FILLER DRUGS) for R.E. in April 2010; R.E. stated s/he never received those  
14 prescriptions. Medicare Part B records also report that JOHNSON billed for services provided to  
15 R.E. at MANOR in April 2010; these claims were denied. R.E. was shown a series of photos of  
16 individuals and locations. R.E.'s spouse (E.E.) acknowledged having gone to MANOR with R.E.  
17 E.E. identified the photo of MANOR and said s/he and R.E. were picked up from their home by  
18 a Hispanic female who appeared to be a clinic employee. They stated that they entered MANOR  
19 through the rear and did not receive any exams. Neither R.E. nor E.E. recognized photos of  
20 HUNTINGTON or JOHNSON.

21 **(7) Beneficiary Su.P.**

22 45) Su.P.'s residence is 43 miles from MANOR and 44 miles from HUNTINGTON.  
23 Su.P. (who was assisted by a Vietnamese interpreter) was shown a photo of MANOR and Su.P.  
24 stated that s/he had been there two times, once to the "old location" and once to the "new  
25

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<sup>8</sup> R.E. was also interviewed in relation to an audit, set forth below.

1 location," which Su.P. stated was the location depicted in the photo.<sup>9</sup> Su.P. stated that a driver  
2 named "Minh" drove Su.P. along with seven or eight other Vietnamese people in a Honda  
3 Odyssey van. (Su.P. later identified a photo of Minh as the driver and DMV records report Minh  
4 as the registered owner of a Honda Odyssey.)

5 46) Su.P. stated that while at MANOR, s/he completed personal information forms  
6 and was weighed and given an ultrasound of the liver. Su.P. met with a female physician,  
7 described as possibly Russian. Su.P. stated that at the end of the visit, s/he asked for the  
8 ultrasound results but the office refused and said everything was fine. Su.P. was not taken to a  
9 pharmacy or given any prescription or medication. Medicare billing records report that  
10 HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and FILLER DRUGS) for  
11 Su.P. in March, April, and May 2010. Su.P. stated s/he has never been to HUNTINGTON and  
12 has never received those prescriptions. Su.P. did not recognize photos of JOHNSON or  
13 HUNTINGTON.

14 **(8) Beneficiary T.L.**

15 47) T.L.'s residence is 43 miles from MANOR and 40 miles from HUNTINGTON;  
16 T.L. (assisted by a Vietnamese interpreter) stated s/he fills prescriptions at Newland Pharmacy,  
17 located in Westminster, and has never received delivered medications. Medicare billing records  
18 report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and FILLER  
19 DRUGS) for T.L. in March, April, and May 2010. Medicare Part B records also report that  
20 JOHNSON billed, and was paid for, services provided to T.L. at MANOR in March 2010. T.L.  
21 stated s/he did not know JOHNSON, had never been to HUNTINGTON, and had never received  
22 the JOHNSON prescriptions for which T.L.'s health care was billed. T.L. disclosed, however,  
23 that T.L. had been taken to a clinic in a van by a Vietnamese man named "Minh" (who T.L. later  
24

25 <sup>9</sup> Based on the investigation, I know that MANOR relocated from 229 N. Central Ave. Glendale  
location, to the current location, 520 W. Colorado St. Glendale in May 2010.

1 positively identified as Minh in a photo). T.L. stated s/he met MINH at the senior center and  
2 was picked up at T.L.'s house and transported, along with a group of elderly Vietnamese people,  
3 to a clinic outside the area; T.L. could not remember the name or location of the clinic. At the  
4 clinic, T.L. did not meet with a doctor, but received massages and acupuncture. T.L. did not  
5 receive any prescriptions at this location and was not driven to a pharmacy to pick up any  
6 medications. T.L. did not recognize photos of MANOR, HUNTINGTON, or JOHNSON.

7 **(9) Beneficiary H.L.**

8 48) H.L.'s residence is 43 miles from MANOR and 40 miles from HUNTINGTON;  
9 H.L. (who was assisted by a Vietnamese interpreter) fills prescriptions at VN Pharmacy, located  
10 in Garden Grove, and has not had medications delivered. Medicare billing records report that  
11 HUNTINGTON filled JOHNSON prescriptions for H.L. in May 2010. H.L. stated s/he did not  
12 know JOHNSON, has never been to HUNTINGTON, and has never received those  
13 prescriptions. H.L. disclosed, however, that H.L. had been taken to a massage clinic by a  
14 Vietnamese man named "Minh" (who H.L. later positively identified as Minh in a photo). At the  
15 clinic, Minh acted as an interpreter and completed all of the paperwork for H.L. H.L.'s blood  
16 pressure was measured and s/he received massages to the head and neck area. H.L. did not pay  
17 anything because his/her Medicare card was used. H.L. was not prescribed any medications or  
18 driven to a pharmacy. H.L. did not recognize photos of MANOR, HUNTINGTON, or  
19 JOHNSON. H.L. provided Minh's telephone number, (714) xxx-9889, and subpoenaed records  
20 have confirmed that this number is subscribed to by Minh.

21 **(10) Beneficiary Q.T.**

22 49) Q.T.'s residence is 41 miles from MANOR and 39 miles from HUNTINGTON  
23 and fills all prescriptions at Hong Pharmacy, located in Garden Grove; Q.T. (who was assisted  
24 by a Vietnamese interpreter) does not receive delivered medications. Medicare billing records  
25 report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and FILLER

1 DRUGS) for Q.T. in February, March, April, and May 2010; Q.T. stated s/he never received  
2 those prescriptions. Medicare Part B records also report that JOHNSON billed, and was paid for,  
3 services provided to Q.T. at MANOR in February 2010. Q.T. disclosed that on two occasions,  
4 s/he went to a clinic somewhere in a Los Angeles with an individual named "Minh" (who Q.T.  
5 later positively identified as Minh in a photo), and that Minh promised to give Q.T., and each of  
6 approximately seven other Vietnamese beneficiaries, \$100. Q.T. also provided Minh's telephone  
7 number was (714) xxx-9889, which, as stated above is subscribed to by Minh. Q.T. said that, at  
8 the clinic, the group was herded through the door and a Middle Eastern male (whose name Q.T.  
9 did not recall) gave Q.T. an ultrasound and drew blood; Q.T. said there was a different "doctor"  
10 each time. Q.T. did not have to pay anything for the services because s/he used his Medi-Cal  
11 and Medicare cards. Q.T. stated that the process was like an assembly line and that after about  
12 an hour, the group was directed to leave out of the back door. Minh then drove Q.T. home in  
13 Minh's van. Q.T. did not receive or fill any prescriptions and was not taken to a pharmacy. Q.T.  
14 saw groups of Hispanic and African American people at the clinic when he/she was there. Q.T.  
15 did not recognize photographs of MANOR, HUNTINGTON or JOHNSON.

16 **(11) Beneficiary H.T.**

17 50) H.T.'s residence is 45 miles from MANOR and 39 miles from HUNTINGTON  
18 and has all prescriptions filled at Ngoc Mai Pharmacy, located in Westminster. Medicare billing  
19 records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and  
20 FILLER DRUGS) for H.T. in March 2010. H.T. (who was assisted by a Vietnamese interpreter)  
21 stated s/he never received those prescriptions. Medicare Part B records also report that  
22 JOHNSON billed, and was paid for, services provided to H.T. at MANOR in March 2010. H.T.  
23 disclosed that s/he once went to a clinic (name unknown) in Los Angeles and saw an unknown  
24 doctor; H.T. and two or three women from the local senior center were driven to the clinic by a  
25 Vietnamese male, whose name H.T. could not recall. (H.T. was later shown a picture of Minh

1 and could not confirm he was the driver as H.T. stated s/he did not get a good look at him.) H.T.  
2 admitted s/he did not have a medical need to go to this clinic, but wanted a field trip to Los  
3 Angeles with friends. At the clinic, H.T. provided his/her Medi-Cal and Medicare cards and  
4 received a general examination, by a woman, to check reflexes and throat swelling. H.T. was not  
5 given a prescription or driven to any pharmacies subsequent to the visit and denied receiving any  
6 medications at H.T.'s residence. H.T. did not recognize photos of MANOR, HUNTINGTON, or  
7 JOHNSON.<sup>10</sup>

8 **(12) Beneficiary R.S.**

9 51) R.S.'s residence is 32 miles from MANOR and 33 miles from HUNTINGTON  
10 and fills his/her prescriptions at Walgreens. Medicare billing records report that HUNTINGTON  
11 filled JOHNSON prescriptions (for PSYCH MEDS and FILLER DRUGS) for R.S. in March,  
12 April, and June 2010. R.S. did not recognize photos of MANOR, HUNTINGTON, or  
13 JOHNSON. R.S. said several months ago, while standing outside a McDonald's on Alvarado  
14 St., across from MacArthur Park, s/he was approached by a Filipino female offering a free  
15 medical exam. R.S. agreed to the exam. The female directed R.S. to a nearby white, 4-door  
16 sedan, driven by an Armenian male who took R.S. and others to a medical clinic approximately  
17 20 minutes away. There, R.S. provided Medicare and Medi-Cal numbers before seeing a doctor  
18 who R.S. described as an old white male, possibly Hungarian or Armenian. The doctor checked  
19 R.S.'s reflexes and blood pressure. The doctor wrote a list of medications on a prescription pad  
20 and gave the prescriptions to the driver. The driver kept the prescriptions and drove R.S. and the  
21 other beneficiaries to a nearby pharmacy. The driver took the prescriptions into the pharmacy  
22 and handed them to the pharmacist. The pharmacist filled the prescriptions and handed R.S. a  
23

24  
25 <sup>10</sup> In a previous audit inquiry related to Medicare fraud, discussed below, H.T. confirmed through a mailing questionnaire that JOHNSON was a treating physician but, at the time of the interview, stated that s/he had no knowledge of him.

1 couple of pill bottles. R.S. recalled keeping a bottle and the driver, who dropped R.S. off at a  
2 Blue Line station, kept the others.

3 **(13) Beneficiary N.P.**

4 52) N.P.'s residence is 43 miles from MANOR and 40 miles from HUNTINGTON  
5 and all of N.P.'s medications are filled at Golden Pharmacy, located in Westminster. Medicare  
6 billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS  
7 and FILLER DRUGS) for N.P. in March, April, and May 2010; N.P. (who was assisted by a  
8 Vietnamese interpreter) stated s/he never received those prescriptions. Medicare Part B records  
9 also report that JOHNSON billed, and was paid for, services provided to N.P. at MANOR in  
10 March 2010. N.P. disclosed that N.P., along with five or six other Vietnamese people, had been  
11 taken to an unfamiliar clinic on two occasions by a Vietnamese male whose name N.P. could not  
12 recall. N.P. could not recall what transpired while at the clinic or if N.P. was taken to a  
13 pharmacy, but recalls receiving money on both occasions. N.P. did not recognize photos of  
14 MANOR, HUNTINGTON, or JOHNSON.

15 **(14) Veteran Beneficiary F.O.**

16 53) F.O. is a veteran who goes to the VA for his medical needs and prescriptions.  
17 F.O.'s residence is 15 miles from MANOR, and 26 miles from HUNTINGTON. Medicare  
18 billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
19 MEDS and FILLER DRUGS) for F.O. in March and April 2010. Medicare Part B also  
20 reports that JOHNSON billed for services provided to F.O. at MANOR in March 2010; those  
21 claims were denied. F.O. stated s/he has never heard of JOHNSON, has never been to  
22 HUNTINGTON, and has never received the JOHNSON prescriptions for which his health  
23 care was billed. F.O. did not recognize photos of MANOR, JOHNSON or HUNTINGTON.

1           **(15) Beneficiary R.H.**

2           54) R.H. relayed through her daughter (who translated Tagalog) that s/he has a  
3 primary care physician that is in the same building of the pharmacy where s/he fills all of her  
4 prescriptions. R.H.'s residence is eight miles from MANOR and 13 miles from HUNTINGTON.  
5 Medicare billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
6 MEDS and FILLER DRUGS) for R.H. in March and April 2010. R.H. stated s/he has never  
7 heard of JOHNSON, has never been to HUNTINGTON, and has not received these  
8 prescriptions. R.H. did not recognize photos of MANOR, HUNTINGTON, JOHNSON, or any  
9 scheme participants.

10           **(16) Beneficiary S.P.**

11           55) S.P. said s/he uses pharmacies near her/his home in South Los Angeles and s/he  
12 has never had medications delivered. S.P.'s residence is eight miles from MANOR and 13 miles  
13 from HUNTINGTON. Medicare billing records report that HUNTINGTON filled JOHNSON  
14 prescriptions (for PSYCH MEDS and FILLER DRUGS) for S.P. in May 2010. S.P. stated s/he  
15 had never heard of JOHNSON (outside of Medicare fraud correspondence), has never been to  
16 HUNTINGTON, and has not received these prescriptions. S.P. did not recognize photos of  
17 MANOR, HUNTINGTON, or JOHNSON.

18           **(17) Beneficiary H.C.**

19           56) H.C.'s residence is 42 miles from MANOR and 39 miles from HUNTINGTON;  
20 H.C. (who was assisted by a Vietnamese translator) stated that s/he fills all prescriptions at  
21 Audrey Pharmacy, located in Westminister. Medicare billing records report that  
22 HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and FILLER DRUGS) for  
23 H.C. in March and May 2010. H.C. stated s/he had never been to HUNTINGTON and has not  
24 received these prescriptions. H.C. did not recognize photos of MANOR, HUNTINGTON, or  
25 JOHNSON.

1           **(18) Beneficiary S.A.**

2           57)     S.A.'s residence is eight miles from MANOR and 17 miles from HUNTINGTON;  
3     S.A. fills prescriptions at Wilshire Doux Medical pharmacy in Beverly Hills. Medicare billing  
4     records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS and  
5     FILLER DRUGS) for S.A. in April, July, and August 2010. Medicare Part B records also report  
6     that JOHNSON billed, and received payment, for services provided to S.A. at MANOR in July  
7     2010. S.A. stated s/he has never heard of JOHNSON (and did not recognize his photo) and has  
8     not received the JOHNSON prescriptions for which S.A.'s health care was billed. S.A. did not  
9     recognize photos of MANOR or HUNTINGTON.

10           **(19) Beneficiaries A.V and spouse M.V.**

11           58)     A.V. and M.V. (who were assisted by a Spanish interpreter) live 15 miles from  
12     MANOR and 27 miles from HUNTINGTON and they fill their prescriptions at Serra Pharmacy.  
13     Medicare billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
14     MEDS and FILLER DRUGS) for both A.V. and M.V. in March 2010; each stated they never  
15     received those prescriptions. Medicare Part B records also report that JOHNSON billed, and was  
16     paid, for services provided to A.V and M.V. at MANOR in March 2010. Neither recognized  
17     photos of MANOR, HUNTINGTON, or JOHNSON.

18           **(20) Beneficiary V.K.**

19           59)     V.K. stated that s/he has had the same treating physician for the last three years  
20     (not JOHNSON) and fills all medications at ADAMS SQUARE, which delivers to V.K. Medi-  
21     Cal billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
22     MEDS and FILLER DRUGS) for V.K. in March and April 2010 and that PACIFIC GRAND  
23     filled JOHNSON prescriptions (for PSYCH MEDS and FILLER DRUGS) for V.K. in  
24     September 2010. V.K. did not receive these prescriptions nor recognize photos of MANOR,  
25     HUNTINGTON, or JOHNSON.

1           **(21) Beneficiary R.A.**

2           60) R.A. (who was assisted by an Armenian translator) stated that s/he has used the  
3 same pharmacy (Harvard Family Pharmacy) for all prescriptions in the last five years. Medi-Cal  
4 billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS  
5 and FILLER DRUGS) for R.A. in March and April 2010. R.A. did not receive these  
6 prescriptions nor recognize photos of MANOR, HUNTINGTON, or JOHNSON.

7           **(22) Beneficiary V.G.**

8           61) V.G. (who was assisted by an Armenian translator) stated that s/he has  
9 prescriptions filled at Well Care Pharmacy, which delivers medications to V.G. once a month.  
10 Medi-Cal billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH  
11 MEDS and FILLER DRUGS) for V.G. in February 2010. V.G. did not receive these  
12 prescriptions nor recognize photos of MANOR, HUNTINGTON, or JOHNSON.

13           **(23) Beneficiary G.G.**

14           62) G.G. (who was assisted in Armenian by his/her daughter) stated that s/he has  
15 prescriptions filled at Werner West Pharmacy, which delivers medications to G.G. Medi-Cal  
16 billing records report that HUNTINGTON filled JOHNSON prescriptions (for PSYCH MEDS  
17 and FILLER DRUGS) for G.G. in February 2010. G.G. did not receive these prescriptions nor  
18 recognize photos of MANOR, HUNTINGTON, or JOHNSON.

19           **(24) Beneficiary L.S. – (billed by PACIFIC GRAND) Identified MENDEZ**

20           63) I also participated in the interview of L.S., who as previously stated, was  
21 identified during surveillance of MANOR on September 21, 2011. At the interview, L.S. was  
22 identified as the same L.S. who was observed during surveillance on September 21, 2010. L.S.'s  
23 residence, a transitional housing unit, is 12 miles from MANOR and 14 miles from  
24 HUNTINGTON. L.S. stated her doctors were located in Los Angeles. L.S. was asked if she had  
25 been to any other clinic. L.S. stated that a lady who lives in her building named "Danielle," who

1 she described as a white female, heavysset, with yellow blonde hair (consistent with MENDEZ's  
2 description and with surveillance on September 21, 2010) took her to a clinic on two separate  
3 occasions. L.S. stated that MENDEZ took L.S. both times in MENDEZ's vehicle. L.S. was  
4 asked if they went to a pharmacy in another van and L.S. denied it, became very, nervous and  
5 started sweating. L.S. denied being identified in several photos and became uncooperative.  
6 Medicare billing records report that PACIFIC GRAND filled JOHNSON prescriptions (for  
7 PSYCH MEDS and FILLER DRUGS) for L.S. in August 2010 and again on September 21,  
8 2010, the date of the surveillance set forth above.

9 **C. UNDERCOVER OPERATION**

10 64) On January 26, 2011, Cal-DOJ SA Supervisor Sam Masuda received information  
11 from another agent that R.T., Pharmacist in Charge at Sunny Bay Pharmacy, located in Arcadia,  
12 contacted Cal-DOJ regarding a recent encounter that concerned R.T. Based on the information  
13 from R.T., agents conducted an undercover operation into MANOR. Based on my participation  
14 in the operation, discussions with other agents, and review of their reports, I know that the  
15 following took place:

16 **(1) L.OVSEPIAN Solicits Sunny Bay Pharmacy (January 25, 2011)**

17 65) Having been informed of R.T.'s contact with Cal-DOJ, SA Ramirez contacted  
18 R.T. and learned the following.

19 a. On January 24, 2011, R.T. received a telephone call from "Lili," who  
20 identified herself as a representative of Dr. JOHNSON's office. L.OVSEPIAN stated she was  
21 looking for a pharmacy to serve JOHNSON's patients and fill prescriptions for blood pressure,  
22 asthma, and diabetic type prescriptions.

23 b. Later that day, L.OVSEPIAN and Artak OVSEPIAN (both later positively  
24 identified in photographs by R.T.) came to Sunny Bay Pharmacy and met with R.T.  
25 L.OVSEPIAN again stated she was looking for a pharmacy to fill JOHNSON's prescriptions for

1 blood pressure, asthma, and diabetic type medications, and she said no controlled substances will  
2 be prescribed. L.OVSEPIAN stated that she could provide an average of 14 patients per day to  
3 Sunny Bay. She stated that JOHNSON's patients are very "picky" about receiving the correct  
4 medications and, therefore, the prescriptions needed to be filled in original prescription bottles  
5 (i.e., those bottles that come from the manufacture). L.OVSEPIAN gave the example of a 90-  
6 count prescription of Zyprexa (a PYSCH MED), which she said could be left in an original 100-  
7 count bottle, with 10 pills removed. She added that "Izabella," who she identified as  
8 JOHNSON's clerical employee, would fax the prescriptions to Sunny Bay in advance and  
9 JOHNSON's clinic driver would bring the original prescriptions with the patients to pick up  
10 medications.

11 c. R.T. asked L.OVSEPIAN why a Glendale pharmacy was not being used  
12 for the patients (as that is where JOHNSON's clinic is located), as opposed to a pharmacy in  
13 Arcadia, and L.OVSEPIAN said that she wanted to service patients in the San Gabriel area, and  
14 that Sunny Bay had convenient access to the 210 freeway. L.OVSEPIAN said JOHNSON is  
15 contracted with the State to provide good medical service and the last couple of pharmacies have  
16 not worked out.

17 d. L.OVSEPIAN presented R.T. with two copies of redacted patients'  
18 prescriptions and medical charts to show JOHNSON's work. L.OVSEPIAN said JOHNSON has  
19 four drivers who would bring the patients, and the driver would not always be Artak  
20 OVSEPIAN. L.OVSEPIAN left one copy of the redacted JOHNSON medical chart by mistake.  
21 SA Ramirez later reviewed the medical chart and saw that it reflected a prescription, dated  
22 January 18, 2011 and for three refills, for Seroquel (PYSCH MED), and FILLER DRUGS.

23 **(2) Artak OVSEPIAN Brings Beneficiaries to Sunny Bay (January 25 and 26, 2011)**

24 e. On January 25, 2011, Sunny Bay received a telephone call from  
25 "Izabella." Izabella said she would fax a list of medications JOHNSON often prescribes and that

1 Sunny Bay would need to keep in stock. Sunny Bay later received the fax from "Izabella" and  
2 the list included PSYCH MEDS Zyprexa, Seroquel, and Abilify. Later that same day, Artak  
3 OVSEPIAN came to Sunny Bay with a beneficiary, who had a JOHNSON prescription for four  
4 drugs including a 90-count bottle of Zyprexa (a PYSCH MED).

5 f. The next day, January 26, 2011, Artak OVSEPIAN arrived with two more  
6 beneficiaries and later returned with two additional beneficiaries. All four beneficiaries  
7 presented JOHNSON prescriptions for PSYCH MEDS and FILLER DRUGS. R.T. informed  
8 them that the Seroquel and Zyprexa needed to be ordered as Sunny Bay was out of stock. R.T.  
9 told Artak OVSEPIAN he could pick the medication up the next day, January 27, 2011. Artak  
10 OVSEPIAN said he would check with his dispatch to see if this was agreeable. R.T. saw Artak  
11 OVSEPIAN leaving with the beneficiaries in a gray Toyota Camry.

12 66) R.T. stated to SA Ramirez that prior to the visit by L.OVSEPIAN and Artak  
13 OVSEPIAN, R.T. only kept one 100-count bottle of Seroquel in stock, as it is an expensive  
14 medication not commonly dispensed. R.T. stated that, on average, Sunny Bay fills 110  
15 prescriptions a day; with the 14 added beneficiaries that MANOR said they would provide,  
16 Sunny Bay would have increased its prescriptions by an additional 60 per day (i.e., an increase of  
17 more than 50%).

18 **(3) Undercover Operation at Sunny Bay (January 27, 2011)**

19 67) Given the information provided by R.T., the next day, January 27, 2011, BMFEA  
20 teams set up surveillance on MANOR and Sunny Bay. SA Masuda acted in an undercover  
21 capacity, posing as Sunny Bay's office manager. Based on my participation and having  
22 reviewed the reports from other agents, I know the following:

23 a. R.T. telephoned MANOR and told "Izabella" that the prescriptions  
24 presented the day before were ready to be picked up. "Izabella" informed R.T. that the  
25 MANOR driver would likely bring two additional beneficiaries.

1           b.       Around 12:30 p.m. that day, the MANOR surveillance team observed a  
2 grey Sienna minivan (LPN 6NEC582; R/O Armen Ghukasyan) (hereinafter "BENE VAN#3")  
3 leave MANOR and arrive at MIDWAY DRUGS. The driver (an Armenian male) of BENE  
4 VAN#3 walked two beneficiaries into MIDWAY DRUGS; each walked in empty-handed and  
5 left carrying pharmacy bags. Thereafter, BENE VAN#3 was observed going to downtown Los  
6 Angeles, where the two beneficiaries left empty-handed.

7           c.       Around 1:45 p.m., the Sunny Bay surveillance team observed Artak  
8 OVSEPIAN and a beneficiary arrive at Sunny Bay in a gray Camry. They entered the pharmacy  
9 and presented a JOHNSON prescription for four drugs including the PSYCH MED Zyprexa.  
10 The prescriptions were filled and given to the beneficiary in a small blue plastic bag with white  
11 edges. Artak OVSEPIAN was given another bag containing PYSCH MEDS Seroquel and  
12 Zyprexa (which R.T. had to order for the beneficiaries brought in the day before), in a separate  
13 but same colored bag as given to the beneficiary. SA Masuda, in his undercover capacity,  
14 engaged in a conversation with Artak OVSEPIAN and asked what type of business JOHNSON  
15 and MANOR would bring Sunny Bay. Artak OVSEPIAN told Masuda he would need to speak  
16 to "Lili" and took SA Masuda's undercover business card with his cellular number on the back.

17           e.       Artak OVSEPIAN was seen in the parking lot outside of Sunny Bay  
18 looking at the business card SA Masuda provided and making a call on a cell phone.  
19 Approximately ten minutes later, SA Masuda received a call from L.OVSEPIAN. L.OVSEPIAN  
20 left a voice message asking for a call back to discuss a future meeting.

21           f.       Artak OVSEPIAN dropped off the beneficiary, empty-handed, at the  
22 Glendale Galleria, and then returned to MANOR. There, agents observed several unidentified  
23 Armenian males waiting at the back parking lot of MANOR, and a black Passat was present with  
24 its doors opened. When Artak OVSEPIAN arrived in the gray Camry, one of the unidentified  
25 males walked up to the Camry and returned to the Passat carrying two plastic bags consistent

1 with the Sunny Bay pharmacy bags. That male then got into the driver seat of the Passat as  
2 another of the unidentified males got into the Passat, and the two quickly drove away.

3 g. Approximately an hour later, SA Masuda returned L.OVSEPIAN's call at  
4 the MANOR Telephone. The two agreed to set up a meeting between SA Masuda (as the  
5 pharmacy manager) and JOHNSON and for a tour of MANOR. L.OVSEPIAN informed SA  
6 Masuda that JOHNSON is only available on Saturdays and after hours.

7 **(4) Undercover Operation at MANOR (February 8, 2011)**

8 68) On February 8, 2011, an undercover operation was conducted at MANOR,  
9 wherein SA Masuda (posing as Sunny Bay's manager) wore a hidden recording device and  
10 visited MANOR. Based on my participation, discussions with other agents, a review of the  
11 undercover recording and reports from other agents, I know the following.

12 a. SA Masuda, along with SA Cindy Niu (also posing in an undercover  
13 capacity as SA Masuda's associate) met with L.OVSEPIAN and JOHNSON in an office within  
14 MANOR. Upon meeting with L.OVSEPIAN and JOHNSON, SA Masuda stated that MANOR  
15 was a nice clinic and commented that JOHNSON must be seeing a lot of patients. JOHNSON  
16 responded, "Not enough yet, but we're working on it, we're working on it."

17 b. L.OVSEPIAN and JOHNSON began discussing their pharmacy needs and  
18 SA Masuda stated that he would need to know how much medication to keep on stock.  
19 L.OVSEPIAN said they were looking for a pharmacy they "can depend on" and not have to  
20 "bug" JOHNSON with "paper work and back and forth faxes." She continued, stating that they  
21 "just wanna work with one pharmacy" that knows JOHNSON, how he works, and understands  
22 that "the drivers are picking up patients from facilities."

23 c. SA Masuda stated that was one of the questions Sunny Bay had, i.e., why  
24 would MANOR not use a pharmacy in Glendale as opposed to one in Arcadia (where Sunny Bay  
25 was located). L.OVSEPIAN stated that they tried other pharmacies but "didn't like the way it

1 works." SA Masuda asked why and L.OVSEPIAN stated, "It's not us but our patients. . . .  
2 Number one, um, patients didn't like the medications that been given them; Number two, they  
3 didn't like one of the pharmacists, I don't want to mention the name. . . . they gave two  
4 medications, they billed for three." L.OVSEPIAN stated that MANOR had been seeing most of  
5 the patients "for more than a year now" and that the patients asked MANOR to review their bills  
6 for them to make sure they have not been overcharged by pharmacies. L.OVSEPIAN added that  
7 she and "Izabella" therefore review pharmacy bills with patients. Due to these problems,  
8 L.OVSEPIAN stated, MANOR is looking for a new pharmacy, one that would have the  
9 medications ready for the patients and not have any "attitude." L.OVSEPIAN stated that  
10 "Izabella" would be the one to fax prescriptions to the pharmacy.

11 d. SA Masuda asked if JOHNSON typically prescribed anti-depressants and  
12 JOHNSON replied, "we see a lot of, uh, patients that are you know like at skilled facilities or  
13 assisted living or things like that," and added, "I do physical medicine and rehab . . . and so we  
14 do a blend of things here now, while we're trying to build this, uh, so yeah we may continue a lot  
15 of these kinds of medications . . . that they are already taking generally prescribed by their  
16 primary doctors." JOHNSON said, "that's not my specialty . . . like I'll, may see someone with a  
17 stroke and I work on the functional side of it all . . . but uh, that's not my expertise to continue."

18 e. JOHNSON stated that "in another room" he does "acute" "pain  
19 management" like "EMG's, nerve conduction studies and all that jazz." JOHNSON offered,  
20 "you'll probably never see a narcotic come through here just because you have to have a reason  
21 to need narcotic. . . . But, you know, so there may be anti-depressants, uh, sleeping pill . . . but I  
22 don't initiate that stuff because I'm not the primary care doc." L.OVSEPIAN added, "We're just  
23 collecting patients."

24 f. SA Masuda asked if there were technicians on the premises and  
25 JOHNSON said, "yeah technicians here to do that X-ray machines and all uh, that jazz."

1 JOHNSON stated that in "trying to blend" they were "trying to add another primary care doc  
2 who can cover all those things." SA Masuda then asked if JOHNSON was the only medical  
3 professional at MANOR and JOHNSON said they have a "PA" who he called "Nora," but  
4 otherwise stated he is the only one. SA Masuda asked JOHNSON when he saw patients at  
5 MANOR and JOHNSON stated, "I'm here intermittently like evenings, mainly weekends."

6 g. JOHNSON then excused himself to go to another facility. The agents  
7 continued to talk to L.OVSEPIAN who stated that, in addition to managing the office, she does  
8 marketing for JOHNSON had been working with him for a "couple years." SA Masuda asked  
9 how often JOHNSON comes to MANOR and L.OVSEPIAN stated "four times a week . . . and  
10 Saturday." SA Masuda asked what JOHNSON's specialty is and she stated, "He's uh, neuro-  
11 rehab." L.OVSEPIAN also stated that "Nora" is not a "PA" but "the foreign doctor" who sees  
12 the patients when JOHNSON is not there but "that's between them." SA Masuda asked for  
13 "Nora's" business card but L.OVSEPIAN stated she does not have one as she works under  
14 JOHNSON.<sup>11</sup>

15 h. L.OVSEPIAN stated that MANOR always keeps copies of the  
16 prescriptions so that they know how many have been given to patients. She showed SA Masuda  
17 a "follow-up sheet" showing "how many times patients came" and what "pharmacy we are  
18 working with." SA Masuda noticed HUNTINGTION listed on the sheet and asked  
19 L.OVSEPIAN about it; she stated that they stopped working with them due to "delivery  
20 problems." L.OVSEPIAN also stated that most of their patients are from "elderly" facilities and  
21 "public social services."

22  
23  
24 <sup>11</sup> A search of the California Board of Registered Nursing, the Department of Consumer  
25 Affairs Physician Assistant Committee, and Physician databases revealed that neither  
N.GRIGORYAN nor any of the MANOR employees outside of JOHNSON are licensed  
Registered Nurses, Physicians Assistants, or Physicians.

1 i. L.OVSEPIAN escorted SA Masuda and SA Niu around MANOR to show  
2 them the various rooms and equipment. L.OVSEPIAN introduced I.Ovsepian, and described her  
3 as her assistant, the pharmacy contact, and the one who does the scheduling for JOHNSON.  
4 L.OVSEPIAN also introduced Arakelyan as MANOR's x-ray technician.

5 j. L.OVSEPIAN informed SA Masuda that MANOR employed three drivers  
6 and she referred to Artak OVSEPIAN (who had previously been to Sunny Bay) as the drivers'  
7 manager. When SA Masuda informed L.OVSEPIAN that Sunny Bay could provide a delivery  
8 service, L.OVSEPIAN said she preferred to use MANOR's drivers.

9 k. SA Masuda asked if Sunny Bay would have any problems with audits.  
10 L.OVSEPIAN stated, "we work clean and we're looking for a pharmacy that works clean with  
11 us." She stated that they never had any problems with audits and keep very complete charts. SA  
12 Masuda commented that some of the medications JOHNSON wanted them to keep on hand are  
13 very expensive, and he asked how he would know that MANOR would actually have them fill  
14 prescriptions for those drugs. L.OVSEPIAN responded that MANOR has a one-year contract  
15 with "a facility" and so they would be seeing patients for at least a year. She stated that, by then,  
16 JOHNSON wants to have hired at least two doctors and then he will be "medical director"  
17 because "he doesn't want to work" but rather "come and supervise charts and leave." She stated  
18 that she was thinking about putting an ad on Craig's List for another doctor.

19 l. When SA Masuda expressed concern about having too many expensive  
20 medications in stock, and wondering what Sunny Bay's benefit would be, L.OVSEPIAN stated  
21 that MANOR never gives pharmacies "back anything" but, "one thing that I can tell you guys for  
22 sure, that you guys gonna have uh, patients." She stated that the pharmacies they worked with  
23 previously were "very happy" because MANOR provides at least 13 to 14 patients a day, each  
24 with a three-month supply. She stated that the patients' charts will note, "follow up within three  
25

1 months." She explained, "That's why we give them three months supply, we, we, sort of tell  
2 them, just get out of our way and come back in three months."

3 m. L.OVSEPIAN stated that I.Ovespian will fax the prescriptions to the  
4 pharmacy, and call after the last prescription is faxed. This will give the pharmacy enough time  
5 to have the prescriptions ready when the driver arrives with the patients. Then, as L.OVSEPIAN  
6 described, "one-by-one, they go, they sign" and the drivers "check everything" before leaving.

7 n. The meeting concluded and SA Masuda stated that he would talk to the  
8 pharmacist and get back to L.OVSEPIAN.

9 **(5) Undercover Call to HUNTINGTON (February 22, 2011)**

10 69) On February 22, 2011, SA Masuda, still posing in an undercover capacity as the  
11 pharmacy manager at Sunny Bay, made an undercover recorded call to HUNTINGTON to ask  
12 about LIM's prior experience in dealing with JOHNSON and MANOR. SA Masuda identified  
13 himself as a pharmacy manager with Sunny Bay Pharmacy in Arcadia and asked to speak with  
14 the owner "PK" (LIM).

15 70) SA Masuda spoke to LIM and explained that he was considering a future business  
16 venture with JOHNSON and wanted insight on LIM's past experience. SA Masuda informed  
17 LIM that he learned about HUNTINGTON during his visit with MANOR. In referring to  
18 MANOR, LIM stated, "What you see is what they are." LIM stated that he did not have any  
19 problems with MANOR but "it's with just the insurance, you know. . . . I mean the clinic is  
20 operating is what you see there . . . but with the insurance audit. That's what I'm trying to tell  
21 you." LIM explained, "I could not tell any more than this, but they are, to me they are legit; they  
22 are practicing what they are, but the problem I have is with the insurance audit." LIM further  
23 stated, "Between you and me, you know, I mean all these things are not, nothing illegal. . . . But  
24 when they audit they don't see the same thing as we do." LIM stated that the auditors "view  
25

1 everything suspiciously” and will “just go for the easy target,” and stated, “that’s why we are  
2 very, um, tight bond.”

3 71) LIM stated he was no longer filling prescriptions for MANOR because of the  
4 “insurance audit.” LIM said that the audit was “because of Dr. JOHNSON; strictly him.” LIM  
5 stated that because of the amount of scripts that JOHNSON writes, “they will do audit.” LIM  
6 stated, “Be cautions on them, that’s all I can say. Because of audit.”

7 **D. ADMINISTRATIVE AUDITS and INTERVIEWS**

8 72) Over the course of the investigation SA Ramirez and I have reviewed audit  
9 reports and spoken to audit investigators, analysts, and agents about audit investigations  
10 conducted on HUNTINGTION and other SUBJECT PHARMACIES regarding JOHNSON  
11 prescriptions. I have learned the following information related to such audits:

12 **(1) Prescriptions Solutions Inc. (“PSI”) Medicare (Part D) Audit – (relates to**  
13 **HUNTINGTION, LIM, L.OVSEPIAN, HOVANNISYAN, JOHNSON)**

14 73) PSI is a Medicare-contracted provider and oversees Medicare Part D services  
15 provided by PSI’s contracted pharmacies (including HUNTINGTION).

16 74) On April 28, 2010, beneficiary R.E. contacted PSI to report that HUNTINGTION  
17 had been filling JOHNSON prescriptions in R.E.’s name that R.E. did not authorize, and, as a  
18 result, R.E. could not get his/her legitimate prescriptions filled at his/her own pharmacy. R.E.  
19 expressed concern that the billing was fraudulent.

20 75) PSI contacted HUNTINGTION and later received a “HIPPA [sic] Authorization  
21 Form,” signed by R.E., dated April 5, 2010. This form stated that HOVANNISYAN was R.E.’s  
22 caregiver and that R.E. authorized to HOVANNISYAN to receive R.E.’s prescriptions from  
23 HUNTINGTION.

24 76) PSI followed up with R.E., who stated that s/he does not use HUNTINGTION  
25 and does not know JOHNSON or HOVANNISYAN. R.E. explained that s/he had been

1 approached by someone to received free food and, in order to do so, R.E. had to fill out some  
2 forms, including that "HIPPA" authorization.

3 77) Thereafter, PSI mailed out correspondence to beneficiaries whose Medicare had  
4 been billed for JOHNSON prescriptions filled at HUNTINGTION, to verify that they had  
5 received such prescriptions. PSI received 26 responses indicating that the JOHNSON  
6 prescriptions billed to those beneficiaries (181 claims, totaling \$45,917) were not in fact received  
7 by the beneficiaries.<sup>12</sup> Rachel Seelke, Pharmacy Audit Analyst for PSI also ran billing reports on  
8 HUNTINGTION and learned that, from August 2009 to August 2010, JOHNSON was the top  
9 prescribing physician (both by amount paid and claim count) at HUNTINGTION.

10 78) In July 2010, PSI conducted an onsite audit at HUNTINGTION and in September  
11 2010, Seelke informed LIM that 26 beneficiaries reported that the JOHNSON prescriptions  
12 billed by HUNTINGTION were filled without their knowledge or consent, that they had not  
13 been treated by JOHNSON, and that they had not gone to HUNTINGTION. LIM asked Seelke  
14 to contact JOHNSON's clinic at (818) xxx-1132 and speak to the office manager "Lili." LIM  
15 stated that he would provide copies of the beneficiaries' driver's licenses and letters, signed by  
16 the beneficiaries, giving employees at JOHNSON's office permission to pick up the medications  
17 from HUNTINGTION.

18 79) Later that same day, Seelke received a call from "Lili Ovsepien" (i.e.,  
19 L.OVSEPIAN) who identified herself as the office manager of JOHNSON's office.  
20 L.OVSEPIAN said she spoke with LIM about the audit and could explain why beneficiaries  
21 reported that they had not seen JOHNSON. L.OVSEPIAN said JOHNSON's patients may not  
22 recognize JOHNSON because he is new to the area (from Kansas) and works with a female  
23 physician's assistant named "Nora Gregorian" (i.e., N.GRIGORYAN) who sees patients "on  
24 occasion." L.OVSEPIAN also stated that JOHNSON's staff would either deliver the medication

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<sup>12</sup> These claims were reversed by PSI pending the results of an independent audit by PSI.

1 to beneficiaries' homes or dispense the medications directly from the office, and, accordingly,  
2 beneficiaries may not report having been to HUNTINGTON.

3 80) On October 16, 2010, Seelke received correspondence from LIM regarding the  
4 audit. In the correspondence, LIM provided 16 retraction statements, purportedly signed by 16  
5 of the 26 beneficiaries who reported previously to PSI that that they had never authorized or  
6 received JOHNSON prescriptions filled by HUNTINGTION. The pre-typed statement signed by  
7 these beneficiaries read: "*I have been shown and explained to me the signature log of*  
8 *medications dispensed by HUNTINGTON PHARMACY and delivered to me by the doctor's*  
9 *office. My denial of receiving the medications was incorrect. I may or may not recall receiving*  
10 *the medications but acknowledge it is my signature.*" For these beneficiaries, LIM also included  
11 copies of their driver's licenses, which showed signatures that, according to LIM, matched those  
12 on HUNTINGTION prescription logs (captured electronically). LIM stated that  
13 HUNTINGTION required each patient to sign a "HIPPA" [sic] form (enclosed in the  
14 correspondence for each of the 26 beneficiaries in question) authorizing a "caregiver" to receive  
15 prescriptions from HUNTINGTION. The caregiver for every beneficiary was identified as  
16 HOVANNISYAN (as it was for R.E., as stated above) at 229 N. Central Ave. # 300, Glendale  
17 (which I know is MANOR's former address). The handwriting listing HOVANNISYAN  
18 appears to be the same on every form (and different from each beneficiary).

19 81) LIM stated in his correspondence that the patients who did not sign a retraction  
20 statement "may not fully recall receiving medications that were delivered several months ago"  
21 but asserted that the signatures on their driver's licenses matched those on prescription logs,  
22 showing that they received medications. LIM also provided that when beneficiaries do not have  
23 electronic signatures captured, it is because JOHNSON's drivers signed for the medications  
24 when they picked them up at HUNTINGTION, or because L.OVSEPIAN signed for the receipt  
25 of medications at JOHNSON's office. LIM also noted in the correspondence that he and

1 JOHNSON "have agreed to require all patients to pick up their medications at the pharmacy by  
2 themselves since June 2010."

3 82) On November 2, 2010, Seelke contacted three of the beneficiaries<sup>13</sup> who signed  
4 retracting statements and learned the following:

5 a. S.P. stated that s/he never signed a statement retracing S.P.'s previous  
6 statement that s/he did not receive the JOHNSON prescriptions filled by HUNTINGTON. S.P.  
7 stated, however, that on October 2, 2010, two people came to S.P.'s door asking S.P. to sign a  
8 statement indicating that S.P. did not know JOHNSON or go to HUNTINGTON. S.P. said these  
9 two people had identification badges on their necks but did not provide a business card. S.P.  
10 stated that s/he did not know the caregiver (HOVANNISYAN) listed on the correspondence  
11 provided by HUNTINGTON.

12 b. N.P.'s daughter J.T. stated that N.P. does not speak English and that J.T.  
13 takes care of N.P.'s health needs and medications. J.T. stated that N.P. only gets medications  
14 from Golden Pharmacy in Westminster, and J.T. picks them up. J.T. stated that neither she nor  
15 N.P. had been to HUNTINGTON.

16 c. R.R. confirmed he had never seen JOHNSON or been to HUNTINGTON,  
17 and that he usually gets medications from the VA or Rite Aid in Los Angeles. R.R. stated that  
18 s/he did not know the caregiver (HOVANNISYAN) listed on the correspondence provided by  
19 HUNTINGTON.

20 83) That same day, November 2, 2010, LIM contacted Seelke and Sellke asked LIM  
21 how the retraction statements were received. LIM stated that JOHNSON's office sent their  
22 drivers to the beneficiaries' homes. LIM stated that the beneficiaries are more familiar with the  
23

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24 <sup>13</sup> These beneficiaries were also interviewed by agents in this case, as set forth above.  
25 In addition, H.T. and Q.T., also interviewed, as set forth above, purportedly signed retraction  
statements provided by LIM, but were later interviewed by agents and stated that they had no  
recollection of signing such statement.

1 drivers than LIM. LIM asked that Seelke contact JOHNSON, as JOHNSON told LIM that  
2 JOHNSON left several messages for Seelke regarding the audit. Seelke told LIM that she had  
3 not received any messages or calls from JOHNSON.

4 84) The next day, November 3, 2010, "Lili" (L.OVSEPIAN) telephoned Seelke and  
5 provided (310) xxx-1495 as JOHNSON's contact number. Later that day, JOHNSON  
6 telephoned Seelke. JOHNSON said that LIM informed him of the audit and that he was calling  
7 to explain why beneficiaries denied seeing him and denied going to HUNTINGTON.  
8 JOHNSON said he works with a physician's assistant named "Nora" (N.GRIGORYAN) and that  
9 the majority of patients had Dementia, Alzheimer's disease, and other psychosis and might not  
10 remember him. JOHNSON stated that he is a rehabilitation doctor with a general medicine  
11 practice. He stated that, as a convenience to his patients, his office would fax prescriptions to  
12 HUNTINGTON and send drivers to pick up the medication. His office staff would then dispense  
13 the medication to the beneficiaries.

14 85) On November 4, 2010, at approximately 7:50 a.m., "Lili" telephoned Seelke and  
15 asked if Seelke had been in touch with JOHNSON, and if the office was going to be audited.

16 **(2) CVS Caremark (Medicare Part D) Audit – (Relates to TRI MED, ADAMS**  
17 **SQUARE, PACIFIC GRAND, and WEST VERN)**

18 86) CVS/Caremark is a Medicare-contracted provider and oversees Medicare Part D  
19 services provided by CVS/Caremark's contracted pharmacies (including ADAMS SQUARE,  
20 PACIFIC GRAND and WEST VERN).

21 87) Heidi Haffner, CVS Caremark Manager, Premier Audit Services Pharmacy  
22 Performance, provided the following information relevant to this investigation:

23 a. Haffner is part of audit team who conducts on-site audits of Medicare Part  
24 D contracted pharmacies (i.e., CVS pharmacies and a variety of other Medicare Part D contract  
25 pharmacies). Haffner has been an auditor for more than 20 years.

1           b.       Haffner said, in her position, she has identified a trend in organized crime  
2 schemes involving the PSYCH MEDS at issue in the instant investigation. Haffner explained  
3 that the schemes she has learned of typically involve "younger" persons bringing into small  
4 independent pharmacies fraudulently received prescriptions for Medicare beneficiaries. These  
5 younger individuals may have identification cards for the beneficiaries so that they can fill  
6 beneficiaries' prescriptions without their presence; they also may appear with a group of  
7 beneficiaries (transported in a van) who appear to be very low income or homeless. The  
8 fraudulently filled prescriptions are typically expensive medications including the PSYCH  
9 MEDS and FILLER DRUGS at issue in this investigation. The individuals filling the  
10 prescriptions will often ask to receive the drugs in the original bottles and claim that the  
11 beneficiaries will only trust the medication if it is in the original bottle.

12           c.       Haffner has noticed that when she looks into the beneficiaries profiles, she  
13 will often see that they receive a few low-cost generic medications at one pharmacy and then  
14 claims for brand name PSYCH MEDS (like Abilify and Zyprexa) will appear at a pharmacy that  
15 the beneficiary has not previously used. These PSYCH MEDS prescriptions are often refilled at  
16 those pharmacies. Haffner believes that this scheme to divert and bill and re-bill for expensive  
17 (non-controlled) prescription PSYCH MEDS is easier and more profitable than diverting  
18 controlled prescription narcotics, which are subject to more reporting requirements.

19           d.       Within the last two years, Haffner and other CVS Caremark auditors have  
20 noticed that, in response to CVS Caremark audits, some independently owned pharmacies  
21 (mostly Russian and Armenian) have started producing invoices showing that their inventory of  
22 medications had been purchased from TRI-MED wholesaler. To Haffner's knowledge, CVS  
23 Caremark auditors have not received TRI-MED invoices from any other types of pharmacies,  
24 such as larger chain retail pharmacies. Haffner and her team began to notice the invoices  
25 produced for TRI-MED often appeared to be fake, including because they contain numerous

1 spelling errors. Haffner said that, based on her more than 20 years of experience as an auditor,  
2 most wholesale pharmaceutical invoices are identical in format, but that TRI-MED's are written  
3 on a different format using what appears to be a word document format that anyone could create.  
4 Haffner said TRI-MED also gave a website [www.TRIMEDorders.com](http://www.TRIMEDorders.com), on which she has  
5 observed that multiple words were again misspelled.

6 e. Haffner said most large retail pharmacies buy medications directly from  
7 large pharmaceutical companies such as HD Smith and Eli Lilly. These manufacturers ordinarily  
8 give the lowest rates for medications. Accordingly, Haffner questioned why independent  
9 pharmacies would buy from a secondary wholesaler such as TRI-MED rather than directly from  
10 the drug manufacturers. Haffner said that she has learned that the TRI-MED website will often  
11 advertise discounts on those medications commonly being defrauded, including PSYCH MEDS.  
12 For example, Haffner has noticed a 20% discount on the PSYCH MED Abilify posted on the  
13 TRI-MED website.

14 f. Based on her belief that TRI-MED was a bogus company used in  
15 furtherance of fraud, a CVS Caremark employee visited TRI-MED's listed business address,  
16 1905 Victory Blvd. #15, Glendale, CA. According to the employee, nowhere on the building did  
17 the employee see any signage advertising TRI-MED or any other pharmaceutical wholesaler.

18 g. ADAMS SQUARE Pharmacy was identified as having its Caremark/CVS  
19 provider contract terminated. Caremark received a tip from another Medicare Part D provider  
20 that ADAMS SQUARE was submitting suspicious prescription claims from a specific physician  
21 and clinic (not JOHNSON or MANOR). This physician was later interviewed and confirmed  
22 he/she had not authorized the prescriptions while briefly working at this medical clinic. The  
23 billings submitted for that doctor's prescriptions were for expensive PSYCH MEDS and FILLER  
24 MEDS billed for during the time period of March 2008 through May 2009. The auditor  
25 compared records of the sale of drugs in ADAMS SQUARE with ADAMS SQUARE's purchase

1 records from medical wholesalers. The records showed that ADAMS SQUARE was selling  
2 more of certain drugs than it was receiving from wholesalers; the drugs included several PSYCH  
3 MED such as Abilify and other expensive FILLER DRUGS. Based on the physician's statement  
4 and suspicious audit findings, ADAMS SQUARE's contract with CVS/ CAREMARK was  
5 terminated.

6 h. Haffner reviewed audit records and said during the audit periods from  
7 June 1, 2008 through July 31, 2009, PACIFIC GRAND and WEST VERN Pharmacies reported  
8 purchasing medication stock from TRI-MED. Invoices from TRI-MED to these two pharmacies  
9 (provided to Haffner by the pharmacies) report that TRI-MED has sold each of them large  
10 amounts of both PSYCH MEDS and FILLER MEDS.

11 **(3) California DHCS Medi-Cal Audits**

12 **HUNTINGTON (LIM and KHOU)**

13 88) On September 21, 2010, HUNTINGTON was the subject of a billing audit by  
14 DHCS, as a result of an irregular spike in billing (described above). When Patricia Moncada  
15 (DHCS Health Program Auditor, Medical Review Section) and Sam Kim (DHCS Investigator)  
16 arrived at HUNTINGTION, they were met by multiple members of the pharmacy's staff.  
17 Moncada provided the staff with a random sample of prescriptions filled by HUNTINGTON  
18 (105 specific prescriptions) for which records would need to be produced and copied. The  
19 prescriptions were for the dates January 1, 2010 through July 30, 2010.

20 89) Soon thereafter, LIM arrived and immediately provided Moncada and Kim a copy  
21 of a legal representation letter dated September 7, 2010. LIM offered that the reason DHCS  
22 were there was because of "Dr. JOHNSON." LIM stated that he was contacted in early 2010 by  
23 a "Lili" (L.OVSEPIAN) from JOHNSONS's office. "Lili" asked LIM if HUNTINGTION could  
24 handle filling a large amount of prescriptions from JOHNSONS's office. LIM stated that he  
25 agreed and later met JOHNSON at JOHNSON's clinic Glendale. LIM stated that he verified that

1 the clinic had patient charts and legitimate patients because he (LIM) wanted to make sure that  
2 there was no fraud involved.

3 90) Moncada asked LIM what services JOHNSON's clinic provided, and LIM  
4 responded, "Rehab." LIM did not elaborate, and he then began giving one-word answers that  
5 Mocanda described as evasive. LIM said the original verbal agreement between  
6 HUNTINGTON and JOHNSON'S clinic was from January through May 2010, during which  
7 time JOHNSON would prescribe medications and then HUNTINGTON's delivery driver would  
8 deliver these prescriptions to JOHNSON'S clinic. JOHNSON'S patients would sign a  
9 "Confirmation of Prescription Receipt" form that indicated he or she received the medications.  
10 LIM said this agreement was good until May 2010, and then LIM required the beneficiaries to  
11 come into HUNTINGTON to sign for and pick up the medication. LIM told Moncada that it was  
12 then that he had installed an electronic pad used to digitally capture beneficiary signatures. LIM  
13 identified KHOU as a pharmacy technician and buyer, who works on call, part time, and whose  
14 hire date was November 2000.

15 **PACIFIC GRAND and TRI-MED**

16 91) On November 23, 2010, Grace Britton (Registered Nurse, DHCS, Audit and  
17 Investigations Medical Review Branch) provided information to SA Ramirez relating to this  
18 investigation.

19 a. On November 12, 2010, DHCS conducted an audit of PACIFIC GRAND,  
20 located at 501 W. Glenoaks Blvd. Suite 12, Glendale. During the audit, RN Britton only spoke  
21 with PACIFIC GRAND's sole owner and president Peter Bagdasarian. Bagdasarian did not  
22 allow her to speak to the other employees. RN Britton relayed that Bagdasarian was passive  
23 aggressive, including by creating numerous delays when she requested items from him.

24 b. According to Bagdasarian, PACIFIC GRAND delivers medications to  
25 patients' homes using two drivers, but gave RN Britton only one driver's contact information.

1 Bagdasarian said that PACIFIC GRAND maintains delivery logs, however, when RN Britton  
2 asked for November 10, 2010 and November 11, 2011 delivery signature logs, Bagdasarian said  
3 he did not have them.

4 c. RN Britton stated that, based on the audit, she learned that PACIFIC  
5 GRAND purchases the majority of medications from HD Smith and TRI-MED wholesalers. As  
6 part of the audit, RN Britton requested to see PACIFIC GRAND records for wholesale drug  
7 purchases from February 1, 2010 to August 31, 2010, including wholesale supplies, drug sale  
8 history, and drug movement report for PSYCH MEDS including Abilify, Nexium, and Zyprexa,  
9 and for Advair (a FILLER DRUG) as these were high-volume dispensed medications.

10 Bagdasarian said he did not have these onsite and that he would have TRI-MED fax the invoices  
11 to her. He provided a business card to her with TRI-MED owner Richard Kayseryan's contact  
12 information. RN Britton said Kayseryan later faxed forms to her that she said appeared to be  
13 fake because they appeared to have been generated on a word document rather than using  
14 formatting generally standard to medical wholesalers. The invoices listed an address of 52 E.  
15 Santa Anita Ave. in Burbank and a website as [www.TRIMEDorders.com](http://www.TRIMEDorders.com).

16 d. Because PACIFIC GRAND dispensed a high volume of the PSYCH MED  
17 Abilify, RN Britton asked Bagdasarian to show her where he stores that medication; he pointed  
18 to the top shelf that was bare. Bagdasarian said he often runs out and has to order more drugs  
19 everyday; if a prescription was needed, he would go across the street to Pacific Medical  
20 Pharmacy and swap medications with them. Once he received his new medication order then he  
21 would return the medications he borrowed to that pharmacy.

22 e. Britton reviewed 15 prescriptions, 11 of which were issued by JOHNSON  
23 for PSYCH MEDS and FILLER DRUGS four beneficiaries (including one for R.A. who has  
24 been interviewed by investigating agents, as set forth above). RN Britton stated that the  
25

1 prescription for R.A. that she reviewed noted "Verified by Seda 7/23/10." I believe this is a  
2 reference to Zakaryan, who has been identified in video surveillance as a MANOR employee.

3 **GAROS**

4 92) According to Jacqueline Ferratti (DHCS Health Program Auditor) DHCS  
5 performed an unannounced audit on GAROS in November 2010 due to the large amount of  
6 dispensed suspect medications (i.e., medications identified on the National Medicare Fraud Alert  
7 List). DHCS had determined that GAROS'S Medi-Cal reimbursements had doubled from 2008  
8 (\$1 million) to 2010 (\$2 million). During the audit, a random sample of prescriptions claims  
9 were generated for the time period of May 1, 2010 through October 31, 2010 and 42 claims were  
10 selected. The medications on the audited claims included PSYCH MEDS (Abilify, Zyprexa) and  
11 various FILLER DRUGS.

12 93) Ferratti visited GAROS on February 10, 2011 and arrived at 10:00 a.m., but found  
13 that GAROS was closed. A sign on the front door indicated regular business hours were 10:30 -  
14 6:30. Ferratti spoke with a neighboring business employee and a UPS delivery driver, both of  
15 whom stated that GAROS had been very inconsistent with its hours of operation and is usually  
16 only open for a half day. GAROS's owner, Madlen Basilyan, arrived at 11:30 a.m. Basilyan said  
17 GAROS opened late because she was sick and had nobody to cover for her. Basilyan stated that  
18 GAROS had only five employees with two being drivers, but she did not provide the name for  
19 the second driver. During the audit, Basilyan said that GAROS has no contracts with any skilled  
20 nursing facilities or any entities and 100% business is walk-in patients and deliveries to their  
21 residences through two drivers employed by GAROS. Basilyan estimated 40 beneficiaries have  
22 medications delivered to their houses each day.

23 94) Basilyan was asked to generate the medication purchasing invoices for the audit  
24 period, and Basilyan responded that her computer system was down and that she could not run or  
25 generate any tests. When Basilyan was asked for the drug delivery logs for the drivers employed

1 by GAROS, Basilyan responded she did not have them. Due to Basilyan's inability to provide  
2 information, Ferratti ultimately had to make a total of four visits and contacts before all items  
3 were produced to complete audit.

4 95) On September 23, 2011, I was notified by DHCS Investigator Sam Kim that  
5 GAROS closed on Wednesday September 21, 2011. That day, I visited GAROS and confirmed  
6 that it looked closed. GAROS had a sign posted, stating that all patient prescriptions were  
7 relocated to a Walgreens Pharmacy in Pasadena.

8 96) On September 27, 2011, I contacted DHCS Audit Manager Thomas Nguyen and  
9 DHCS Pharmacy Auditor Scholastica Tang, regarding GAROS's closure. Tang said GAROS  
10 had not returned calls from DHCS relating to the audit findings. Tang stated that invoices  
11 provided by GAROS showing GAROS's stock of specific medications, including PYSCH  
12 MEDS (Seroquel and Zyprexa) and other FILLER MEDS, did not support the Medi-Cal claims  
13 submitted by GAROS, with a difference of approximately \$417,000. In other words, based on  
14 invoices and billing records, it appeared that GAROS was dispensing more of those medications  
15 than it was actually obtaining from wholesalers. I believe this is consistent with GAROS having  
16 re-labeled and re-billed the same bottles of PYSCH MEDS and FILLER DRUGS multiple times.  
17 Based on my training and experience and discussions with other agents, I know that pharmacies  
18 involved in health care fraud, when detected overbilling Medicare or Medi-Cal, will commonly  
19 close down to avoid paying back the amounts due and believe that is what GAROS did.

20 97) Tang stated that she visited GAROS on September 21, 2011, and noticed an  
21 employee moving boxes into his vehicle. Tang said that while she was taking photographs of the  
22 building and the employee's vehicle, the employee interfered with Tang and grabbed her arm.  
23 Tang said that the employee followed her into the next door business and took a picture of her  
24 using his cellular phone.

1           **(4) Better Care Pharmacy Audit (Relating to MANOR; L.OVSEPIAN)**

2           98)    On December 1, 2010, I met with DHCS Nurse Evaluator Elizabeth Schein and  
3 Auditor Amanda January and learned the following:

4           a.     The State of California performs a pre-enrollment audit prior to approving  
5 a Medi-Cal provider. Schein and January conducted such an audit for Better Care Pharmacy,  
6 which applied to be a Medi-Cal provider. Schein reviewed a number of Better Care's  
7 prescriptions written by JOHNSON of MANOR and billed to Medicare. She thought these  
8 prescriptions were odd, because Better Care is in Van Nuys and the patients' addresses generally  
9 listed areas miles away.

10          b.     As part of the audit, Schein went to MANOR in November 2010 to review  
11 the medical files on two patients for whom Schein observed JOHNSON prescriptions at Better  
12 Care Pharmacy. At MANOR, Schein spoke with "Lili," who Schein positively identified as  
13 L.OVSEPIAN in a CDL photo. Schein asked L.OVSEPIAN where JOHNSON was, and was  
14 told he was not there because it was the day before Thanksgiving. L.OVSEPIAN told Schein  
15 that JOHNSON's regular hours are Tuesdays and Wednesdays from 2:00 pm to 5:00 pm and  
16 Saturdays from 9:00 am until the last patient is seen. Schein received files for two patients but  
17 was unable to reach either: one phone number went to the Glendale YMCA and the other number  
18 went to an individual who identified himself as the patient's son-in-law, but who hung up on  
19 Schein and was uncooperative. Schein also identified a photograph of A.GRIGORYAN as a  
20 man she saw in the back of the MANOR clinic wearing a lab coat.

21           **E.     CONTINUED SURVILLANCE OF SCHEME**

22           99)    Throughout the investigation, agents and officers have conducted surveillance on  
23 MANOR and the SUBJECT PHARMAICES through video and physical surveillance. Based on  
24 my participation, communications with SA Ramirez and other participating agents, and review of  
25 reports, I know the following:

1           **(1) January 11, 2011**

2           100) On January 11, 2011, the following activities were observed:

3           a.       A Mercedes Benz (LPN 6DIA684; R/O Nancy Simonian, later identified  
4 as the Vice President of WEST VERN) was seen leaving the MANOR parking lot. An  
5 Armenian male later identified as Samvel Khodzhumyan, the manager of a second WEST VERN  
6 Pharmacy located in Los Angeles, was seen inside.

7           b.       BENE VAN#1 and a white BMW (LPN 6GBP234, VIN  
8 WBAVA37508NL57292; R/O Maria Manukian at the Artak OVSEPIAN RESIDENCE)  
9 (hereinafter "MANOR BMW") drove from MANOR to MIDWAY DRUGS, 19 miles away.  
10 There, HARUTYUYAN left the MANOR BMW with several papers in his hand and entered  
11 MIDWAY DRUGS. HARUTYUYAN then escorted six suspected beneficiaries from BENE  
12 VAN#1 into the pharmacy, one-by-one. Each time HARUTYUYAN and a beneficiary left the  
13 pharmacy, the beneficiary was seen holding a white bag. After HARUTYUYAN and the last  
14 beneficiary left, the vehicles were followed to a residential street. There, HOVINNISYAN and  
15 HARUTUYAN got out of the MANOR BMW, and HARUTUYAN retrieved a group of white  
16 bags (consistent with the bags carried by the beneficiaries when leaving MIDWAY DRUGS)  
17 from the driver of BENE VAN#1. HARUTYUYAN placed the bags in the rear of the BMW.  
18 The BMW drove to MANOR, where HARUTYUNYAN and HOVINNISYAN left the BMW.  
19 Agents then observed N.GRIGORIAN leave MANOR in a red Chevy Lumina (LPN 6DEJ735;  
20 R/O Elizabet GRIGORYAN) (hereinafter "GRIGORIAN Lumina"). Medi-Cal billing records  
21 show that MIDWAY DRUGS submitted 54 JOHNSON prescription claims (totaling \$23,478)  
22 for six beneficiaries on that day, including prescriptions for PSYCH MEDS and FILLER  
23 DRUGS. Medicare billing records show that MIDWAY DRUGS submitted four JOHNSON  
24 prescription claims for one beneficiary that day, including prescriptions for one PSYCH MED  
25 and FILLER DRUGS.

1 (2) May 19, 2011

2 101) On May 19, 2011, the following activities were observed:

3 a. I.Ovsepian arrived at MANOR in the MANOR BMW; N.GRIGORYAN  
4 later arrived in the GRIGORYAN Lumina; N.GRIGORYAN was observed several times  
5 throughout the day exiting MANOR while wearing a coat consistent with coats worn by  
6 physicians.

7 b. Numerous suspected beneficiaries left multiple city buses on a corner near  
8 MANOR and walked to the back door of MANOR. One of the groups of beneficiaries, escorted  
9 by MENDEZ, exited the "603 Grand Street" bus, which I know goes to the downtown area of  
10 Los Angeles. MENDEZ appeared to hold a meeting with the majority of the beneficiaries, and a  
11 number of them provided MENDEZ with paperwork. SMITH was also seen at MANOR  
12 "negotiating" for beneficiaries (i.e., rotating between speaking with the beneficiaries and  
13 speaking with MANOR employees). Shortly thereafter, HARUTYUNYAN arrived at MANOR  
14 driving BENE VAN#1; he spoke with SMITH and then entered MANOR.

15 c. Thereafter, Arakelyan exited MANOR and was observed talking to  
16 MENDEZ and beneficiaries. L.OVSEPIAN then arrived in the A.GRIGORYAN BENZ and  
17 Arakelyan assisted L.OVSEPIAN in removing bags from the car.

18 d. GHUKASYAN arrived in a silver BMW, followed by Artak OVSEPIAN  
19 in a gray Camry (LPN 6RIG149, VIN 4T4BF3EK4BR180471; R/O Archak Ovsepian)  
20 (hereinafter "OVSEPIAN Camry"). At this same time, six additional beneficiaries exited  
21 another bus and walked to MANOR's rear parking lot. Approximately 10 minutes later agents  
22 in a parked car across the street from MANOR were approached by GHUKASYAN.

23 GHUKASYAN made a call on his cell phone and appeared to read the license plates on the  
24 agents' car and tell the person on the other end of the phone. GHUKASYAN then returned to  
25 MANOR and was met outside by HURUTUNYAN. The two then, consistent with counter-

1 surveillance measures, watched and followed one of the agents as he walked to a nearby  
2 convenience store. They both then returned to MANOR. Later that day, both GHUKASYAN  
3 and HOVANNSYAN walked down Colorado Blvd. examining vehicles parked on the street,  
4 again consistent with counter-surveillance measures.

5 e. HOVANNSYAN arrived in BENE VAN#3 and GHUKASYAN,  
6 HARUTYUNYAN, and HOVANNSYAN left MANOR with multiple beneficiaries.  
7 HARUTYUNYAN was holding paperwork and escorted the beneficiaries to BENE VAN#1 and  
8 BENE VAN#3. GHUKASYAN helped load beneficiaries into BENE VAN#3. Both vans  
9 departed from MANOR, with HOVANNSYAN driving BENE VAN#3 (with GHUKASYAN as  
10 a passenger) and HARUTYUNYAN driving BENE VAN#1. Both vans traveled to MIDWAY  
11 DRUGS. During the travel from MANOR to MIDWAY DRUGS the surveillance teams  
12 observed multiple acts that were, based on the agents' experiences, counter-surveillance  
13 measures. For example, the vans slowed down and sped up on the freeway for no apparent  
14 legitimate reason based on the flow of traffic; at one point the vans drove through the same  
15 parking lot twice before continuing to MIDWAY DRUGS, and without ultimately stopping in  
16 the parking lot.

17 f. Once the vans arrived at MIDWAY DRUGS, GHUKASYAN entered  
18 holding paperwork, returned to BENE VAN#3, and then, one-by-one, brought three beneficiaries  
19 into the pharmacy. Each time, the beneficiary left with a small white pharmacy bag.  
20 GHUKASYAN then escorted another six beneficiaries from BENE VAN#1 in the same manner.  
21 After the last beneficiary exited, both vans departed MIDWAY DRUGS and conducted what  
22 appeared to be more counter-surveillance.

23 g. Meanwhile, at MANOR, BENE VAN#2 arrived, driven by Archak  
24 Ovsepien. Both Artak OVSEPIAN and Archak Ovsepien loaded beneficiaries into BENE  
25 VAN#2 and the OVSEPIAN Camry before departing.

1           h.       Thereafter, HOVANNSYAN arrived driving BENE VAN#3, with  
2 GHUKASYAN as the passenger. GHUKASYAN got out of the van carrying a plastic bag full  
3 of small white bags similar to the pharmacy bags received by the beneficiaries that day at  
4 MIDWAY DRUGS. GHUKASYAN and HOVANNSYAN entered MANOR with the bag.

5           i.       HARUTYUNYAN, driving BENE VAN#1, later returned to MANOR.  
6 Sometime later Artak OVSEPIAN, driving the OVSEPIAN Camry, also returned. Artak  
7 OVSEPIAN pulled out a large plastic bag from the Camry's trunk and took it into MANOR.  
8 Approximately a half hour later GHUKASYAN, HARUTYUNYAN, and Artak OVSEPIAN  
9 exited MANOR and walked down Colorado Blvd., again examining vehicles parked on the  
10 street. GHUKASYAN returned to MANOR and walked to MANOR's back storage area, where  
11 he retrieved a large white trash bag. GHUKASYAN then took this bag and placed in the rear of  
12 BENE VAN#1 and drove away. Around 9:00 p.m., BENE VAN#1 returned, driven by an  
13 unknown person, who parked the van and drove away in the BMW GHUKASYAN arrived in  
14 that morning.<sup>14</sup>

15           j.       Medi-Cal records show that on this day MIDWAY DRUGS submitted 25  
16 JOHNSON prescription claims (totaling \$28,085) for four beneficiaries, for drugs including  
17 PSYCHS MED and FILLER DRUGS. Medicare records show that MIDWAY DRUGS  
18 submitted claims (totaling \$4,029) for JOHNSON prescriptions for four beneficiaries, for drugs  
19 including PSYCH MEDS and FILLER DRUGS.

20           t.       Medi-Cal billing records for this same day also show that MERCED  
21 MEDICAL submitted 41 JOHNSON prescription claims (totaling \$30,148) for 10  
22 beneficiaries; Medicare records show MERCED MEDICAL submitted six JOHNSON

23  
24 <sup>14</sup> Based my training and experience and on the investigation in this case, I believe  
25 that the repeated exchanging of vehicles demonstrates that the targets under investigation avoid  
driving vehicles registered to them while conducting activities in furtherance of the health care  
fraud scheme under investigation.

1 prescription claims for two beneficiaries. Each beneficiary submitted prescriptions for a  
2 PSYCH MED and FILLER DRUGS.

3 **(3) May Trash Search**

4 102) One week following the May 19, 2011 surveillance of MANOR, agents  
5 conducted a search of a dumpster placed outside MANOR on the street on Thursdays for  
6 collection and seen during surveillance being used by MANOR employees. The following was  
7 discovered:

8 a. Numerous patient files were found discarded, in addition to Xerox copies  
9 of patient health care cards, California drivers' licenses, and other identification cards. These  
10 Xeroxed cards had handwritten written dates on them which, according to SA Ramirez's review  
11 of billing records from MIDWAY DRUGS, matched the then-most recent time that the  
12 beneficiaries shown on the identification cards received PSYCH MEDS and FILLER DRUG  
13 from MIDWAY DRUGS. I believe that the dates were recorded to allow MANOR to track the  
14 last time JOHNSON wrote a prescription for a beneficiary, so that MANOR can identify when  
15 the beneficiary can next refill a prescription under their health care insurance.

16 b. Additional evidence located in the trash included more than 30 post-it  
17 notes with writing that identified commonly diverted PYSCH MEDS and FILLER DRUGS by  
18 milligram and pill count similar to those found on medication price ledgers. Other post-it notes  
19 showed information related to height, weight, blood pressure, temperature and answers to  
20 medical questions.

21 c. A purchase receipt from MERCED MEDICAL, dated May 25, 2011, at  
22 2:54 p.m., was also found, indicating the filling of 40 prescriptions. (Video surveillance of  
23 MANOR on that date showed Artak OVSEPIAN departing at 2:20 p.m. with numerous  
24 beneficiaries. Medi-Cal and Medicare billing records show that seven beneficiaries filled 16  
25 JOHNSON prescriptions at MERCED on that day).

1 d. An IDTF-related Nerve Conduction Study "Go By" or pre-template form  
2 was also found. This "Go By" indicates, "You can use any of these three codes," showing how  
3 to bill Medicare Part B codes. Based on my conversations with other agents, I learned that a "Go  
4 By" is typically used in falsely submitting imaging claims. The "Go By" assists schemers in  
5 creating notations in patient files that justify ordering imaging tests, which are then billed to  
6 Medicare.

7 **(4) July 19, 2011**

8 103) On July 19, 2011, the following activities were observed:

9 a. At 2:05 p.m. in the MANOR parking lot, MENDEZ and JONES exited  
10 MANOR while talking to Artak OVSEPIAN. The three of them supervised the loading of  
11 beneficiaries into BENE VAN #2 and a white Honda Odyssey minivan (LPN 4RKC608, VIN  
12 2HKRL18511H646640; R/O Gevork Berberyan) (hereinafter, "BENE VAN#4"). Archak  
13 Ovsepian then left, driving BENE VAN#2, and an unidentified male drove who appeared to be  
14 Armenian or Middle Eastern (UM-1) left driving BENE VAN#4. Both vans traveled to  
15 MERCED MEDICAL and parked one space away from each other. Thirteen beneficiaries exited  
16 the vans and went inside with UM-1. I entered the pharmacy and observed a female pharmacy  
17 employee tell the UM-1 to bring the beneficiaries over to the counter to fill out HIPAA  
18 paperwork. I approached the counter and observed a faxed list with JOHNSON's name written  
19 at the top, along with what appeared to be beneficiary names numbered one to 15 written on the  
20 sheet.

21 b. SA Ramirez then went into the MERCED MEDICAL and overheard the  
22 pharmacy worker tell UM-1 that he owed \$20.90 for the prescriptions. UM-1 paid the employee  
23 in cash. Sitting on the counter were three large, white, plastic bags, and inside of each were  
24 smaller, white, prescription type bags. The employee gave UM-1 a long receipt and UM-1 took  
25 the bags and receipt and said, "Thank you I'll see you tomorrow." UM-1 then put the bags in

1 BENE VAN#4. The beneficiaries loaded up into both vans, none holding any type of  
2 prescription bags or receipts. Both vans then departed MERCED MEDICAL.

3 c. Approximately fifty minutes later BENE VAN#4 arrived at MANOR.  
4 There, UM-1 carried in the three large bags, through the back door. Around three hours later,  
5 L.OVSEPIAN exited MANOR's back door carrying one of the large bags; she took the bag to  
6 MANOR's back storage area, unlocked the door and placed the bag inside.

7 d. Medi-Cal billing records show that on this same day MERCED  
8 MEDICAL submitted 58 JOHNSON prescription claims (totaling \$43,500), for PSYCH MEDS  
9 and FILLER DRUGS, for 14 beneficiaries.

10 **(5) July 20, 2011**

11 104) On July 20, 2011, the following activities were observed:

12 a. N.GRIGORYAN and L.OVSEPIAN arrived at MANOR;  
13 N.GRIGORYAN drove the GRIGORYAN Lumina and entered MANOR carrying a small black  
14 roller suitcase, and L.OVSPENIAN drove A.GRIGORYAN BENZ and entered MANOR with a  
15 small white dog.

16 b. Thereafter, MENDEZ and JONES arrived together in a gold Chevy Blazer  
17 (LPN 5GOC706; R/O: MENDEZ and JONES) with two suspected beneficiaries. Numerous  
18 other beneficiaries arrived on foot and all entered MANOR through the rear door. Included in  
19 this group was an unidentified individual, believed to be a recruiter, who has been referred to in  
20 the investigation as "Camouflage" because he usually wears camouflage-patterned clothing.

21 c. Eventually, HOVANNISYAN loaded beneficiaries into BENE VAN#3  
22 and the MANOR BMW. Both vehicles then departed. HOVANNISYAN later returned to  
23 MANOR in BENE VAN#3. HOVANNISYAN removed a large black trash bag from the  
24 driver's side seat and took it to MANOR's back storage area.

1 d. Meanwhile, Archak Ovsepien arrived in BENE VAN#2. Artak  
2 OVSEPIAN left MANOR with nine beneficiaries; four got into BENE VAN#2 with Archak  
3 Ovsepien and the remaining got into BENE VAN#4 with UM-1. Artak OVSEPIAN reviewed  
4 some paperwork, and then handed the paperwork to UM-1. Both vans departed from MANOR  
5 and arrived at MERCED MEDICAL. The beneficiaries entered pharmacy with UM-1. Archak  
6 Ovsepien appeared to be watching and supervising UM-1, in addition to appearing to serve as a  
7 look-out by looking at the surrounding vehicles in the parking lot.

8 e. SA Keith Hadley entered MERCED MEDICAL and observed UM-1  
9 directing beneficiaries to sign a HIPAA release, after which he appeared to usher out the  
10 beneficiaries without any medications. UM-1 handed an employee what appeared to be  
11 prescriptions. Another employee put approximately 10-15 medications inside individual white  
12 bags and then placed those bags into larger white plastic bags and gave them to UM-1. At no  
13 time did MERCED employees review the medications with any beneficiary or ask if they had  
14 any questions on the use of the medication.

15 f. UM-1 placed the large white bags in the rear of BENE VAN#4. Both  
16 vans left and drove to a Burger King parking lot where the beneficiaries got out of the vans  
17 without any bags and were met by MENDEZ and JONES. "Camouflage" was seen handing cash  
18 to at least one of the beneficiaries. One beneficiary was heard saying to another, "I will see you  
19 in a month." "Camouflage" was overheard talking to a beneficiary about "Psych Meds."  
20 Another male approached "Camouflage" and asked a question, to which Camouflage responded,  
21 "It's fifty dollars for the red white and blue." The male reached inside his wallet and pulled out  
22 his Medicare card to show "Camouflage" who confirmed, confirmed said, "Yes you get fifty  
23 dollars for the card."

24 g. Approximately ten minutes following the departure of the two vans from  
25 the Burger King, video surveillance showed that BENE VAN#4 arrived at MANOR. UM-1

1 brought the two large bags identical to those previously seen at MERCED into MANOR.

2 Several minutes later UM-1 left MANOR empty handed.

3 h. An hour later, six beneficiaries left in BENE VAN#3, with  
4 HOVANNISYAN as the driver and HARUTYUNYAN as a passenger. Later, the van returned.  
5 At that point, HOVANNISYAN exited the passenger door, walked toward the back storage area,  
6 and returned with a black trash bag like the one he had earlier that day. HOVANNISYAN stood  
7 at the passenger door of the van and appeared to be speaking with the driver while placing items  
8 into the bag. HOVANNISYAN then took the bag, appearing fuller, into MANOR.

9 HOVANNISYAN later exited MANOR's rear door, once again went toward MANOR's rear  
10 storage shed, and returned later with two large black trash bags.

11 i. At approximately 10:50 p.m., L.OVSEPIAN and her small white dog left  
12 MANOR with HOVANNISYAN; L.OVSEPIAN drove away in the A.GRIGORYAN BENZ and  
13 HOVANNISYAN left in a van with a bag.

14 j. Med-Cal billing data shows that, on July 20, 2011, MERCED MEDICAL  
15 submitted 124 JOHNSON prescriptions for PSYCH MEDS and FILLER DRUGS (totaling  
16 \$94,270) written for 25 beneficiaries.

17 **(6) September 20 and 21, 2011**

18 105) On September 20 and 21, 2011, the following activities were observed:<sup>15</sup>

19 a. On September 20, 2011, video surveillance showed approximately 15  
20 beneficiaries arrive at MANOR. MENDEZ, JONES, SMITH, and "Camouflage" were seen at  
21 MANOR interacting with MANOR staff. BENE VAN#4 arrived, loaded up with beneficiaries,  
22 and traveled, driven by YEGHIAZARYAN, to MERCED MEDICAL. There,  
23 YEGHIAZARYAN escorted five beneficiaries inside. An agent went inside the pharmacy and  
24

25 <sup>15</sup> The Medi-Cal and Medicare billing data for September 20 and 21, 2011 has not yet  
been received by investigating agents.

1 observed the following: each beneficiary signed a clipboard; a pharmacy employee put  
2 approximately 10 bottles into a white bag; and YEGHIAZARYAN paid \$14 for the entire bag.  
3 At no time did the pharmacy staff ask any beneficiaries if they needed any instructions on how to  
4 take the medications or if they had any questions.

5           b.       YEGHIAZARYAN placed the white bag into the rear of the BENE  
6 VAN#4 and then drove to downtown Los Angeles where MENDEZ, JONES, and "Camouflage"  
7 were waiting. The van unloaded the five beneficiaries and left. MENDEZ approached the  
8 beneficiaries and spoke with them. After about five minutes, one of the beneficiaries left with  
9 MENDEZ and JONES. "Camouflage" then pulled out cash from his front right pocket and paid  
10 each beneficiary. Two of the beneficiaries appeared to negotiate with "Camouflage" for more  
11 money. YEGHIAZARYAN returned to MANOR and brought the white plastic bag from the  
12 rear of the van into MANOR.

13           c.       On September 21, 2011, MENDEZ's Blazer was observed at MANOR,  
14 with both MENDEZ and JONES inside. MENDEZ and JONES were again observed speaking  
15 with multiple beneficiaries. BENE VAN#4, driven by YEGHIAZARYAN, was again observed  
16 loading up beneficiaries, overseen by Artak OVESPIAN. The van left and returned around two  
17 hours later, without any beneficiaries. YEGHIAZARYAN retrieved a large white bag from the  
18 rear of BENE VAN#4 and took it into MANOR.

19           **(7) Additional Information from Video Surveillance at MANOR**

20           106) Based on video surveillance that has been maintained at MANOR and that I have  
21 reviewed or learned from other agents' review, I know the following:

22           a.       Between May 9, 2011 and September 21, 2011, suspected beneficiaries  
23 arrived at MANOR and were loaded into vans by co-schemers on approximately 50 separate  
24 occasions. These vans would return without beneficiaries within two hours. The driver of the  
25

1 vans would then retrieve bags from the vans and take them into MANOR or MANOR's rear  
2 storage area.

3 b. Between May 9, 2011 and September 21, 2001, JOHNSON has been  
4 observed attending MANOR on **only approximately five days** (each time on a Saturday).

5 c. MANOR staff, including HARUTYUNYAN, HOVANNISYAN,  
6 GHUKASYAN and L.OVSEPIAN, have, on at least three separate occasions, been observed  
7 burning trash taken from MANOR, including black plastic bags removed from the MANOR's  
8 rear storage area. Based on my training and experience, I believe that this behavior is consistent  
9 with individuals engaged in health care fraud, seeking to destroy evidence of the fraudulent  
10 scheme. I am not aware of any legitimate medical clinic or other medical provider that burns  
11 documents in this manner.

12 **F. CITIZEN COMPLAINT (Regarding MENDEZ and MANOR)**

13 107) In March 2011, I was contacted by DEA Diversion Control Program Supervisor  
14 Mike Lewis. Lewis said that a citizen informant ("CI") submitted a complaint alleging  
15 suspicious activities at a clinic in Glendale, CA. On March 17, 2011, OIG/FDA SA Keith  
16 Hadley, SA Ramirez and I interviewed CI who stated the following:<sup>16</sup>

17 a. Approximately one month earlier, while riding the subway to work, a  
18 woman identifying herself as "Danielle" (who CI positively identified through a photo as  
19 MENDEZ) was recruiting subway riders by stating that they could make \$100 dollars by going  
20

---

21 <sup>16</sup> Based on investigating agents' review of criminal history records, I know that CI: was  
22 arrested in 1985 for offenses including the sale of marijuana, providing a false identification of a  
23 police officer, assault with a deadly weapon (not-firearm), exhibiting a deadly weapon (non-  
24 firearm), battery with serious bodily injury, which were dismissed; was arrested in 1991 arrest for  
25 possession of a controlled substance, which was dismissed; sustained a misdemeanor conviction  
I 1992 for carrying a concealed weapon in a vehicle; has some criminal history relating to  
California Vehicle Code violations; and has unpaid parking tickets. Nevertheless, I believe the  
information provided by CI is reliable because much of it has been corroborated throughout this  
investigation.

1 to a clinic in Glendale. While recruiting the riders, MENDEZ asked if they were psychiatry  
2 patients. She told the riders the clinic was near the 7/11 convenience store on Pacific and  
3 Colorado (which I know is near the location of MANOR). She told them to go to the back door  
4 and say, "Danielle sent me." By saying this, MENDEZ provided, "The clinic will know what  
5 you need." Based on my knowledge of the investigation, I know that this behavior is consistent  
6 with video surveillance of MANOR, which shows numerous beneficiaries exiting public buses  
7 and entering MANOR through the rear door instead of the front door.

8           b. CI works at a plasma center and a number of the patients there have been  
9 talking about how to make \$100 dollars. The patients started mentioning a large white woman  
10 by the name of "Danielle" (this description is consistent with MENDEZ). The patients told CI  
11 that there is a clinic in Glendale run by an Armenian family, a father and two daughters. The  
12 father, 'Ray' is a driver and his two daughters work inside the clinic, plus there are several  
13 Armenian male drivers.<sup>17</sup> A patient must have Medicare, Medi-Cal, or both to go to the clinic.  
14 At the clinic the patient will fill out some paperwork, and an Armenian female doctor will  
15 see/talk to them. No exam is done and no blood taken. From the clinic, the patients are loaded  
16 into van, driven by "Ray" or one of the other Armenian male drivers and taken to a pharmacy in  
17 the San Gabriel Valley. This pharmacy is owned by an Asian male who will ask each of the  
18 patients three questions, then hand the patient a bag of medications. The patient returns to the  
19 van and gives the bag of medications over to the driver. The patients have no idea what the  
20 medications are, and the medications are never kept by the patients. When all the patients are  
21 done, the driver will return them to a bus stop and give them each \$100 dollars. The patients  
22 said "Ray" is really nice and sometimes he will even drive them back home. The patients are  
23 advised to come back in three months to repeat the process and make another \$100 dollars. The  
24

25 <sup>17</sup> "Ray" is believed to refer to Archak "Ray" Ovsepien, who is believed to be the father  
of L.OVSEPIAN and I.Ovsepien. **Error! Main Document Only.**

1 patients also mentioned that they can sell un-opened medications to the clinic, but the bottles  
2 have to be original and in pristine condition.

3 **G. TAMAZYAN and N.OVSEPYAN**

4 **(1) Search of TAMAZYAN's Car (October 21, 2011)**

5 108) Based on my communication with the Glendale Police Department and a review  
6 of reports, I learned the following:

7 a. On October 21, 2009, Glendale PD conducted a traffic stop on  
8 TAMAZYAN because of the car's darkly tinted windows. At that time, TAMAZYAN told the  
9 officer that he had the windows tinted. The officer asked him to partially roll up one of the  
10 windows to examine the tint. During that time, TAMAZYAN rolled down the back window; the  
11 officer then noticed a shopping bag inside the car containing a Ziploc bag filled with pills. The  
12 officer examined the bag, which contained approximately 500 pink and black pills with no  
13 marked prescription. The officer also saw a sealed bottle containing 30 pills of the PSYCH  
14 MED Zyprexa with no prescription label. TAMAZYAN initially told the officer that a doctor,  
15 who TAMAZYAN could not identify, authorized him to have the pills to distribute to sick  
16 relatives; he later stated that he had collected the pills from leftover medication from friends and  
17 relatives.

18 b. The officer then asked to search the car and TAMAZYAN consented.  
19 Thereafter, officers located miscellaneous patient information forms, another plastic bag with  
20 approximately 350 small pink pills marked "Crestor," twenty new syringes, a JOHNSON  
21 business card (with MANOR's former address on it), and a piece of paper, appearing to be a  
22 ledger, with handwritten numbers and names of medications as follows:

23 Abilify 20mg #30 - 1 x 571.55 = 571.55  
24 Abilify 5mg #30 - 2 x 404.16 = 808.32  
25 Nexium 40mg #30 - 4x 154.83 = 619.32



1           b.       Officers found numerous bottles of prescription medications (most without  
2 any prescription labels) and loose medication in plastic zip top bags in the kitchen, bedroom, and  
3 living areas. Officers also recovered numerous beneficiary "profiles" (including copies of their  
4 CDLs, Medicare, and/or Medi-Cal cards), medication price ledgers, lists of prices for  
5 prescription drugs, doctors' prescription pads, and numerous other health care related paperwork.  
6 The medication price ledgers included both PSYCH MEDS (Abilify, Zyprexa, and Seroquel),  
7 and FILLER DRUGS and were similar to the ledger previously found in TAMAZYAN's car.

8           c.       While executing the search warrant, officers found a large handbag in the  
9 bedroom and brought it to N.OVSEPIAN, who stated it was hers. Inside, officers found  
10 hundreds (i.e., more than 15) of copies of beneficiary profiles, including copies of their  
11 identifications and insurance cards, each bearing, among other things, the beneficiary's name,  
12 address, date of birth, health care identification numbers, and signature. Inside the bag was also a  
13 sheet with a prescription label attached, written by JOHNSON for A.K., and listing hand-written  
14 names (including A.K.), medications, and the date of July 23, 2010. SA Ramirez subsequently  
15 reviewed Medicare billing data for JOHNSON for July 23, 2010, and found that three of the  
16 hand-written names (including A.K.) were billed for JOHNSON prescriptions at GAROS  
17 pharmacy. The name "Nune" is written on several of the copies of beneficiary profiles. Based  
18 on my training and experience and knowledge of this investigation, I believe that N.OVSEPIAN  
19 is responsible for those compromised beneficiaries, meaning that she keeps track of when their  
20 health care can be fraudulently billed through the scheme.

21           d.       Searching agents also found a copy of TAMAZYAN and  
22 N.OVSEPYAN's 2009 tax records. Those documents reflect that TAMAZYAN is employed as  
23 a "driver" for MANOR (listing MANOR's prior address at 229 N. Central Ave) and that he  
24 made \$7,800 in that capacity. L.OVSEPYAN's 2009 tax records were also found.  
25 (L.OVSEPYAN is believed to be the niece of TAMAZYAN and N.OVSEPYAN).

1 Accompanying those records were checks written from MANOR's bank account made payable  
2 to L.OVSEPIAN.

3 e. In total, more than 300 compromised beneficiary identification sheets  
4 were found during the execution of the search warrant. Agents later interviewed several of them,  
5 and all stated that they did not give N.OVSEPYAN or TAMAZYAN permission to possess their  
6 identifications.

7 110) I conducted a Los Angeles utility check on N.OVSEPYAN on October 13, 2011  
8 and learned that she listed her source of income as Aid for Families with Dependent Children,  
9 i.e, government assistance.

10 **H. STRUCTURING AND MONEY LAUNDERING (LIM and KHOU)**

11 111) Based on my discussions with other agents in this case, including IRS SA Cheng  
12 Lian and SA Oleg Pobereyko, my review of their reports, and my knowledge of the  
13 investigation, I learned the following and believe that it shows that, as part of the health care  
14 fraud conspiracy, LIM and KHOU are structuring and laundering funds to conceal and promote  
15 the health care fraud scheme:

16 **(1) Money Laundering**

17 112) Numerous bank accounts were identified in the names of LIM, KHOU, and  
18 HUNTINGTION, to include the following: East West (7236), Chase (0725), Chase (8303),  
19 HSBC (0993), and HSBC (7993), each held in the name of name of P.S. Enterprise Inc. d/b/a  
20 HUNTINGTION (with LIM listed as President and KHOU as Secretary, both with signatory  
21 authority); Chase (2674) and TD Ameritrade (9811), each held in the name of "Phic K Lim &  
22 Theana S Khou Family Trust" (and both LIM and KHOU listed with signatory authority); HSBC  
23 (9872), in the name of KHOU; and HSBC (2929) and HSBC (0781), in the name of LIM.

1 a. In the six-month period from February 11, 2010 to August 26, 2010, Medi-Cal  
2 provided HUNTINGTON with 27 reimbursement checks totaling \$1,458,902.<sup>18</sup> Of those, the  
3 following three reimbursement checks were deposited into East West (7236):<sup>19</sup>

4 i. April 22, 2010: deposit of Medi-Cal check in the amount of \$44,733.03, of  
5 which \$41,963.89 was issued based on claims for prescriptions written by JOHNSON;

6 ii. June 4, 2010: deposit of Medi-Cal check in the amount of \$39,914.54, of  
7 which \$34,524.96 was issued based on claims for prescription written by JOHNSON.

8 iii. August 26, 2010: deposit of Medi-Cal check, in the amount of \$67,152.41,  
9 of which \$63,845.95 was issued based on claims for prescription written by JOHNSON.

10 iv. Thereafter, on August 6, 2010, \$165,000 was withdrawn from East West  
11 (7236), by a check #1010 written to KHOU "for deposit only" to TD Ameritrade (9811).

12 Similarly, on September 6, 2010, \$67,000 was withdrawn from East West (7236), by check  
13 #1011 written to LIM "for deposit only" to TD Ameritrade (9811).

14 b. The remaining 24 reimbursement checks were deposited into Chase (0725).  
15 Between February 17, 2010, and April 23, 2010, multiple checks were drawn on this account and  
16 deposited into HSBC (7993). Twelve of those checks were each for sums of at least \$45,000,  
17 totaling \$1,085,000. Bank records and subpoenaed invoices show that, from this account, HSBC  
18 (7993), LIM then made payments (including for PSYCH MEDS) to two pharmaceutical  
19 wholesalers, HD Smith Wholesale Company, Barnes Division, and McKesson Corp. Based on  
20 an interview with an HSBC employee, SA Lian learned that the bank questioned KHOU

21 <sup>18</sup> As stated above, from September 1, 2009 to May 1, 2011, HUNTINGTON submitted  
22 to Medi-Cal a total of 5,105 claims, billing Medi-Cal \$7,768,238.47 (much of which, as  
23 indicated by the numbers above, were denied). Of those claims, 3,929, worth \$7,440,929, were  
24 from JOHNSON prescriptions. Therefore, JOHNSON prescriptions accounted for 96% of  
25 HUNTINGTON's Medi-Cal billings for this time period.

<sup>19</sup> I believe, based on my discussions with SA Lian, that these checks were  
deposited by KHOU, based on the facts set forth within this section demonstrating that KHOU  
maintained primary control over deposits into HUNTINGTON accounts.

1 regarding wire transfers from this HSBC account to McKesson; KHOU stated that McKesson is  
2 HUNTINGTON's major supplier and that HUNTINGTON makes purchases from McKesson  
3 twice a month, each for approximately \$200,000 to \$250,000.

4 c. Agents in this case have interviewed HSBC employees, who confirmed that they  
5 assisted KHOU with banking transactions and stated that, based on their interactions with  
6 KHOU, they believe that KHOU handles HUNTINTON's finances and is actively involved in  
7 the business. Indeed, HSBC employees stated that, when the HSBC business account was first  
8 opened, an HSBC employee conducted a site visit at HUNTINGTON and spoke with both LIM  
9 and KHOU about opening the account.

10 **(2) Structuring**

11 113) Subpoenaed bank records show that, in just over two months, between August 4,  
12 2009, and October 16, 2009, KHOU made approximately 72 deposits under \$10,000 into the  
13 HUNTINGTION Chase accounts and HSBC (0993).<sup>20</sup>

14 a. KHOU is believed to be the person making the deposits based on SA  
15 Lian's interviews with bank employees. Specifically, SA Lian has learned that KHOU has stated  
16 that she makes all cash deposits on behalf of HUNTINGTON; in addition bank employees have  
17 identified KHOU as the person making cash deposits on behalf of HUNTINGTON accounts.

18 b. Many of these cash deposits were made in a structured pattern so as to  
19 avoid the \$10,000 reporting requirement under federal law; i.e., they were made in the same day,  
20 or within a day or two, in amounts close to but under the \$10,000 reporting requirement, but that,  
21 in aggregate, exceeded \$10,000. For example, bank records show the following cash deposits:

22  
23  
24  
25 <sup>20</sup> During this time period, there were only approximately ten cash deposits in excess of  
\$10,000 made into three of those accounts.

Date	Cash Deposit	Bank Account
August 4, 2009	\$1,662 and \$9,000	Chase (0725)
August 5, 2009	\$2,377 and \$8,000	Chase (0725)
August 6, 2009	\$2,000, \$2,726 and \$8,000	Chase (0725)
August 24, 2009	\$9,147	Chase (8303)
August 27, 2009	\$9,500	Chase (2674)
September 8, 2009	\$3,741 and \$9,000 \$9,000 \$7,000	Chase (0725) Chase (8303) Chase (2674)
September 9, 2009	\$7,900 \$2,135	Chase (8303) Chase (0725);
September 10, 2009	\$9,180	Chase (0725)
September 11, 2009	\$3,641	Chase (0725)
September 28, 2009	\$9,000 \$1,509, \$4,000, \$4,320 and \$5,000	Chase (2674) Chase (0725);
October 13, 2009	\$9,000	HSBC (0993)
October 14, 2009	\$9,000	HSBC (0993)
October 15, 2009	\$9,000	HSBC (0993)
October 16, 2009,	\$9,800	HSBC (0993)

c. On October 21, 2009, KHOU was contacted by an HSBC bank employee about the bank's concerns over deposits made at less than \$10,000. At that time, KHOU confirmed for the bank employee that she was aware of the bank's reporting requirements.

1 KHOU explained that HUNTINGTON generates more than \$4,000,000 in sales revenue per year  
2 and that a majority of the revenue is in cash. Based on my knowledge of the case, I believe that  
3 KHOU provided a false explanation of the cash deposits: during this time period,  
4 HUNTINGTON generated a significant portion of its revenue through reimbursements of Medi-  
5 Cal, which are provided in the form of a state treasury check, and thus are not obtained in the  
6 form of cash.

7 d. Bank records show that, on October 23, 2009, two days after KHOU was  
8 contacted by the bank employee, KHOU made a cash deposit into the HSBC (0993) in the  
9 amount of \$13,000. Between October 23, 2009, and November 30, 2009, KHOU made five  
10 other cash deposits into HSBC (0993), in amounts that exceeded \$10,000. However, during that  
11 same period of time, KHOU made six cash deposits into the Chase accounts that remained at less  
12 than \$10,000. For example, on November 13, 2009, KHOU deposited \$7,825 into Chase (0725).  
13 On November 19, 2009, KHOU deposited \$7,300 into Chase account (2674) and \$1,433 into  
14 Chase account Chase (0725).

15 e. Thereafter, in November 2008, KHOU attempted to withdraw \$12,000 in  
16 cash from a Wells Fargo account held in her name. At that time, a bank teller who assisted  
17 KHOU informed her that the bank's reporting requirement would be triggered by the deposit.<sup>21</sup>  
18 According to the bank records, KHOU therefore changed her deposit to \$9,000.

19 **I. TRAINING AND EXPERIENCE**

20 114) Based on my training, education, experience, and discussions with other law  
21 enforcement officers, I know that:

22 <sup>21</sup> SA Lian contacted the bank teller who later reported this contact with KHOU. The  
23 teller recognized a photograph of KHOU as a customer he assisted, but stated that, because of the  
24 time that passed, he was unable to remember specifically what was said. However, the employee  
25 said that Wells Fargo requires its employees, without exception, to inform customers depositing  
more than \$10,000 to visit a government website for additional information about reporting  
requirements.

1           a.       Persons involved in schemes to illegally prescribe, fill, misbrand, bill, and  
2 distribute dangerous prescription drugs keep these drugs, proceeds of drug sales and visits,  
3 records of drug transactions and other records within their residences and businesses or within  
4 ready access, i.e., in their storage areas and vehicles, and conceal such items from law  
5 enforcement authorities. The drugs may be sold or dispensed elsewhere, but documentary  
6 records and ledgers often remain. The records maintained in such cases are kept in both paper  
7 and digital form. Indeed, in large health care fraud schemes such as that at issue in this case,  
8 because of the sheer volume of beneficiaries and co-schemers involved, the scale of the fraud,  
9 the use of vehicles to transport beneficiaries, and the often disorganized nature of components of  
10 the scheme, such documentation will be kept not only in medical offices but also in co-schemers'  
11 vehicles and homes. Moreover, drug diversion and health care fraud is an ongoing and  
12 continuing activity, and co-schemers will frequently keep records, documents and other evidence  
13 pertinent to their criminal activities at their residences and areas associated with their residences,  
14 such as their vehicles, even if they do not keep drugs at those locations, and often for long-term  
15 periods. Such possession was identified in this case, as TAMAZYAN was found in possession  
16 of such documentation (e.g., beneficiary identification cards, prescription records, and pay/owe)  
17 both in his home and in his vehicle, including records dated months prior to their seizure by law  
18 enforcement from his possession. Moreover, evidence in this case demonstrates that the scheme  
19 has continued without breaks from at least the beginning the investigation through the present.

20           b.       Those engaged in diversion and health care fraud schemes will maintain  
21 drug transaction records, books, account ledgers, payments, "pay and owe sheets," or notes and  
22 other evidence of financial transactions relating to obtaining, transferring, and spending  
23 substantial sums of money which result from engaging in with the illegal sale, prescribing,  
24 filling, billing, or other distributing of dangerous drugs are often maintained at or in residences,  
25 businesses, safe deposit boxes, and storage areas of these persons. Indeed, such ledgers were

1 found in the possession TAMAZYAN on two separate occasions, as described above, including  
2 a large volume of such ledgers during the February 2011 search of his residence. Moreover,  
3 accounting records often will be found in the possession of businesses such as medical clinics,  
4 pharmacies, and drug wholesalers, which are necessary for each business's bookkeeping and for  
5 keeping track of the substantial quantity of money acquired through the scheme, regardless of  
6 whether they conduct legitimate or illegitimate business.

7 c. Large health care fraud schemes, such as the scheme at issue in this case,  
8 often involve the production of a tremendous volume of records. Indeed, as demonstrated in this  
9 affidavit, there is probable cause to believe that MANOR issued thousands of JOHNSON  
10 prescriptions, resulting in the acquisition of an extraordinarily large quantity of drugs by co-  
11 schemers. I anticipate that each JOHNSON prescription filled, and each bottle of drugs  
12 acquired, resulted in the creation of a substantial quantity of documentation, including patient  
13 medical records, copies of prescriptions, invoices for the sale and acquisition of drugs between  
14 pharmacies and wholesalers, and in the case of the diversion of the drugs acquired,  
15 correspondence, pay/owe sheets, records tracking drugs, and other ledgers. These records often  
16 will be maintained not simply in paper form, but in digital devices such as computers  
17 (particularly in the case of patient records and pharmacy/wholesaler records). Accordingly,  
18 because of the thousands of prescriptions at issue in this case and the multiple layers in the health  
19 care fraud scheme under investigation, I anticipate that the records (both digital and otherwise)  
20 obtained during execution of the requested search warrants will be voluminous.

21 d. Medical clinics, pharmacies, wholesalers and other offices engaged in the  
22 legitimate provision of medical drugs and other goods or services will maintain documentation  
23 such as medical charts setting forth records documenting information such as the issuance or  
24 filling of a prescription and the medical justification for the prescription. In California,  
25 pharmacists are legally required to retain, for a period of at least three years, all records related to

1 the acquisition and disposition of dangerous drugs (including PSYCH MEDS), and pharmacies  
2 must maintain patient profiles containing the prescription and all identifying information for  
3 patients. Wholesalers generally also maintain these records. Indeed, the evidence in this case  
4 indicates that TRI-MED and the SUBJECT PHARMACIES maintain (or, at least, purport to  
5 maintain) such records; during the administrative audits of certain of the SUBJECT  
6 PHARMACIES, auditors received purportedly authentic pharmacy records and invoice records  
7 from TRI-MED.

8 e. Similarly, physicians commonly maintain records including the charts of  
9 both current and former patients, in addition to appointment books, sign in sheets, receipt books,  
10 billing manuals and instructions, billing records, and financial records. As set forth above,  
11 evidence from the undercover operation in this case indicates that MANOR maintains such  
12 records in its premises. In any event, the absence of records itself constitutes substantial  
13 evidence of health care fraud, given that MANOR, the SUBJECT PHARMACIES, or TRI-MED  
14 would be in violation of laws and/or professional standards regarding the retention of records  
15 concerning the acquisition, prescription and distribution of dangerous drugs such as PSYCH  
16 MEDS. Indeed, those engaged in health care fraud or diversion schemes will often maintain  
17 fraudulent records as a means to evade detection.

18 f. Those engaged in such schemes also maintain large amounts of currency  
19 in their residences and businesses, safe deposit boxes, and storage areas received due to their  
20 illegal activities and to use for their other businesses, as well as using currency to pay bills, to  
21 acquire assets, and for making other purchases.

22 g. Because of the substantial coordination required to carry out complex  
23 health care fraud schemes, including the scheme in the instant case, the participants in the  
24 schemes maintain frequent and close correspondence with each other, be it electronic or digital  
25 correspondence, faxed documents, or other notes. Those involved in the illegal prescribing,

1 filling, billing, and distributing of prescription controlled substances often retain personal and  
2 business notes, letters, and correspondence relating to their activities at their residences,  
3 businesses, safe deposit boxes and in storage areas, including in digital form. Such  
4 correspondence has been seen in this case, as the foregoing evidence indicates that participants in  
5 the scheme such as L.OVSEPIAN, JOHNSON, Artak OVSEPIAN and LIM maintained  
6 communication with each other by phone; similarly, MANOR and TRI-MED have listed their  
7 email addresses as means of reaching and communicating with them. To facilitate  
8 correspondence with co-schemers, persons involved in the illegal prescribing, filling, billing, and  
9 distributing of dangerous drugs generally retain telephone and address books and telephone  
10 records identifying additional individuals involved this conduct.

11 **J. MANOR IS PERMEATED WITH FRAUD**

12 115) Based on the investigation in this case, as set forth above, I submit that there is  
13 probable cause to believe that MANOR is permeated with fraud, that JOHNSON and unlicensed  
14 medical practitioner N.GRIGORYAN, as well as MANOR staff, recruiters, and runners, are  
15 engaged in a pervasive scheme to defraud the Medicare and Medi-Cal programs and to divert  
16 dangerous drugs, and that the evidence of fraud and drug diversion is not segregable from any  
17 non-fraudulent activity they may be involved in. Among other things, this is based on the  
18 totality of evidence set forth above, including beneficiary interviews, surveillance, undercover  
19 recordings, and billing records, all of which demonstrate the magnitude of the fraud being  
20 perpetrated by the MANOR scheme, and which does not demonstrate any legitimate practice by  
21 MANOR. The undercover operation alone revealed the modus operandi of the scheme in  
22 recruiting new pharmacies from miles away and ensuring a steady supply of PYSCH MEDS for  
23 prescriptions filled from more than a dozen beneficiaries per day. That undercover operation,  
24 together with the surveillance (both video and in-person) of "cappers" and "runners,"  
25 demonstrate the scale, sophistication, organization and daily continuing operation of the scheme.

1 Moreover, while L.OVSEPIAN has represented that JOHNSON works at MANOR four days a  
2 week, surveillance in this case has demonstrated that JOHNSON rarely visits MANOR;  
3 beneficiary interviews have confirmed that those beneficiaries who are taken to MANOR do not  
4 see JOHNSON but rather see (if anyone) other co-schemers such as N.GRIGORYAN and  
5 L.OVSEPIAN posing as physicians.

6 116) While MANOR advertises itself as a business engaged in legitimate medical  
7 diagnostic imaging, evidence obtained in this case demonstrates that even that billing is  
8 fraudulent and that no such service is legitimately performed. There has been approximately  
9 \$128,000 billed by MANOR for Medicare Part B IDTF-related diagnostic imaging tests during  
10 the course of this investigation, only a small portion (\$20,766) of which was paid. As explained  
11 in this affidavit, through beneficiary interviews and comparing the Part B IDTF billing records, I  
12 know that of the beneficiaries interviewed, MANOR has submitted IDTF-related claims for only  
13 11, primarily for nerve conduction treatment and duplex scans; however, none of the  
14 beneficiaries interviewed in this case reported actually receiving such services. Further, for  
15 some of the interviewed beneficiaries, MANOR submitted Part B IDTF-related claims that did  
16 not correlate to when the beneficiaries filled JOHNSON prescriptions, indicating that the Part B  
17 billing submitted by MANOR on behalf of those beneficiaries was fraudulent. MANOR has not  
18 billed Medicare Part B for any IDTF-related services since November 2010 and has submitted no  
19 IDTF-related services to Medi-Cal during the entire course of this investigation. Despite this  
20 lack of billing, L.OVSEPIAN represented during the undercover operation on February 8, 2011,  
21 that MANOR's patients are mostly elderly and low-income individuals with public health care  
22 benefits. Moreover, as discussed above, a trash search at MANOR revealed a "Go By"  
23 document that is commonly used to facilitate the submission of fraudulent Medicare Part B IDTF  
24 claims.

1 **K. ADDITIONAL INFORMATION REGARDING RESIDENCES**

2 117) JOHNSON RESIDENCE: Based on an October 8, 2011 interview of a resident  
3 who resides in a home adjacent to the JOHNSON RESIDNECE, in addition to information  
4 obtained from the United States Postal Service in October 2011 (including an interview with the  
5 mail carrier for that property and a change of address form submitted by JOHNSON dated  
6 September 21, 2011), and utility records obtained in October 2011 for that property, I know that  
7 JOHNSON currently resides at the JOHNSON RESIDENCE.

8 118) OVSEPIAN RESIDENCE: Based on surveillance in October 2011 (including the  
9 morning October 20, 2011, when L.OVSEPIAN was seen on the premises of the OVSEPIAN  
10 RESIDENCE); records obtained in October 2011 from the DMV regarding L.OVSEPIAN's  
11 driver's license and vehicle registration; subpoenaed bank account records obtained in October  
12 2010; L.OVSEPIAN's 2009 tax records obtained during the February 2011 search of  
13 TAMAZYAN and N.OVSEPIAN's residence; information obtained from the United States  
14 Postal Service in December 2010; and records recovered in this case during trash searches,  
15 which show L.OVSEPIAN's name and home address as the OVSEPIAN RESIDENCE, I know  
16 that L.OVSEPIAN currently resides at the OVSEPIAN RESIDENCE.

17 119) Artak OVSEPIAN RESIDENCE: Based on surveillance in October 2011  
18 (including the morning of October 20, 2011, when Artak OVSEPIAN was seen on the premises),  
19 records obtained in October 2011 from the DMV regarding Artak OVSEPIAN's driver's license  
20 and vehicle registration, I know that Artak OVSEPIAN currently resides at the Artak  
21 OVSEPIAN RESIDENCE.

22 120) LIM and KHOU RESIDENCE: Based on surveillance in October 2011 (when  
23 LIM and KHOU were seen on the premises), information obtained from the DMV in October  
24 2011 regarding LIM and KHOU's driver's license and vehicle registration records, mortgage  
25 account information and escrow documents for the property obtained in July 2011 showing that

1 LIM and KHOU own the property), SA Ramirez know that LIM and KHOU currently reside at  
2 the LIM and KHOU RESIDENCE.

3 121) HARUTYUNYAN RESIDENCE: Based on surveillance in this investigation  
4 (including in May 2011, when HARUTYUNYAN was seen on the premises), DMV driver's  
5 license and vehicle registration records for HARUTYUNYAN obtained in October 2011, and  
6 utilities records obtained in October 2011, I know that HARUTYUNYAN currently resides at  
7 the HARUTYUNYAN RESIDENCE.

8 122) GRIGORYAN RESIDENCE: Based on surveillance in August 2011 (during  
9 which N.GRIGORYAN was seen at the premises), a review of an apartment directory in the  
10 common area of the premises, DMV driver's license and vehicle registration records for  
11 N.GRIGORYAN obtained in October 2011, and subpoenaed bank account records for accounts  
12 belonging to N.GRIGORYAN obtained in November 2010, I know that N.GRIGORYAN  
13 currently resides at the GRIGORYAN RESIDENCE.

14 **L. TRAINING AND EXPERIENCE ON DIGITAL DEVICES**

15 123) As used below, the term "digital device" includes any electronic system or device  
16 capable of storing and/or processing data in digital form, including: central processing units;  
17 laptop or notebook computers; personal digital assistants; wireless communication devices such  
18 as telephone paging devices, beepers, and mobile telephones; peripheral input/output devices  
19 such as keyboards, printers, scanners, plotters, monitors, and drives intended for removable  
20 media; related communications devices such as modems, cables, and connections; storage media  
21 such as hard disk drives, floppy disks, compact disks, magnetic tapes used to store digital data  
22 (excluding analog tapes such as VHS), and memory chips; and security devices. Based on my  
23 knowledge, training, and experience, as well as information related to me by agents and others  
24 involved in the forensic examination of digital devices, I know that data in digital form can be  
25 stored on a variety of digital devices and that during the search of the premises it is not always

1 possible to search digital devices for digital data for a number of reasons, including the  
2 following:

3 a. Searching digital devices can be a highly technical process that requires  
4 specific expertise and specialized equipment. There are so many types of digital devices and  
5 software in use today that it is impossible to bring to the search site all of the necessary technical  
6 manuals and specialized equipment necessary to conduct a thorough search. In addition, it may  
7 also be necessary to consult with specially trained personnel who have specific expertise in the  
8 type of digital device, software application or operating system that is being searched.

9 b. Digital data is particularly vulnerable to inadvertent or intentional  
10 modification or destruction. Searching digital devices can require the use of precise, scientific  
11 procedures that are designed to maintain the integrity of digital data and to recover "hidden,"  
12 erased, compressed, encrypted or password-protected data. As a result, a controlled  
13 environment, such as a law enforcement laboratory or similar facility, is essential to conducting a  
14 complete and accurate analysis of data stored on digital devices.

15 c. The volume of data stored on many digital devices will typically be so  
16 large that it will be highly impractical to search for data during the execution of the physical  
17 search of the premises. A single megabyte of storage space is the equivalent of 500 double-  
18 spaced pages of text. A single gigabyte of storage space, or 1,000 megabytes, is the equivalent  
19 of 500,000 double-spaced pages of text. Storage devices capable of storing 500 gigabytes (GB)  
20 of data are now commonplace in desktop computers. Consequently, each non-networked,  
21 desktop computer found during a search can easily contain the equivalent of 240 million pages of  
22 data, that, if printed out, would completely fill three 35' x 35' x 10' rooms to the ceiling. Further,  
23 a 500 GB drive could contain as many as approximately 450 full run movies or 450,000 songs.

24 d. Electronic files or remnants of such files can be recovered months or even  
25 years after they have been downloaded onto a hard drive, deleted or viewed via the Internet.

1 Electronic files saved to a hard drive can be stored for years with little or no cost. Even when  
2 such files have been deleted, they can be recovered months or years later using readily-available  
3 forensics tools. Normally, when a person deletes a file on a computer, the data contained in the  
4 file does not actually disappear; rather, that data remains on the hard drive until it is overwritten  
5 by new data. Therefore, deleted files, or remnants of deleted files, may reside in free space or  
6 slack space, i.e., space on the hard drive that is not allocated to an active file or that is unused  
7 after a file has been allocated to a set block of storage space for long periods of time before they  
8 are overwritten. In addition, a computer's operating system may also keep a record of deleted  
9 data in a swap or recovery file. Similarly, files that have been viewed via the Internet are  
10 automatically downloaded into a temporary Internet directory or cache. The browser typically  
11 maintains a fixed amount of hard drive space devoted to these files, and the files are only  
12 overwritten as they are replaced with more recently viewed Internet pages. Thus, the ability to  
13 retrieve residue of an electronic file from a hard drive depends less on when the file was  
14 downloaded or viewed than on a particular user's operating system, storage capacity, and  
15 computer habits. Recovery of residue of electronic files from a hard drive requires specialized  
16 tools and a controlled laboratory environment.

17 e. Although some of the records called for by this warrant might be found in  
18 the form of user-generated documents (such as word processor, picture, and movie files), digital  
19 devices can contain other forms of electronic evidence as well. In particular, records of how a  
20 digital device has been used, what it has been used for, who has used it, and who has been  
21 responsible for creating or maintaining records, documents, programs, applications and materials  
22 contained on the digital devices are, as described further in the attachments, called for by this  
23 warrant. Those records will not always be found in digital data that is neatly segregable from the  
24 hard drive image as a whole. Digital data on the hard drive not currently associated with any file  
25 can provide evidence of a file that was once on the hard drive but has since been deleted or

1 edited, or of a deleted portion of a file (such as a paragraph that has been deleted from a word  
2 processing file). Virtual memory paging systems can leave digital data on the hard drive that  
3 show what tasks and processes on the computer were recently used. Web browsers, e-mail  
4 programs, and chat programs store configuration data on the hard drive that can reveal  
5 information such as online nicknames and passwords. Operating systems can record additional  
6 data, such as the attachment of peripherals, the attachment of USB flash storage devices, and the  
7 times the computer was in use. Computer file systems can record data about the dates files were  
8 created and the sequence in which they were created. This data can be evidence of a crime,  
9 indicate the identity of the user of the digital device, or point toward the existence of evidence in  
10 other locations. Recovery of this data requires specialized tools and a controlled laboratory  
11 environment.

12 f. Further, evidence of how a digital device has been used, what it has been  
13 used for, and who has used it, may be the absence of particular data on a digital device. For  
14 example, to rebut a claim that the owner of a digital device was not responsible for a particular  
15 use because the device was being controlled remotely by malicious software, it may be necessary  
16 to show that malicious software that allows someone else to control the digital device remotely is  
17 not present on the digital device. Evidence of the absence of particular data on a digital device is  
18 not segregable from the digital device. Analysis of the digital device as a whole to demonstrate  
19 the absence of particular data requires specialized tools and a controlled laboratory environment.

20 g. As set forth in this affidavit, there is substantial evidence indicating that  
21 digital evidence will be commingled with a potentially substantial quantity materials not related  
22 to the health care fraud scheme under investigation, such that off-site review is necessary and  
23 appropriate pursuant to United States v. Tamura, 694 F.2d 591 (9th Cir. 1982). I believe that the  
24 SUBJECT PHARMACIES fill prescriptions for doctors other than JOHNSON, and that TRI-  
25 MED provides (or, at least, purports to provide) medications for the SUBJECT PHARMACIES

1 that were used to fill prescriptions for doctors other than JOHNSON. Accordingly, evidence  
2 within the scope of the search warrant seized from those pharmacies likely will be commingled  
3 with materials related to those other prescriptions and to the acquisition of drugs (if any records  
4 in fact exist at TRI-MED) used to fill those prescriptions. As to MANOR, while I believe that  
5 MANOR is permeated with fraud, I anticipate that agents will obtain a tremendous volume of  
6 evidence (digital and otherwise) during the search of MANOR, and that much of the evidence  
7 will be in the Armenian language. For example, during trash searches at MANOR, agents found  
8 a large volume of materials written in the Armenian language, and agents on surveillance have  
9 overheard the targets under investigation speaking with each other in that language.

10 Accordingly, off-site review will be necessary to translate materials and to determine which of  
11 the materials fall within the scope of the items to be seized under the requested warrant.

12 i. The United States has not attempted to obtain this data by other means.

13 124) In searching digital data stored on digital devices at the SUBJECT  
14 PHARMACIES, law enforcement personnel executing this search warrant will employ the  
15 following procedure:

16 a. The physical search of the premises will be conducted by law enforcement  
17 agents who are investigating the crimes described in the affidavit (the "investigating agents").  
18 Upon securing the premises, these investigating agents will, if they can do so without reviewing  
19 the contents of the digital data contained on any digital device, seek to determine if the digital  
20 device contains data falling within the scope of the items to be seized under this warrant. If,  
21 without reviewing the contents of the digital data contained thereon, the investigating agents can  
22 make the determination that a digital device contains data falling within the scope of the items to  
23 be seized under this warrant, that digital device will be seized. In attempting to determine  
24 whether any digital device contains data falling within the scope of the items to be seized as  
25

1 described in this warrant, the investigating agents will not review the digital contents of any such  
2 device or any indexes or summaries thereof.

3           b.     If the investigating agents conclude that they cannot make the  
4 determination that a digital device contains data falling within the scope of the items to be seized  
5 under this warrant without reviewing the contents of the digital data contained on the digital  
6 device, the investigating agents will consult with law enforcement personnel and/or others aiding  
7 law enforcement personnel and acting at their direction who are not involved in the investigation  
8 of the crimes described in the affidavit (the "filter team"). The filter team will include law  
9 enforcement personnel and/or others aiding law enforcement personnel and acting at their  
10 direction specially trained in searching, seizing, and segregating digital data (the "computer  
11 personnel"). The filter team will be consulted (either on-site or off-site) and will, in its  
12 discretion, either search the digital device on-site or seize and transport the device to an  
13 appropriate law enforcement laboratory or similar facility to be searched at that location.

14           c.     Following a seizure of a digital device pursuant to subparagraphs (a) or (b)  
15 above, the filter team will conduct the search of the digital device by using search protocols  
16 specifically designed to identify items to be seized under this warrant.

17           i.     The filter team may examine all of the data contained in the digital  
18 device capable of containing items to be seized as specified in this warrant to determine whether  
19 the data falls within the items to be seized as set forth herein. The filter team may search for and  
20 attempt to recover "deleted," "hidden" or encrypted data to determine whether the data falls  
21 within the list of items to be seized as set forth herein.

22           ii.    The team searching the digital device also may use tools to exclude  
23 normal operating system files and standard third-party software that do not need to be searched.

1           d.       When searching a digital device pursuant to the specific protocols  
2 selected, the team searching the digital device shall make and retain notes regarding how the  
3 search was conducted pursuant to the selected protocols.

4           e.       If the filter team searching a digital device pursuant to the selected  
5 protocols encounters immediately apparent contraband or other evidence of a crime outside the  
6 scope of the items to be seized, the team shall immediately discontinue its search of that digital  
7 device pending further order of the Court and shall make and retain notes detailing how the  
8 contraband or other evidence of a crime was encountered, including how it was immediately  
9 apparent contraband or evidence of a crime.

10          f.       The filter team will not disclose to this affiant or any other investigating  
11 agent, or any Assistant United States Attorney involved in this investigation, any data contained  
12 on the digital device other than that which is seized as falling within the scope of the items to be  
13 seized under this warrant except with prior Court authorization. The filter team may disclose to  
14 this affiant and any other investigating agent any data contained on the digital device that is  
15 seized as being within the scope of the items to be seized under this warrant without further order  
16 of the Court.

17          g.       The filter team will complete its search of the digital device as soon as is  
18 practicable but not to exceed 60 days from the date of execution of the warrant. If additional  
19 time is needed, the government may seek an extension of this time period from the Court within  
20 the original 60 day period from the date of execution of the warrant.

21          h.       If the search determines that the digital device does not contain any data  
22 falling within the list of the items to be seized pursuant to this warrant, the government will  
23 return the digital device and delete or destroy all the forensic copies thereof.

24          i.       If the search determines that the digital device does contain data falling  
25 within the list of the items to be seized pursuant to this warrant, the government will either (i)

1 within the time period authorized by the Court for completing the search, return to the Court for  
2 an order authorizing retention of the digital device; or (ii) retain only a copy of the data found to  
3 fall within the list of the items to be seized pursuant to this warrant and return the digital device  
4 and delete or destroy all the forensic copies thereof.

5 **VII. CONCLUSION**

6 125) Based on the foregoing, I submit that there is probable cause to believe that the  
7 SUBJECT PREMISES set forth in Attachments A-1 through A-14 contain evidence, fruits and  
8 instrumentalities of criminal violations as set forth in Attachments B-1 through B-14.

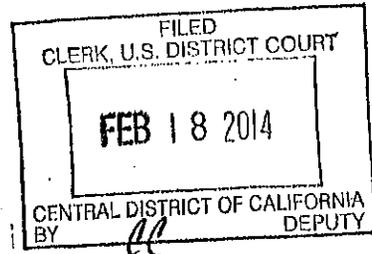
9 126) Based on the foregoing, I also submit that there is probable cause to arrest  
10 A.GRIGORYAN; L.OVSEPIAN; JOHNSON; N.GRIGORYAN; HARUTYUNYAN; Artak  
11 OVSEPIAN; LIM; KHOU; HOVANNISYAN; GHUKASYAN; MENDEZ; JONES; SMITH;  
12 YEGHIAZARYAN; WASHINGTON; TAMAZYAN; and N.OVSEPYAN for violations of 18  
13 U.S.C. § 1349 (conspiracy to commit health care fraud).

14  
15 15/  
16 Laura Wilbur  
17 Special Agent  
18 California Department of Justice

18 Subscribed and sworn to before me  
19 this 25<sup>th</sup> day of October 2011.

20 CARLA M. WOEHRLE

21 HON. CARLA M. WOEHRLE  
22 UNITED STATES MAGISTRATE JUDGE



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UNITED STATES OF AMERICA,  
Plaintiff,  
v.  
KENNETH WAYNE JOHNSON, et al.,  
Defendants.

No. CR 11-CR-1075-SJO

PROPOSED VERDICT FORM FOR  
DEFENDANT KENNETH WAYNE JOHNSON

We, the Jury in the above-captioned case, present the following  
unanimous verdict.

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COUNT ONE

We, the Jury, unanimously find the defendant KENNETH WAYNE JOHNSON (check one):

GUILTY or  
 NOT GUILTY

of conspiring to commit health care fraud as charged in Count One of the Indictment.

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COUNT TWO

We, the Jury, unanimously find the defendant KENNETH WAYNE JOHNSON (check one):

GUILTY or  
 NOT GUILTY

of conspiring to possess at least five identification documents with intent to use unlawfully as charged in Count Two of the Indictment.

(Cont.)

COUNT FIVE

We, the Jury, unanimously find the defendant KENNETH WAYNE  
JOHNSON (check one):

GUILTY or  
 NOT GUILTY

of aggravated identity theft of Hoa Tran's means of identification as  
charged in Count Five of the Indictment.

(Cont.)

COUNT SIX

We, the Jury, unanimously find the defendant KENNETH WAYNE JOHNSON (check one):

GUILTY or  
 NOT GUILTY

of conspiring to misbrand prescription drugs as charged in Count Six of the Indictment.

Dated: 2/18/2014, in Los Angeles, California.

**REDACTED**

VERDICT FORM AS TO FOREPERSON  
SIGNATURE

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



JUN 30 2016

Kenneth Wayne Johnson, M.D., #61772-112  
TAFT Correctional Institution  
P.O. Box 7001  
Taft, CA 93268

Dear Kenneth Wayne Johnson:

Re: OI File Number: L-10-4-0435-9

This is to notify you that you are being excluded from participation in any capacity in the Medicare, Medicaid, and all Federal health care programs as defined in section 1128B(f) of the Social Security Act (Act) for a minimum period of 50 years. The scope of this exclusion is broad and has a significant effect on your ability to work in the health care field. This action is being taken under section 1128(a)1 of the Act and is effective 20 days from the date of this letter. See (42 U.S.C. 1320a-7(a)), 42 C.F.R. 1001.101(a). The section 1128(a)(1) exclusion is due to your conviction as defined in section 1128(i) (42 U.S.C. 1320a-7(i)), in the United States District Court, Central District of California, of a criminal offense related to the delivery of an item or service under the Medicare or a State health care program, including the performance of management or administrative services relating to the delivery of items or services, under any such program.

This exclusion will affect your ability to claim payment from these programs for items or services that you render; it will NOT affect your right to collect benefits under any Federal health care program such as Medicare, Medicaid, or Social Security. You may find more information regarding exclusions on the OIG's website, including Frequently Asked Questions and the Special Advisory Bulletin about the Effect of Exclusion. To access this site, go to <http://oig.hhs.gov>, click on the EXCLUSIONS tab, and then choose the item you would like to access.

Section 1128(c)(3)(B) of the Act provides that the minimum period of exclusion shall be not less than 5 years. Your period of exclusion is greater than that because our records contain evidence of the following circumstances:

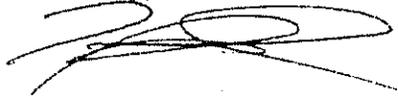
1. The acts resulting in the conviction, or similar acts, that caused, or were intended to cause, a financial loss to a Government program or one or more entities of \$5,000 or more. (The entire amount of financial loss to such programs or entities, including any amounts resulting from similar acts not adjudicated, will be considered regardless of whether full or partial restitution has been made.) The court ordered you to pay approximately \$9,146,100 in restitution.

2. The sentence imposed by the court included incarceration. The court sentenced you to 108 months of incarceration.
3. The individual or entity was convicted of other offenses besides those which formed the basis for exclusion, or has been the subject of any other adverse action by any Federal, State, or local government agency or board, if the adverse action is based on the same set of circumstances that serves as the basis for imposition of the exclusion. The California Department of Health Services suspended you from participation in the Medi-Cal program.

A detailed explanation of the authority for this exclusion, its effect, and your appeal rights is enclosed and is incorporated as part of this notice by specific reference. You should read this document carefully, act upon it as necessary, and retain it for future reference.

**REINSTATEMENT IS NOT AUTOMATIC. You must apply to the OIG and be granted reinstatement. Obtaining a provider number from a Medicare contractor, a State agency, or a Federal health care program does not reinstate your eligibility to participate in those programs.**

Sincerely,



Thomas J. Sowinski  
Reviewing Official  
Health Care Program Exclusions

Enclosure

cc: Investigations Analyst  
Los Angeles Regional Office

Kenneth Wayne Johnson, M.D.  
P.O. Box 882199  
Los Angeles, CA 90009-3025

Angel Navarro, Esq.  
714 W Olympic Blvd., Ste. 450  
Los Angeles, CA 90015

1 KAMALA D. HARRIS  
Attorney General of California  
2 JUDITH ALVARADO  
Supervising Deputy Attorney General  
3 BRIAN D. BILL  
Deputy Attorney General  
4 State Bar No. 239146  
California Department of Justice  
5 300 So. Spring Street, Suite 1702  
Los Angeles, CA 90013  
6 Telephone: (213) 897-9474  
Facsimile: (213) 897-9395  
7 *Attorneys for Complainant*

FILED  
STATE OF CALIFORNIA  
MEDICAL BOARD OF CALIFORNIA  
SACRAMENTO May 12 20 16  
BY [Signature] ANALYST

8 **BEFORE THE**  
9 **MEDICAL BOARD OF CALIFORNIA**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. 800-2014-003239

12 **Kenneth Wayne Johnson, M.D.**  
13 **P.O. Box 882199**  
**Los Angeles, CA 90009-3025**

**ACCUSATION**

14 **Physician's and Surgeon's Certificate**  
15 **No. G 83706,**

16 Respondent.

17  
18 Complainant alleges:

19 **PARTIES**

20 1. Kimberly Kirchmeyer (Complainant) brings this Accusation solely in her official  
21 capacity as the Executive Director of the Medical Board of California, Department of Consumer  
22 Affairs (Board).

23 2. On or about May 12, 2006, the Medical Board issued Physician's and Surgeon's  
24 Certificate Number G 83706 to Kenneth Wayne Johnson, M.D. (Respondent). The Physician's  
25 and Surgeon's Certificate was in full force and effect at all times relevant to the charges brought  
26 herein and will expire on November 30, 2017, unless renewed.

27 //

28 //

JURISDICTION

1  
2       3.     This Accusation is brought before the Board, under the authority of the following  
3 laws. All section references are to the Business and Professions Code unless otherwise indicated.

4       4.     Section 2227 of the Code states:

5           “(a) A licensee whose matter has been heard by an administrative law judge of the Medical  
6 Quality Hearing Panel as designated in Section 11371 of the Government Code, or whose default  
7 has been entered, and who is found guilty, or who has entered into a stipulation for disciplinary  
8 action with the board, may, in accordance with the provisions of this chapter:

9           “(1) Have his or her license revoked upon order of the board.

10          “(2) Have his or her right to practice suspended for a period not to exceed one year upon  
11 order of the board.

12          “(3) Be placed on probation and be required to pay the costs of probation monitoring upon  
13 order of the board.

14          “(4) Be publicly reprimanded by the board. The public reprimand may include a  
15 requirement that the licensee complete relevant educational courses approved by the board.

16          “(5) Have any other action taken in relation to discipline as part of an order of probation, as  
17 the board or an administrative law judge may deem proper.

18          “(b) Any matter heard pursuant to subdivision (a), except for warning letters, medical  
19 review or advisory conferences, professional competency examinations, continuing education  
20 activities, and cost reimbursement associated therewith that are agreed to with the board and  
21 successfully completed by the licensee, or other matters made confidential or privileged by  
22 existing law, is deemed public, and shall be made available to the public by the board pursuant to  
23 Section 803.1.”

24       5.     Section 2234 of the Code, states:

25           “The board shall take action against any licensee who is charged with unprofessional  
26 conduct. In addition to other provisions of this article, unprofessional conduct includes, but is not  
27 limited to, the following:

28 //

1           “(a) Violating or attempting to violate, directly or indirectly, assisting in or abetting the  
2 violation of, or conspiring to violate any provision of this chapter.

3           “... ”

4           “(e) The commission of any act involving dishonesty or corruption that is substantially  
5 related to the qualifications, functions, or duties of a physician and surgeon.

6           “... ”

7           6.     Section 2236 of the Code states:

8           “(a) The conviction of any offense substantially related to the qualifications, functions, or  
9 duties of a physician and surgeon constitutes unprofessional conduct within the meaning of this  
10 chapter [Chapter 5, the Medical Practice Act]. The record of conviction shall be conclusive  
11 evidence only of the fact that the conviction occurred.

12          “... ”

13          “(d) A plea or verdict of guilty or a conviction after a plea of nolo contendere is deemed to  
14 be a conviction within the meaning of this section and Section 2236.1. The record of conviction  
15 shall be conclusive evidence of the fact that the conviction occurred.”

16          7.     California Code of Regulations, title 16, section 1360, states:

17          “For the purposes of denial, suspension or revocation of a license, certificate or permit  
18 pursuant to Division 1.5 (commencing with Section 475) of the code, a crime or act shall be  
19 considered to be substantially related to the qualifications, functions or duties of a person holding  
20 a license, certificate or permit under the Medical Practice Act if to a substantial degree it  
21 evidences present or potential unfitness of a person holding a license, certificate or permit to  
22 perform the functions authorized by the license, certificate or permit in a manner consistent with  
23 the public health, safety or welfare. Such crimes or acts shall include but not be limited to the  
24 following: Violating or attempting to violate, directly or indirectly, or assisting in or abetting the  
25 violation of, or conspiring to violate any provision of the Medical Practice Act.”

26          8.     Section 490 of the Code provides, in pertinent part, that a board may suspend or  
27 revoke a license on the ground that the licensee has been convicted of a crime substantially related  
28 to the qualifications, functions, or duties of the business or profession for which the license was

1 issued.

2 9. Section 493 of the Code states:

3 "Notwithstanding any other provision of law, in a proceeding conducted by a board within  
4 the department pursuant to law to deny an application for a license or to suspend or revoke a  
5 license or otherwise take disciplinary action against a person who holds a license, upon the  
6 ground that the applicant or the licensee has been convicted of a crime substantially related to the  
7 qualifications, functions, and duties of the licensee in question, the record of conviction of the  
8 crime shall be conclusive evidence of the fact that the conviction occurred, but only of that fact,  
9 and the board may inquire into the circumstances surrounding the commission of the crime in  
10 order to fix the degree of discipline or to determine if the conviction is substantially related to the  
11 qualifications, functions, and duties of the licensee in question.

12 "As used in this section, 'license' includes 'certificate,' 'permit,' 'authority,' and  
13 'registration.'"

14 10. Section 810 of the Code states:

15 "(a) It shall constitute unprofessional conduct and grounds for disciplinary action,  
16 including suspension or revocation of a license or certificate, for a health care professional to do  
17 any of the following in connection with his or her professional activities:

18 (1) Knowingly present or cause to be presented any false or fraudulent claim  
19 for the payment of a loss under a contract of insurance.

20 (2) Knowingly prepare, make, or subscribe any writing, with intent to present  
21 or use the same, or to allow it to be presented or used in support of any false or  
22 fraudulent claim.

23 "(b) It shall constitute cause for revocation or suspension of a license or certificate for a  
24 health care professional to engage in any conduct prohibited under Section 1871.4 of the  
25 Insurance Code or Section 549 or 550 of the Penal Code.

26 "(c) (1) It shall constitute cause for automatic suspension of a license or certificate issued  
27 pursuant to Chapter 4 (commencing with Section 1600), Chapter 5 (commencing with Section  
28 2000), Chapter 6.6 (commencing with Section 2900), Chapter 7 (commencing with Section

1 3000), or Chapter 9 (commencing with Section 4000), or pursuant to the Chiropractic Act or the  
2 Osteopathic Act, if a licensee or certificate holder has been convicted of any felony involving  
3 fraud committed by the licensee or certificate holder in conjunction with providing benefits  
4 covered by worker's compensation insurance, or has been convicted of any felony involving  
5 Medi-Cal fraud committed by the licensee or certificate holder in conjunction with the Medi-Cal  
6 program, including the Denti-Cal element of the Medi-Cal program, pursuant to Chapter 7  
7 (commencing with Section 14000), or Chapter 8 (commencing with Section 14200), of Part 3 of  
8 Division 9 of the Welfare and Institutions Code. The board shall convene a disciplinary hearing  
9 to determine whether or not the license or certificate shall be suspended, revoked, or some other  
10 disposition shall be considered, including, but not limited to, revocation with the opportunity to  
11 petition for reinstatement, suspension, or other limitations on the license or certificate as the board  
12 deems appropriate.

13       “(2) It shall constitute cause for automatic suspension and for revocation of a  
14 license or certificate issued pursuant to Chapter 4 (commencing with Section 1600),  
15 Chapter 5 (commencing with Section 2000), Chapter 6.6 (commencing with Section  
16 2900), Chapter 7 (commencing with Section 3000), or Chapter 9 (commencing with  
17 Section 4000), or pursuant to the Chiropractic Act or the Osteopathic Act, if a  
18 licensee or certificate holder has more than one conviction of any felony arising out of  
19 separate prosecutions involving fraud committed by the licensee or certificate holder  
20 in conjunction with providing benefits covered by worker's compensation insurance,  
21 or in conjunction with the Medi-Cal program, including the Denti-Cal element of the  
22 Medi-Cal program pursuant to Chapter 7 (commencing with Section 14000), or  
23 Chapter 8 (commencing with Section 14200), of Part 3 of Division 9 of the Welfare  
24 and Institutions Code. The board shall convene a disciplinary hearing to revoke the  
25 license or certificate and an order of revocation shall be issued unless the board finds  
26 mitigating circumstances to order some other disposition.

27       “(3) It is the intent of the Legislature that paragraph (2) apply to a licensee or  
28 certificate holder who has one or more convictions prior to January 1, 2004, as

1 provided in this subdivision.

2 “(4) Nothing in this subdivision shall preclude a board from suspending or  
3 revoking a license or certificate pursuant to any other provision of law.

4 “(5) ‘Board,’ as used in this subdivision, means the Dental Board of California,  
5 the Medical Board of California, the Board of Psychology, the State Board of  
6 Optometry, the California State Board of Pharmacy, the Osteopathic Medical Board  
7 of California, and the State Board of Chiropractic Examiners.

8 “(6) ‘More than one conviction,’ as used in this subdivision, means that the  
9 licensee or certificate holder has one or more convictions prior to January 1, 2004,  
10 and at least one conviction on or after that date, or the licensee or certificate holder  
11 has two or more convictions on or after January 1, 2004. However, a licensee or  
12 certificate holder who has one or more convictions prior to January 1, 2004, but who  
13 has no convictions and is currently licensed or holds a certificate after that date, does  
14 not have “more than one conviction” for the purposes of this subdivision.

15 “...”

16 **FIRST CAUSE FOR DISCIPLINE**

17 **(Conviction of Crimes)**

18 11. Respondent Kenneth Wayne Johnson, M.D. is subject to disciplinary action under  
19 sections 490, 493, 810, subdivision (c), and 2236, subdivision (a) of the Code, and the California  
20 Code of Regulations, title 16, section 1360, in that Respondent was convicted of offenses related  
21 to the qualifications, functions, or duties of a physician. The circumstances are as follows:

22 12. On or about, February 18, 2014, Respondent was convicted of the following felony  
23 charges in a criminal proceeding entitled *United States of America v. Grigoryan, et al.*, in the  
24 United States District Court for the Central District of California, Case Number CR 11-01075:

- 25 a. Conspiracy to commit healthcare fraud, in violation of 18 U.S.C. section 1349,  
26 b. Conspiracy to possess at least five identification documents and authentication  
27 features with intent to use unlawfully, in violation of 18 U.S.C. section 1028(f),  
28 c. Aggravated identity theft, in violation of 18 U.S.C. section 1028A, and

1 d. Conspiracy to engage in the misbranding of prescription drugs, in violation of 18  
2 U.S.C. section 371.

3 13. On or about January 6, 2016, Respondent was sentenced to serve a term of  
4 imprisonment of 108 months, to supervised release for a term of three years, and to pay restitution  
5 in the amount of \$9,146,137.71.

6 14. The record of the criminal proceeding is incorporated as if fully set forth herein.

7 **SECOND CAUSE FOR DISCIPLINE**

8 **(Commission of Acts Involving Dishonesty)**

9 15. Respondent Kenneth Wayne Johnson, M.D. is subject to disciplinary action under  
10 sections 2234, subdivision (e), and 810 of the Code, in that he was convicted of a crime  
11 substantially related to the qualifications, functions, or duties of a physician, as more particularly  
12 alleged in paragraphs 11 through 14, which are hereby incorporated by reference and realleged as  
13 if fully set forth herein.

14 **THIRD CAUSE FOR DISCIPLINE**

15 **(Unprofessional Conduct)**

16 16. Respondent Kenneth Wayne Johnson, M.D. is subject to disciplinary action under  
17 sections 2234 and 810 of the Code, in that he was convicted of a crime substantially related to the  
18 qualifications, functions, or duties of a physician, as more particularly alleged in paragraphs 11  
19 through 14, which are hereby incorporated by reference and realleged as if fully set forth herein.

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PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the Medical Board of California issue a decision:

1. Revoking or suspending Physician's and Surgeon's Certificate Number G 83706, issued to Kenneth Wayne Johnson, M.D.;
2. Revoking, suspending or denying approval of Kenneth Wayne Johnson, M.D.'s authority to supervise physician assistants, pursuant to section 3527 of the Code;
3. Ordering Kenneth Wayne Johnson, M.D., if placed on probation, to pay the Board the costs of probation monitoring; and
4. Taking such other and further action as deemed necessary and proper.

DATED: May 12, 2016

  
KIMBERLY KIRCHMEYER  
Executive Director  
Medical Board of California  
Department of Consumer Affairs  
State of California  
*Complainant*

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1 KAMALA D. HARRIS  
Attorney General of California  
2 JUDITH T. ALVARADO  
Supervising Deputy Attorney General  
3 BRIAN D. BILL  
Deputy Attorney General  
4 State Bar No. 239146  
California Department of Justice  
5 300 So. Spring Street, Suite 1702  
Los Angeles, CA 90013  
6 Telephone: (213) 897-9474  
Facsimile: (213) 897-9395  
7 *Attorneys for Complainant*

8 **BEFORE THE**  
9 **MEDICAL BOARD OF CALIFORNIA**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
**STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against,

Case No. 800-2014-003239

12 **KENNETH WAYNE JOHNSON, M.D.**  
13 **P.O. Box 882199**  
**Los Angeles, CA 90009**  
14 **Physician's and Surgeon's Certificate No. G**  
**83706,**

**DEFAULT DECISION**  
**AND ORDER**

[Gov. Code, §11520]

15 Respondent.

16  
17 FINDINGS OF FACT

18 1. On or about May 12, 2016, Complainant Kimberly Kirchmeyer, in her official  
19 capacity as the Executive Director of the Medical Board of California, Department of Consumer  
20 Affairs, filed Accusation No. 800-2014-003239 against KENNETH WAYNE JOHNSON, M.D.  
21 (Respondent) before the Medical Board of California.

22 2. On or about May 12, 2006, the Medical Board of California (Board) issued  
23 Physician's and Surgeon's Certificate No. G 83706 to Respondent. The Physician's and Surgeon's  
24 Certificate expires on November 30, 2017. A true and correct copy of a Certificate of Licensure  
25 for Respondent is attached hereto as Exhibit "A."

26 3. On or about May 12, 2016, Michelle Solario, an employee of the Complainant  
27 Agency, served by Certified Mail, a copy of the Accusation No. 800-2014-003239, Statement to  
28 Respondent, Notice of Defense, Request for Discovery, and Government Code sections 11507.5,

1 11507.6, and 11507.7 to Respondent's address of record with the Board, which was and is P.O.  
2 Box 882199, Los Angeles, CA 90009. On or about May 12, 2016, Michelle Solario, an employee  
3 of the Complainant Agency, served by Certified Mail a copy of the Accusation No. 800-2014-  
4 003239, Statement to Respondent, Notice of Defense, Request for Discovery, and Government  
5 Code sections 11507.5, 11507.6, and 11507.7 to Respondent's current physical address, which  
6 was and is FCI Oakdale I, Federal Correctional Institution, P.O. Box 5000, Oakdale, Louisiana  
7 71463. The related documents and Declaration of Service are attached as Exhibit "B," and are  
8 incorporated herein by reference.

9 4. Service of the Accusation was effective as a matter of law under the provisions of  
10 Government Code section 11505, subdivision (c).

11 5. On or about June 6, 2016, the copy of the aforementioned documents that were served  
12 upon Respondent's address of record was returned by the U.S. Postal Service marked "RTS  
13 (return to sender) Unclaimed." A true and correct copy of the envelope returned by the post  
14 office is attached as Exhibit "C," and is incorporated herein by reference.

15 6. The courtesy copy of the aforementioned documents served upon Respondent's  
16 physical address was never returned.

17 7. Government Code section 11506 states, in pertinent part:

18 "(c) The respondent shall be entitled to a hearing on the merits if the respondent files a  
19 notice of defense, and the notice shall be deemed a specific denial of all parts of the accusation  
20 not expressly admitted. Failure to file a notice of defense shall constitute a waiver of  
21 respondent's right to a hearing, but the agency in its discretion may nevertheless grant a hearing."

22 8. A Notice of Defense in answer to the Accusation was due from Respondent within 15  
23 days after service of the Accusation. To date, Respondent has not submitted a Notice of Defense  
24 to the Board or its counsel of record in this matter. Therefore, Respondent has waived his right to  
25 a hearing on the merits of Accusation No. 800-2014-003239.

26 9. The Declaration of Brian D. Bill attesting to the foregoing facts is attached hereto as  
27 Exhibit "D."

28 10. California Government Code section 11520 states, in pertinent part:



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- ii. Conspiracy to possess at least five identification documents and authentication features with intent to use unlawfully, in violation of 18 U.S.C. section 1028(f),
  - iii. Aggravated identity theft, in violation of 18 U.S.C. section 1028A, and
  - iv. Conspiracy to engage in the misbranding of prescription drugs, in violation of 18 U.S.C. section 371. (See Exhibits E, F, G, H, and I.)
- b. Commission of Acts Involving Dishonesty in violation of California Business and Professions Code sections 2234, subdivision (e), and 810, in that he was convicted of a crime substantially related to the qualifications, functions, or duties of a physician. (See Exhibits E, F, G, H, and I.)
- c. Engaging in Unprofessional Conduct in violation of California Business and Professions Code sections 2234 and 810, in that he was convicted of a crime substantially related to the qualifications, functions, or duties of a physician. (See Exhibits E, F, G, H, and I.)

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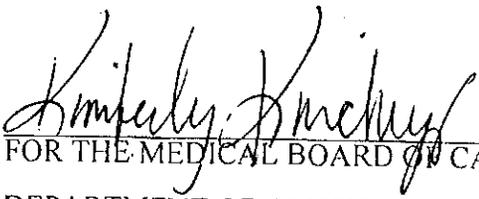
ORDER

IT IS SO ORDERED that Physician's and Surgeon's Certificate No. G 83706, heretofore issued to Respondent KENNETH WAYNE JOHNSON, M.D., is revoked.

Pursuant to Government Code section 11520, subdivision (c), Respondent may serve a written motion requesting that the Decision be vacated and stating the grounds relied on within seven (7) days after service of the Decision on Respondent. The agency in its discretion may vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

This Decision shall become effective on September 9, 2016.

It is so ORDERED August 10, 2016

  
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FOR THE MEDICAL BOARD OF CALIFORNIA  
DEPARTMENT OF CONSUMER AFFAIRS  
KIMBERLY KIRCHMEYER, EXECUTIVE DIRECTOR