

## DISTRICT ATTORNEY - NEW YORK COUNTY

**News Release**  
**March 22, 2005**

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Manhattan District Attorney Robert M. Morgenthau announced today the indictment of 15 people, including four doctors, a dentist, a psychologist, and an acupuncturist, on charges of participating in an insurance scam in which the New York City Transit Authority which is self-insured and private insurance companies were falsely billed for professional medical services that were never provided. A medical billing company, two health care clinics that were also professional medical corporations and three other professional medical corporations were also indicted today.

The two-part investigation leading to today's indictment began 18-months ago when insurance investigators from the New York City Transit Authority's Special Investigation Unit, working with the Manhattan District Attorney's Rackets Bureau, began an undercover investigation into PREMIER MEDICAL CARE, PC, a clinic at 99 University Place, in Greenwich Village. Ten months later, investigators from the New York Police Department's Fraudulent Accident Investigation Squad began an undercover operation at the OMNI MEDICAL CARE, PC clinic at 2044 Ocean Avenue, in Brooklyn, New York.

Mr. Morgenthau said, "Although we cannot estimate at this time how much money was obtained through these fraudulent schemes, it is clear that these defendants used their sophisticated schemes to steal millions from insurance companies. Every dollar lost to No-Fault insurance fraud has to be made up by higher insurance premiums that we all pay. We cannot and must not tolerate this type of fraud."

As a result of the investigation, the 15 people and six companies indicted today have been charged with insurance fraud, grand larceny, attempted grand larceny and scheme to defraud. An examination of financial records revealed that the clinics billed more than 60 insurance carriers for millions of dollars in claims over a ten year period. As a result, a forfeiture action has been initiated, freezing \$3,156,825.00 in assets. The investigation is continuing.

ABRAHAM PUSTILNIK, aka ABRAHAM POST, and his mother, ISABELLA PUSTILNIK, aka ISABELLA POST, used their ownership of a medical billing company and their control of medical clinics and professional corporations to defraud insurance carriers who paid out claims believing that the clinics were providing legitimate services. They also cheated patients by providing them with inadequate or medically unnecessary procedures.

The investigation revealed that the two PUSTILNIKS, neither of whom is a doctor, operated PREMIER MEDICAL CARE, PC and OMNI MEDICAL CARE, PC. They also owned AAA EMPIRE MEDICAL MANAGEMENT, aka EMPIRE MEDICAL

MANAGEMENT, a medical billing company. In addition, they were the covert owners of five medical corporations: both medical clinics, PREMIER MEDICAL and OMNI MEDICAL, as well as UNIVERSITY PSYCHOLOGICAL, PC., FOCUS ACUPUNCTURE, PC and OPTIMAL HEALTHCARE MEDICAL, PC.

The investigation also revealed that ABRAHAM PUSTILNIK and ISABELLA PUSTILNIK used licensed professionals as 'fronts' or "Docs-in-the-Box" for the professional corporations to disguise their ownership of the clinics. New York State law specifically prohibits the "corporate practice of medicine" and does not allow a medical practice or clinic to be directly owned by anyone other than medical doctors.

The licensed professionals indicted today are: INNA PUSTILNIK, A/K/A INNA POST (ABRAHAM PUSTILNIK's wife), a psychologist; MICHAEL CONRAD, STUART PRESS, GERARDO YANAYACO and VICTOR BASBUS, all licensed physicians; PAUL SELINGER, a licensed dentist; JONATHAN LEIBELL, a licensed chiropractor and acupuncturist; LENA MARJORIE CHASE, a physical therapist; and INGA EILENKRIG, a licensed social worker.

Other employees of the corrupt companies indicted today are: GALINA NOVOFASTOVSKY, aka GALINA NOVO, the manager of PREMIER MEDICAL CARE; and BELLA MAMALADZE, SVETLANA LOYKO AVAKOV and NATALIA VOYNOVA, all of whom are front desk reception employees at OMNI MEDICAL CARE.

For the investigation into PREMIER MEDICAL CARE, investigators created, on paper, a bus accident that ostensibly occurred in lower Manhattan. Insurance investigators posed as a boyfriend and girlfriend who were supposedly injured as a result of the bus accident. As part of the investigation, insurance investigators from the New York City Transit Authority (NYCTA) were provided with a fictitious accident report from the New York City Police Department purportedly verifying their presence on the bus at the time of the accident. Immediately prior to their visits to the clinic, both undercovers underwent thorough and complete medical examinations which established that they were in excellent health and did not have any pre-existing illness or conditions that required treatment.

At the clinic, the undercovers filled out paperwork, assigning their No-fault benefits to the clinic. Despite the undercovers' excellent health, various treatments were then prescribed for them. In addition to billing the NYCTA for medically unnecessary treatments, the clinics exaggerated the extent of some of the treatments and billed for many treatment sessions that never took place.

In the second part of the investigation, the New York Police

Department's Fraudulent Accident Investigation Squad received a complaint from an insurance carrier about OMNI MEDICAL, PC. As part of its investigation, NYPD investigators obtained an insurance policy from a private insurance carrier, and assigned an undercover police officer to go to the clinic and pose as someone who had been injured in a car accident. The undercover officer visited the clinic on various dates from August, 2004 through December, 2004. Whenever the undercover showed up at the clinic, OMNI MEDICAL front desk personnel directed him to "sign-in" for treatments he did not receive. In other instances, the undercover was told to back date sign-in sheets for dates on which he did not even appear at the clinic. The clinic then submitted fraudulent insurance claims to an insurance company for treatments - including acupuncture, chiropractic adjustments and psychological evaluation and counseling -- that were never rendered. The only treatment which the undercover received was some hot packs and electrical therapy. He received no other treatment.

Generally the defendants submitted three types of fraudulent claims:

- Billings for services in which the defendants claimed that they had seen and treated the undercovers on dates when they had not. For example: for one of the undercovers, the psychologist submitted insurance claims for evaluation, counseling, and four hours of psychological testing that never happened; then the social worker prepared and submitted bills for counseling sessions that never happened; and the physical therapist submitted bills for dental massage treatments and physical therapy that never happened.
- Billings in which the defendants "up coded" - i.e., claimed that a particular procedure or doctor's visit lasted longer than it actually did to obtain a higher reimbursement rate. For example, the doctors and the dentist never gave the undercovers full medical examinations. They sometimes met with an undercover for as little as five minutes yet submitted claims falsely describing "comprehensive medical examinations" and claimed examinations lasted between 45 and 60 minutes;
- Billings in which the defendants ordered medically unnecessary testing and testing that was not performed; two doctors ordered numerous unnecessary MRIs for the undercovers and one doctor ordered a brain MRI for an undercover who only complained of lower back pain

These professional corporations charged today submitted an unusually high number of No-fault insurance claims to the NYCTA. In 2003 and 2004 alone, for example, PREMIER MEDICAL, OMNI MEDICAL, FOCUS ACUPUNCTURE OPTIMAL HEALTHCARE and UNIVERSITY PSYCHOLOGICAL submitted at least \$306,000 in no-fault insurance claims for services allegedly rendered to twenty-three people insured by the NYCTA under No-fault for bus accidents.

Assistant District Attorney Kathryn Quinn, who is assigned to the Rackets Bureau, presented the case to the Grand Jury and will handle

the prosecutions under the supervision of Rackets Bureau Chief Patrick Dugan, and Deputy Bureau Chiefs Eric Seidel and Ellen Biben. Rackets Chief Financial Investigator John Tampa, Financial Investigator Robert Tarwacki, Jr., and Investigator Louis Richardson of the District Attorney's Investigation Bureau conducted the investigation.

Assistant District Attorney Tara Miner, Chief of the Asset Forfeiture Unit, is handling the asset forfeiture action.

For their assistance in the investigation, Mr. Morgenthau thanked: the New York City Transit Authority and their Special Investigations Unit; the New York City Police Department - Transit Bureau; the New York City Police Department -Fraudulent Accident Investigation Squad - South; the National Insurance Crime Bureau; GEICO Direct Insurance Company and their SIU Unit, St. Pauls Travelers Insurance Companies and their SIU Unit, the New York State Department of Education, Office of the Professions, the New York State Insurance Frauds Bureau, Chase Manhattan Bank, and the Kings County District Attorney's Office for enhancing the investigation.

The defendants have been charged with multiple counts of Insurance Fraud and Grand Larceny in the Third Degree, which are both class D felonies punishable by up to seven years in prison, as well as Scheme to Defraud in the First Degree, and Attempted Grand Larceny in the Third Degree which are both class E felonies punishable by up to four years in prison.

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#### Defendant Information

Abraham Pustilnik a/k/a Abraham Post (2/12/72)  
25 Central Park West  
New York, NY

Inna Pustilnik a/k/a Inna Post (9/14/73)  
25 Central Park West  
New York, NY

Isabella Pustilnik a/k/a Isabella Post (2/17/48)  
250 West End Avenue  
Brooklyn, NY

Michael Conrad, M.D. (5/4/48)  
10 Duncan Road  
Staten Island, NY

Jonathan Leibell (6/18/63)  
666 West End Avenue  
New York, NY

Stuart Press, M.D. (3/29/52)  
1525 East Putnam Avenue  
Old Greenwich, CT

Gerardo Yanayaco, M.D. (4/8/55)  
451 Park Avenue South  
New York, NY

Victor Basbus, M.D. (8/18/44)  
33 Fifth Avenue  
New York, NY

Paul Selinger, D.M.D. (1/22/47)  
31 Larch Lane  
Massapequa, NY

Galina Novofastovosky a/k/a Galina Novo (8/15/58)  
25 Miriam Street  
Valley Stream, NY

Lena Marjorie Chase (12/12/69)  
4615 Avenue D  
Brooklyn, NY

Inga Eilenkrig (9/15/76)  
135 North Bergen Place  
Freeport, NY

Svetlana Loyko Avakov (9/1/69)\*  
2455 East 23rd Street  
Brooklyn, NY

Bella Mamaladze (1972)  
1629 West 10th Street  
Brooklyn, NY

Natalia Voynova a/k/a Natasha (Unknown)\*  
130 Oceana Drive  
Brooklyn, NY

AAA Empire Medical Management, Inc.  
a/k/a Empire Medical Management  
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\* Not In Custody

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