

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

ALLSTATE INSURANCE COMPANY,
ALLSTATE FIRE & CASUALTY INSURANCE COMPANY,
AND
ALLSTATE PROPERTY & CASUALTY INSURANCE
COMPANY,

Plaintiffs,

vs.

HOLLIS NOVEL COMPREHENSIVE MEDICAL, P.C.,
STARRETT CITY MEDICAL, P.C.,
HILLCREST MEDICAL CARE, P.C.,
SMART CHOICE MEDICAL, P.C.,
AZU AJUDUA, M.D.,
ROLANDO JOSE MENDEZ CHUMACEIRO, M.D.,
PETER KHAIM a/k/a PETER KHAIMOV,
ALEKSANDR GULKAROV,
ROMAN ISRAILOV,
VYACHESLAV MUSHYAKOV,
ARKADIY KHAIMOV,
RX FOR YOU CORP.,
SUTTER PHARMACY INC. d/b/a RX FOR YOU,
EXCELLENT CHOICE PHARMACY CORP.,
A&P HOLDING GROUP CORP.,
ANTURIO MARKETING INC.,
P&K MARKETING SERVICES INC.,
K&L CONSULTANTS INC.,
LL CONSULTING GROUP INC. d/b/a BILLING FOR YOU,
KEEPERS FOR YOU CORP., AND
ALL NETWORK MARKETING CORP.,

Defendants.

C.A. No.

PLAINTIFFS' COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiffs, Allstate Insurance Company, Allstate Fire & Casualty Insurance Company, and Allstate Property & Casualty Insurance Company (collectively, "Allstate" and/or "plaintiffs"), by their attorneys, Smith & Brink, P.C., allege as follows:

I. INTRODUCTION

1. This action involves a complex and sprawling scheme to defraud that was carried out using professional corporations and pharmacies that were operated and controlled in violation of New York law.

2. The first aspect of this scheme involves several purportedly physician-owned professional corporations (“PCs”), namely Defendants Hollis Novel Comprehensive Medical, P.C (“Hollis”), Starrett City Medical, P.C. (“Starrett”), Hillcrest Medical Care, P.C. (“Hillcrest”), and Smart Choice Medical, P.C. (“Smart Choice”) (collectively, “PC Defendants”). The PC Defendants were actually operated and controlled by laypersons.

3. As set out below, the laypersons (i.e., Defendants Peter Khaim a/k/a Peter Khaimov (“Khaim”), Aleksandr Gulkarov (“Gulkarov”), and Roman Israilov (“Israilov”) (collectively, “Manager Defendants”)) partnered with licensed physicians (i.e., Defendants Azu Ajudua, M.D. (“Ajudua”) and Rolando Jose Mendez Chumaceiro, M.D. (“Chumaceiro”) (collectively, “Physician Defendants”)) to organize and then operate the PC Defendants under the names and medical licenses of the physicians.

4. The PC Defendants were purposely organized to circumvent New York law and its strong prohibition against what is known, colloquially, as the illegal corporate practice of medicine.

5. In New York, the illegal corporate practice of medicine occurs when a physician is represented to the public as the sole officer, director, and shareholder of a PC, yet the PC is actually owned, operated, and controlled by laypersons who are not licensed or authorized to practice medicine or derive financial benefit from the delivery of professional medical services.

6. In schemes like this, the laypersons disguise their control of the PCs through various means with the goal of siphoning-off the PCs' professional fees and profits, which are generated through the delivery of medical services to patients.

7. Layperson control over medical PCs is prohibited in New York because when physicians are beholden to non-physicians, the desire to generate profits is placed ahead of patient care, which creates an ethical conflict and undermines the quality of care.

8. New York is an ideal venue for schemes like these because every automobile owner is required to purchase insurance, and every insurance company is required to provide coverage of up to \$50,000.00 per person for reasonable, accident-related medical expenses.

9. The Defendants' scheme was propelled by Khaim, Gulkarov, and Israilov's illegal ownership and control of the PC Defendants.

10. The Defendants used the PC Defendants as vehicles to bill for an array of tests and treatments that were medically unnecessary, excessive, and clinically worthless.

11. Khaim's, Gulkarov's, and Israilov's positions of control allowed them to (a) direct patient care, (b) ensure the delivery of a high frequency of tests and treatments to patients of the PC Defendants, and (c) guide the referral of patients to other providers that were under their ownership and control.

12. Another aspect of this scheme involved writing prescriptions and billing for unnecessary medications.

13. Patients of the PC Defendants were prescribed a broad range of prescription and non-prescription medications that were unnecessary, expensive, unwanted, unproven, and often ineffective.

14. Khaim's, Gulkarov's, and Israilov's control over the PC Defendants ensured that all of the prescriptions were directed to specific pharmacies under their control.

15. For example, Khaim and Gulkarov owned or controlled a series of pharmacies, namely Defendants Rx For You Corp. ("Rx for You"), Sutter Pharmacy, Inc. d/b/a Rx For You ("Sutter Pharmacy"), and Excellent Choice Pharmacy Corp. ("Excellent Choice") (collectively, "Pharmacy Defendants").

16. The Pharmacy Defendants were superficially registered under the names of Defendants Vyacheslav Mushyakov ("Mushyakov") and Arkadiy Khaimov ("Khaimov"), but the pharmacies were actually under the control of Khaim and Gulkarov.

17. Mushyakov and Khaimov were ideal candidates to serve as straw owners of the Pharmacy Defendants because they had familial or employment relationships with the Manager Defendants.

18. As detailed with particularity below, Khaim, Gulkarov, and Israilov—acting in their personal capacities and as the owners of a series of management, marketing, realty, funding, and billing companies—conspired with Ajudua, Chumaceiro, Mushyakov, and Khaimov to purposely facilitate the unlawful operation of the PC Defendants and Pharmacy Defendants.

19. This scheme evolved over many years, as Khaim, Gulkarov, and Israilov purposely and knowingly sought to avoid the provisions of New York law that prohibit non-physicians from exerting control over a physician-owned PC, including, but not limited to, the PC's management and financial affairs.

20. Khaim, Gulkarov, and Israilov used several shell companies to control the PC Defendants and Pharmacy Defendants, including Defendants A&P Holding Group Corp. ("A&P Holding"), Anturio Marketing Inc. ("Anturio Marketing"), P&K Marketing Services Inc. ("P&K

Marketing”), K&L Consultants Inc. (“K&L Consultants”), LL Consulting Group Inc. d/b/a Billing For You (“Billing For You”), Keepers For You Corp. (“Keeper For You”), and All Network Marketing Corp. (“All Network Marketing”) (collectively, “Shell Companies”).

21. Khaim, Gulkarov, and Israilov also used the Shell Companies to conceal the fact that the proceeds and profits of the PC Defendants flowed to them rather than to the Physician Defendants.

22. The success of this scheme relied on a large base of patients who were eligible to claim reimbursement of their medical and pharmacy expenses under New York’s No-Fault laws.

23. Indeed, the PC Defendants’ and the Pharmacy Defendants’ patient base consisted of persons (i.e., “Claimants”) who were allegedly injured in automobile accidents and therefore eligible for No-Fault coverage under an insurance policy issued by Allstate.

24. As part of this scheme, Allstate Claimants were made to enter into assignment of benefit agreements with the PC Defendants and the Pharmacy Defendants, which gave these providers the right to seek payments directly from Allstate—payments that were funded using the Claimants’ available No-Fault insurance coverage.

25. Following the execution of these assignment of benefit agreements, the PC Defendants billed for a battery of treatments and tests, and the Pharmacy Defendants billed for medications purportedly dispensed and delivered to Allstate Claimants.

26. The PC Defendants and the Pharmacy Defendants sought and collected No-Fault benefit payments directly from Allstate in every case.

27. The Defendants carried out their scheme through the U.S. Mail, which was used repeatedly to submit the PC Defendants’ and the Pharmacy Defendants’ records, bills, and other claim-related documents to Allstate.

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