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PRESS RELEASE

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Medical professionals performed perfunctory exams on longshoreman and filled scripts for narcotics in elaborate scheme to rip off insurance companies

**** 8 individuals participated in the scam, which involved the prescription of painkiller oxycodone****

STATEN ISLAND, NY – Richmond County District Attorney Daniel M. Donovan, Jr., New York City Police Commissioner Raymond W. Kelly, Commissioner Ronald Goldstock of the Waterfront Commission of New York Harbor, Special Agent in Charge Brian Crowell of the U.S. Drug Enforcement Administration’s New York Division (DEA), Chairman Robert Beloten of the New York State Workers’ Compensation Board and Superintendent Benjamin M. Lawsky of the New York State Department of Financial Services announced today the arrests and indictments of nine individuals after a 20-month investigation into insurance fraud, the fraudulent dispensing of prescriptions for controlled substances, sale and possession of oxycodone and gambling.

Targets of the investigation, dubbed “Operation Shore Thing,” include MIHIR BHATT, a pain management doctor; THOMAS E. DINARDO, a chiropractor; STEVEN ALCARAS, NICHOLAS TORNABENE, ROSARIO SAVASTANO and CHRISTOPHER GALASSO, all longshoremen; CHARLES TORNABENE, a laborer, and RITA PATEL, a pharmacist. The investigation also yielded the arrest and indictment of longshoreman JOSEPH FAVUZZA, a known associate of the Colombo crime family who was running an organized gambling operation which involved an Internet gambling site.

“My father worked as a longshoreman, so I grew up knowing the dangers of the job. I can’t imagine how those risks are multiplied when people show up to work high on narcotics. But that is exactly what happened here, longshoremen abusing painkillers prescribed to them by a pill peddling doctor and a crooked chiropractor who conspired to rip off millions from insurance companies in a complex fraud scam. The number of oxycodone pills prescribed by the doctor in this case is a staggering 1,775,703 over four years, enough to cover 7 miles if you placed pill in front of pill. That distance would stretch from Howland Hook to the foot of my office,” said Richmond County District Attorney Daniel M. Donovan, Jr. “This case is a clear example of why we need a national drug database in this country, so that we can track the pill activity in other states and know when our borough is being inundated with over-prescribed painkillers. The one sure result of Operation Shore Thing is that dangerous amounts of oxycodone are no longer illegally flowing through Staten Island. I also want to note that I have the highest regard for the workers who are proud to call themselves longshoremen, and the defendants in this case are an exception to that noble profession.”

NYPD Commissioner Raymond W. Kelly said, “This case is another example of criminals perpetuating and exploiting addiction, at great risk to the public’s safety. It is especially despicable when licensed medical practitioners put profit over others’ welfare. I commend the members of the NYPD’s Organized Crime Investigations Division for their work in bringing the principals of this prescription drug and insurance fraud ring to justice.”

Commissioner Ronald Goldstock of The Waterfront Commission of New York Harbor stated, “The Port is a dangerous place in which to work; those who we register deserve to be protected from co-workers who make decisions and operate machinery under the influence of narcotics and opioids. We will continue to use our investigative, administrative and drug testing authority to remove drug dealers and users from the docks. These arrests and our administrative revocations make even more disturbing the New York Shipping Association and I.L.A.’s unsuccessful attempts to curb the Commission’s enforcement actions regarding drug testing in the Port.”

DEA Special Agent in Charge Brian R. Crowell said, “We allege Dr. Bhatt was a pain pill trafficker who wrote over 11,692 prescriptions for Oxycodone products over a two year period, and through his illegal activities, Dr. Bhatt netted illicit proceeds in excess of \$12 million at the expense of the pain pill and heroin epidemic our communities face. More than 52 million Americans have abused prescription drugs at least once in their life. Visits by individuals to hospital emergency rooms involving the misuse or abuse of pharmaceutical drugs have doubled over the past five years and law enforcement remains vigilant in bringing to justice those drug traffickers responsible for fueling prescription drug abuse with no regard to public health. I commend the men and women from the NYPD, the Waterfront Commission of New York Harbor and the TDS-NY for their diligent investigation.”

Chairman Robert Beloten of NYS Workers’ Compensation Board stated, “The Workers’ Compensation Board protects injured workers against doctors who overprescribe, who don’t provide the treatment they’re billing for, and who keep their patients in the system not for health care but to line their own pockets. People hurt at work deserve the best health care possible, so we’ll continue fighting health care fraud at all levels with all law enforcement agencies to ensure the integrity of the system.”

Benjamin M. Lawsky, Superintendent of the Financial Services, said: “As alleged, this criminal network reaped millions of dollars in illicit profits by trafficking in illegal drugs and engaging in insurance fraud and kickbacks. These arrests help put the brakes on that scheme. The Department of Financial Services thanks District Attorney Daniel M. Donovan, Jr. and all the law enforcement agencies which worked on this investigation.”

“Operation Shore Thing” commenced in March 2012 and included the use of confidential sources, undercover police officers, electronic surveillance and physical surveillance. The scam was perpetrated by defendant BHATT, who engaged in stealing from insurance companies and fraudulently dispensing narcotic drugs under the guise of a pain management enterprise.

Patients paid for the alleged pain management services by using their insurance and received prescriptions for oxycodone based upon perfunctory or nonexistent treatment rendered by BHATT at the NYC Wellness Center at 4870 Hylan Blvd., Staten Island, New York, which is owned and operated by DINARDO, and other locations. BHATT billed insurance companies using his own name and through his business, BMB Medical P.C.

DINARDO would bring patients into his offices, the NYC Wellness Center, and then he and BHATT would direct them to make return office visits, receive chiropractic treatment, magnetic resonance images, nerve conduction tests, and electromyography (“EMGs”), to support a long term insurance billing scheme and the dispensing of oxycodone prescriptions.

These exams, if done at all, were not conducted properly, and were conducted to give the appearance of an examination to justify further billable office visits, dispensing prescriptions for oxycodone, and lengthy workers compensation claims. Participating patients would call to get prescriptions for oxycodone and would receive them in return for billable office visits that did not occur, or which were perfunctory and lasted only an average 3-5 minutes. Insurance companies would then be billed for procedures that took 25, 40, or 60 minutes.

BHATT and DINARDO decided which patients were too risky to see because of possible law enforcement surveillance and instructed members of the enterprise on how to avoid detection by law enforcement. DINARDO employed a lookout to surveil possible law enforcement activities in the vicinity of the NYC Wellness Center. He also flagged patients who presented a risk of exposing his criminal/fraudulent activities due to their age, reputation for talking too much, and likelihood of getting caught in illegal pill related activities. BHATT paid DINARDO monetary compensation, under the guise of rent, for providing the location and patients for the fraud.

BHATT also dispensed prescriptions from his Lyle Place home in Edison, New Jersey, which was not a medical office, while indicating in insurance claims that the prescriptions were generated from office visits occurring in Staten Island. In addition to utilizing NYC Wellness Center, BHATT also perpetrated his fraudulent activities at medical offices located at 456 Arlene St. and 3733 Richmond Avenue in Staten Island, New York, and a location in Queens.

As part of the conspiracy, BHATT billed Connecticut General Life Insurance (“Cigna”) and Empire Blue Cross Blue Shield for services that he did not provide. BHATT also issued prescriptions to ALCARAS, GALASSO, SAVASTANO, NICHOLAS TORNABENE and CHARLES TORNABENE that were paid for, in part, with CVS Caremark insurance.

BHATT would direct patients to use PATEL, of the Shayona Pharmacy at 147 Smith St. in Perth Amboy, New Jersey, to fill their prescriptions. PATEL, in turn, directed BHATT to issue oxycodone prescriptions to patients based upon their insurance coverage so as to maximize the profit of the conspiracy. PATEL also instructed BHATT how to prescribe oxycodone to avoid detection by law enforcement. Further, PATEL would charge BHATT’s patients more than their insurance copayment to fill their oxycodone prescriptions, yielding herself an ill-gained profit.

ALCARAS, a longshoreman, managed appointments and the picking up of prescriptions of oxycodone, for the other, separately indicted longshoremen, who received prescriptions for oxycodone without exams by BHATT or after perfunctory visits to his

offices. ALCARAS communicated with both BHATT and DINARDO about the suitability for inclusion or exclusion of individual longshoreman as patients. ALCARAS also communicated with BHATT and DINARDO when longshoreman were needed at one of BHATT's offices for fraudulent exams to justify further fraudulent billing of insurance companies, or to receive fraudulent doctor's notes to avoid losing their registration as longshoreman.

From on or about and between Feb. 26, 2013, and April 26, 2013, GALASSO filed false instruments with the Waterfront Commission in order to avoid decasualization, which is the process of removing longshoremen from the register based on failure to meet the work requirements. Specifically, ALCARAS and GALASSO requested doctor's notes from BHATT and DINARDO for medical treatment of GALASSO that did not occur, and instructed them on how the notes should be written.

In addition to participating in the insurance fraud, some of the longshoreman also evaded drug tests at work, learning about them beforehand and using devices like prosthetics, cleansing drinks and synthetic urine to try and pass the test. The investigation also uncovered that several of the longshoreman also went to work under the influence of narcotics. NICHOLAS TORNABENE also engaged in selling drugs.

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Recovered during the execution of search warrants were \$3 million in assets, as well as 12 pounds of gold and a quantity of oxycodone.

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This case is being prosecuted by Assistant District Attorney Gabriel McKeen of the Richmond County District Attorney's Office, under the supervision of Assistant District Attorney Amy Legow, Chief of the Investigations Bureau. Also assisting in the prosecution is Assistant District Attorney David Frey, Deputy Chief of the Investigations Bureau.

Participating agencies and investigators were:

- Detective Jeffrey Quod and members of the New York Police Department's Organized Crime Investigation Division, Major Investigations Section team, acting under the supervision of Captain John Dusanenko and Lieutenant Jack Iacovou.
- Detective Ralph Grasso and members of Waterfront Commission New York Harbor Brooklyn Field Office, acting under the supervision of Capt. Jeffrey Heinszen. Also, attorney Jeffrey Kwastel of the Waterfront Commission, who was sworn in as a special ADA to assist in the investigation and indictment.
- Detective Lisa Paskewitz and members of the NYPD Asset Forfeiture Unit and the El Dorado Task Force from Immigrations and Customs Enforcement, acting under the supervision of Sgt. Gary Galitsky and Lieutenant Charles Scalzo. Detective Paskewitz also worked on the Asset Forfeiture Task Force for Homeland Security, acting under the supervision of Shawn Polonet, group supervisor for the Asset Forfeiture Unit, Homeland Security Investigations, New York.
- The DEA's Tactical Diversion Squad which is comprised of agents and officers from the DEA, NYPD, Town of Orangetown, Westchester County Police Department, acting under the direction of DEA Supervisory Special Agent Special Agent in Charge Brian R. Crowell.
- Inspector General Paul D'Emilia of the New York State Workers' Compensation Board. Part of the case was also handled by Pamela Davis and David Regazzi, Office of the Fraud Inspector General, New York State Workers' Compensation Board.
- Senior Investigator Ed Miller and Deputy Chief Investigators Joe Edwards and Anthony Gonzalez of the New York State Department of Financial Services, under the overall supervision of Frauds Bureau Deputy Director Angelo Carbone, Director Frank Orlando and Executive Deputy Superintendent Joy Feigenbaum.
- Brendan Vallely from the Bureau of Narcotics Enforcement, New York State Department of Health.

Also, special thanks to AIG and Emblem Health insurance companies for their cooperation, as well as Cigna, Empire Blue Cross Blue Shield, Aetna and CVS Caremark.

And, credit is to be given to the Middlesex County Prosecutor's Office for assisting in the investigation.

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The charges contained in the indictments are merely allegations, and the defendants are presumed innocent until proven guilty. The defendants are facing various felony counts including enterprise corruption, scheme to defraud, grand larceny, insurance fraud, filing false business records and conspiracy. FAVUZZA is facing several gambling charges.

Mihir Bhatt, 47
Medical Doctor
03/07/1966
22 Lyle Place, Edison, NJ
Arrested 12/17/13 in New Jersey, awaiting extradition
If convicted of the top charge, enterprise corruption, he faces a maximum of 25 years in prison.

Thomas E. Dinardo, 44
Chiropractor
06/16/1969
3755 Amboy Road, SI NY
Arrested and arraigned 12/17/13
Bail set at \$90,000
If convicted of the top charge, enterprise corruption, he faces a maximum of 25 years in prison.

Steven John Alcaras, 42
Longshoreman, assigned to the Brooklyn Cruise Terminal
06/24/1971
759 Katan Ave., SI NY
Arrested and arraigned 12/17/13
Bail set at \$77,500
If convicted of the top charge, enterprise corruption, he faces a maximum of 25 years in prison.

Nicholas Tornabene, 28
Longshoreman, assigned to the New York Container Terminal at Howland Hook
08/01/1985
8217 16th Ave., Brooklyn NY
Arrested and arraigned 12/17/13
Bail set at \$25,000
If convicted of the top charge, criminal sale of a controlled substance in the 3rd degree, he faces a maximum of 9 years in prison.

Charles Tornabene, 28
Laborer
08/01/1985
8217 16th Ave., Brooklyn NY
Arrested and arraigned 12/17/13
Bail set at \$15,000
If convicted of the top charge, insurance fraud, he faces a maximum of 7 years in prison.

Rosario Savastano, 28
Longshoreman, assigned to the Brooklyn Cruise Terminal
02/27/1985
1777 West 12th St, Brooklyn NY
Arrested and arraigned 12/17/13
Bail set at \$15,000
If convicted of the top charge, insurance fraud, he faces a maximum of 7 years in prison.

Christopher Galasso, 29
Longshoreman, assigned to the Brooklyn Cruise Terminal
06/07/1984
456 Fanning St., SI NY
Arrested and arraigned 12/17/13
Bail set at \$15,000
If convicted of the top charge, insurance fraud, he faces a maximum of 7 years in prison.

Joseph Favuzza, 29
Longshoreman, assigned to the New York Container Terminal at Howland Hook (*suspended since 2012 on separate cases*)
10/23/1984
92 Fahy Ave., SI NY
Arrested and arraigned 12/17/13
Bail set at \$5,000
If convicted of the top charge, promoting gambling, he faces a maximum of 4 years in prison.

Rita Patel, 48
Pharmacist
06/20/1965
4 Hauser Lane, Matawan NJ
Arrested 12/17/13 in New Jersey, awaiting extradition
If convicted of the top charge, criminal sale of a prescription for a controlled substance, she faces a maximum of 15 years in prison.

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