

EXHIBIT 2

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

M 12- 201

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UNITED STATES OF AMERICA : TO BE FILED UNDER SEAL

- v. - :

THE PREMISES KNOWN AND DESCRIBED AS : AFFIDAVIT
60 OCEANA DRIVE WEST, APARTMENT 3D, : IN SUPPORT OF
BROOKLYN, NY ("PREMISES #1"); : APPLICATION FOR A
TRISTATE BILLING, 28 DOOLEY STREET, : SEARCH WARRANT
THIRD FLOOR, BROOKLYN, NY ("PREMISES :
#2"); DZ SERVICES, 2626 EAST 14TH, :
BROOKLYN, NY ("PREMISES #3"); 1122 :
CONEY ISLAND AVENUE, SUITE 209, :
BROOKLYN, NY ("PREMISES #4"); 7122 :
BAY PARKWAY, BROOKLYN, NY ("PREMISES :
#5"); NTT MEDICAL PC, 3632 NOSTRAND :
AVENUE, THIRD FLOOR, BROOKLYN, NY :
("PREMISES #6") AND ANY CLOSED :
CONTAINERS THEREIN (COLLECTIVELY, :
"THE SUBJECT PREMISES") :

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STATE OF NEW YORK) ss.:

EASTERN DISTRICT OF NEW YORK,)

MICHAEL D. KELLEY, being duly sworn, deposes and says
as follows:

1. I am currently employed as a Special Agent with the
Federal Bureau of Investigation ("FBI") and I have worked on this
investigation. I have been a Special Agent of the FBI for almost
four years. I am currently assigned to the Eurasian Organized
Crime Squad. Our principal responsibility is to investigate
individuals and organizations engaged in organized crime having
ties to various Eurasian countries. Such crimes include health
care fraud. During my tenure with the FBI, I have participated

in investigations of, among other things, mail fraud, wire fraud, bank fraud, health care fraud, and money laundering in violation of Title 18 of United States Code, Sections 1341, 1343, 1344, 1347, and 1956. During the course of these investigations, I have conducted or participated in wire and electronic surveillance, physical surveillance, the execution of search warrants, and reviews of taped conversations.

2. I make this Affidavit in support of an application for search warrants for the SUBJECT PREMISES, as described below. For the reasons detailed below, there is probable cause to believe that in the SUBJECT PREMISES there exists evidence, fruits, and instrumentalities of crimes in connection with mail fraud, in violation of Title 18, United States Code, Section 1341; health care fraud in violation of Title 18, United States Code, Section 1347; money laundering, in violation of Title 18, United States Code, Section 1956, and racketeering, in violation of Title 18, United States Code, Section 1962(d), and conspiracy to commit the foregoing, (the "TARGET OFFENSES"), among other offenses.

3. The facts in this affidavit are based upon my personal knowledge, as well as conversations I have had with other FBI agents, witnesses, and other individuals involved in this investigation, including investigators with the National

Insurance Crime Bureau ("NICB")¹, and my review of documents, recordings and other evidence as further set forth below. Because this affidavit is made for the limited purpose of obtaining search warrants, I have not set forth each and every fact learned during the course of this investigation. Rather, I have set forth only those facts that I believe are necessary to establish probable cause for the search warrants sought herein. Unless otherwise indicated, where actions, conversations and statements of others are related herein, they are related in substance and in part. Where this affidavit contains items in quotation marks, those quotations are based on draft transcripts and/or translations, and may not be verbatim.

THE SUBJECT PREMISES

4. Based on debriefings of the CW-1 and my discussions with other agents and undercover officers, the SUBJECT PREMISES consist of:

a. PREMISES #1: A multi-story apartment complex, located at 60 Oceana Drive West, Brooklyn, New York, with apartment number 3D. PREMISES #1 is the residence of MICHAEL DANILOVICH, one of the TARGET SUBJECTS discussed herein who operates and controls several of the clinics and SUBJECT PREMISES

¹ I am aware that the NICB is a not-for-profit organization that receives support from property and casualty insurers and that works with insurers and law enforcement agencies to facilitate the detection, investigation and prosecution of insurance fraud.

discussed herein. Other agents have also spoken with a cooperating witness (the "CW-1"),² who has been to the DANILOVICH residence and confirms the location of PREMISES #1. Further, DANILOVICH has been recorded on a Title III wiretap admitting that PREMISES #1 is his residence. As recently as February 25, 2012, I confirmed with the United States Postal Service that DANILOVICH receives correspondence at this address on a regular basis.

b. PREMISES #2: The offices of TriState Billing, located at 28 Dooley Street, Third Floor, in Brooklyn, New York, off of Emmons Avenue, which handles the billing and collection for some of the clinics discussed herein. PREMISES #2 consists of the entire third floor. As one exits the third floor elevator the only office is TriState Billing. The elevator button for the third floor is also clearly labeled "TriState Billing." To date, I and other agents have conducted surveillance of the exterior of PREMISES #2, most recently on February 1, 2012. On the same date, CW-1 also engaged in a consensual recording with some of the TARGET SUBJECTS at PREMISES #2, confirming that PREMISES #2

² CW-1 pleaded guilty on February 22, 2012, to an Information charging him with RICO conspiracy, health care fraud, mail fraud, and money laundering, pursuant to a cooperation agreement. As set forth herein, CW-1's information has proven truthful, has been corroborated by independent evidence, and is entirely consistent with my own knowledge and experience in the operation of no-fault insurance fraud schemes. In short, other FBI agents and I have found CW-1 to be truthful and credible.

was a billing office.

c. PREMISES #3: The offices of DZ Services, located at 2626 East 14th Street, in Brooklyn, New York, which also handles the billing and collection for some of the clinics discussed herein. PREMISES #3 is located in the basement level of a commercial building, and the office is clearly labeled as "DZ Services" with a white plaque with black lettering. To date, I and other agents have conducted surveillance of the exterior of PREMISES #3, most recently on February 14, 2012. On that same date, CW-1 also engaged in a consensual recording with the office manager at PREMISES #3, confirming that PREMISES #3 was a billing office.

d. PREMISES #4: A billing office located at 1122 Coney Island Avenue, Suite 209, in Brooklyn, New York, which is owned by Andrey ANIKEYEV, who handles the billing and collection for some of the clinics discussed herein. PREMISES #4 is located in Suite 209 on the second floor. As one exits the second floor elevator PREMISES #4 is clearly marked "Suite 209" on the door leading into the suite. To date, I and other agents have conducted surveillance of the exterior of PREMISES #4, most recently on February 6, 2012. On that same date, CW-1 also engaged in a consensual recording with some of the TARGET SUBJECTS at PREMISES #4, confirming that PREMISES #4 was a billing office.

e. PREMISES #5: An office located at 7122 Bay Parkway, in Brooklyn, New York, which is owned by Gregory MIKHALOV, who also handles the billing and collection for some of the clinics discussed herein. To date, I and other agents have conducted surveillance of the exterior of PREMISES #5, most recently on February 14, 2012. Surveillance reveals that this office is located inside the Law Offices of Olga Sylyut. On February 14, 2011, CW-1 also engaged in a consensual recording with a TARGET SUBJECT immediately outside PREMISES #5, confirming that PREMISES #5 was a billing office. PREMISES #5 is specifically limited to the office space belonging to MIKHALOV, to the extent it is clearly discernable, and expressly excludes the remainder of the law office and legal files.

f. PREMISES #6: NTT Medical PC, a medical clinic located at 3632 Nostrand Avenue, Third Floor, in Brooklyn, New York ("NTT Clinic"). PREMISES #6 consists of the entire third floor. As one arrives on the third floor the only business is NTT Clinic. To date, I and other agents have conducted surveillance of the exterior of the NTT Clinic, most recently on November 9, 2011. I have also spoken with an undercover officer ("UC-1") who received treatment at PREMISES #6 from approximately September 2011 to November 2011.

BACKGROUND TO THE INVESTIGATION

5. Based on my own experience and my conversations

with agents and investigators who are also experienced in investigating no-fault insurance fraud, I have learned that:

a. Pursuant to New York State Law, every vehicle registered in New York State is required to have no-fault automobile insurance, which enables the driver and passengers of a vehicle registered and insured in New York State to obtain benefits of up to \$50,000 per person for injuries sustained in an automobile accident, regardless of fault (the "No-Fault Law"). The No-Fault Law requires payments for medical treatments to be made promptly, thereby obviating the need for vehicle occupants (the "Patients") to file personal injury lawsuits in order to be reimbursed for medical treatment. Under the No-Fault Law, the Patients can assign their right to reimbursement from an insurance company to others, including, but not limited to, medical clinics that provide medical services to treat their injuries. If such an assignment were made, the medical clinics, or their agents, would bill the insurance company directly for services rendered and receive payments directly from the insurance company. Typically, insurance companies compensate the medical practitioners at a fixed rate for various medical services performed on these accident victims. In order to obtain damages separate from the \$50,000 allowed by the No-Fault Law, a Patient can file a personal injury claim and/or lawsuit in order to show that the occupant sustained a "serious injury," as

defined by New York State Law, as a result of the accident.

b. Pursuant to New York State Law, all medical clinics in New York State must have been incorporated, owned, operated, and/or controlled by a licensed medical practitioner in order to be eligible for reimbursement under the No-Fault Law. Insurance companies would deny all billings for medical treatments from a medical clinic that was not actually owned, operated and controlled by a licensed medical practitioner.

c. In order to take advantage of the patient-friendly provisions of the No-Fault Law, numerous medical clinics were created solely to defraud insurance companies under the No-Fault Law (the "No-Fault Clinics"). While purporting to be legitimate medical care clinics specializing in treating the Patients, the No-Fault Clinics were, in fact, medical fraud mills that routinely billed automobile insurance companies under the No-Fault Law for medical treatments that were either (i) never provided and/or (ii) unnecessary, because the Patient did not medically need the treatments.

d. The No-Fault Clinics were not actually owned, operated, and controlled by a licensed medical practitioner; instead, the true owners, operators, and controllers of the No-Fault Clinics are individuals who were not licensed medical practitioners and who were not identified on documents filed with

New York State authorities (the "No-Fault Clinic Controllers").³ The No-Fault Clinic Controllers, among other things, paid a fee and/or salary to licensed medical professionals (the "No-Fault Doctors") so that the No-Fault Doctors would (1) incorporate a professional corporation under which a No-Fault Clinic could bill insurance companies; (2) open a bank account for the Clinic; (3) sign the lease for the Clinic property; (4) sign the Clinic's bills for treatments under the No-Fault Law; and/or (5) make the excessive and unnecessary prescriptions and referrals for additional treatments and medical supplies to other fraudulent medical clinics. In addition, the No-Fault Clinic Controllers, among other things, invested the initial funds to establish the No-Fault Clinics; identified the locations for the Clinics; negotiated the rent for the Clinics' leases; sourced and paid for the Clinics' equipment; arranged for Patients to receive treatment; and/or received most, if not all, of any proceeds from the No-Fault Clinics.

e. Furthermore, the No-Fault Clinic Controllers arranged for other similarly fraudulently incorporated entities

³ This "fraudulent incorporation" of the medical clinics is a fraud unto itself. Insurance companies do not and would not make any payments billed to them by a medical clinic that is not owned, operated and controlled by the incorporating medical professional. See State Farm v. Mallela, 4 N.Y. 3rd 313 (2005). No-Fault Doctors can also be referred to as a "front" doctor to claim paper ownership of a clinic, but the true operators of the clinic are the No-Fault Clinic Controllers - the managers - who coordinate the fraud.

to provide excessive and unnecessary medical treatments based on referrals from the No-Fault Doctors (the "Modality Clinics"). The Modality Clinics provided additional medical treatments and supplies, which were fraudulently billed to the automobile insurance companies. These additional treatments included, but were not limited to, acupuncture, chiropractory, physical therapy, neurology, psychology, magnetic resonance imagings ("MRIs"), x-rays, range of motion, outcome assessment, functional capacity, pain management, orthopedics, audiology, manipulation under anesthesia, and durable medical equipment ("DME"), among others. In return, the No-Fault Clinic Controllers received cash kickbacks for each referral from other individuals who fraudulently owned, operated and controlled the Modality Clinics (the "Modality Clinic Controllers"). Similar to the No-Fault Clinics, many of the Modality Clinics were fraudulently incorporated by licensed medical practitioners who did not own, operate and/or control the Modality Clinics (the "Modality Professionals").

f. In order to increase the number of medical treatments that could be billed to victim-insurance companies and referred to Modality Clinics, the No-Fault Clinic Controllers used individuals who recruited Patients to the No-Fault Clinics (the "Runners"). The No-Fault Clinic Controllers generally paid the Runners between \$2,000 and \$3,000 per Patient referral. The

amount of the cash kickback depended on the quality of the police accident report and the quality of the insurance company. Often, the Runners coached the Patients about which fake injuries they should claim to the No-Fault Doctors in order to support additional treatments.

g. The No-Fault Clinic Controllers also referred the Patients to personal injury lawyers (the "Lawyers") so that the Lawyers could file personal injury claims and lawsuits on behalf of the Patients to obtain additional funds separate and apart from the \$50,000 available to each Patient under the No-Fault Law. In return, the Lawyers and the No-Fault Clinic Controllers entered into kickback arrangements, which included, but were not limited to, a common arrangement in which the Lawyers paid approximately \$1,000 for each patient referral from a No-Fault Clinic Controller. Often, the Lawyers encouraged the Patients to receive more treatments to support their personal injury case.

h. In order to handle the significant number of bills and paychecks, some members of the scheme established billing and collection companies, usually under the auspices of a law office. These entities handle all of the paperwork for No-Fault Clinics, and also deal with any disputes or arbitration that arise from the fraudulent billing. In order to manage the billing and collections for the clinics, the members of the

scheme often obtain signature stamps from the incorporating medical professionals for the clinics so that they can bypass the step needed to get the signature of the licensed medical professional. In truth, the members of the scheme who operate the billing and collections entities actually control the clinics, so the signature stamp is a necessary piece of equipment to effectively perpetuate the fraud.

MONEY LAUNDERING SCHEME

6. Based on debriefings of the CW-1 and my discussions with other agents, I have also learned the following:

a. In order to maintain and promote the operation of the no-fault insurance fraud scheme, the No-Fault Clinic Controllers and Modality Controllers (collectively, the "Clinic Controllers") continuously reinvested a portion of the proceeds of the no-fault fraud scheme back into the scheme. Generally, criminal proceeds in the form of checks were mailed from victim-insurance companies to the Clinic Controllers and then deposited into the bank accounts of the No-Fault Clinics and the Modality Clinics (the "No-Fault Clinic Accounts" and the "Modality Clinic Accounts," respectively, and collectively, the "Clinic Accounts"). Although the signatories on the Clinic Accounts were the No-Fault Doctors and modality professionals who had incorporated the professional corporations for the No-Fault Clinics and Modality Clinics, the Clinic Accounts were actually

controlled by the Clinic Controllers. The Clinic Controllers paid fees and salaries to the No-Fault Doctors and modality professionals from the Clinic Accounts for their role in the no-fault insurance scheme.

b. In addition, as described above, the Modality Clinic Controllers paid kickbacks to the No-Fault Clinic Controllers in return for patient referrals. The Modality Clinic Controllers paid a portion of the kickback money to the No-Fault Clinic Controllers by providing checks to the No-Fault Clinic Accounts that were often falsely characterized as "rent" payments for the use of space at the No-Fault Clinics by the Modality Clinics. These "rent" checks had the dual purpose of satisfying some of the monies owed for kickbacks and also falsely representing to the victim-insurance companies that the business relationship between the No-Fault Clinics and the Modality Clinics was legitimate. Additionally, other expenses of the No-Fault Clinics, such as rent and utilities, were sometimes paid directly out of the Modality Clinic Accounts as an additional means of making kickback payments to the No-Fault Clinic Controllers. Finally, on some occasions, the Modality Clinic Controllers paid a portion of the kickbacks owed to the No-Fault Clinics Controllers by structuring checks of less than \$10,000 to the No-Fault Clinic Controllers, who, among other things, provided some these checks to check cashers to generate cash, as

described below.

c. In order to generate cash from the scheme to satisfy their various kickback obligations, the Clinic Controllers often used check cashers in order to both conceal the source of the proceeds and to reinvest the proceeds into the scheme. Often, the Clinic Controllers wrote blank checks from the Clinic Accounts in amounts structured to be less than \$10,000, and provided them to individuals who would cash these checks with a check casher for a fee and return the remainder of the funds in cash to the Clinic Controllers. The Modality Clinic Controllers then used this cash to pay the No-Fault Clinic Controllers to satisfy the money owed for patient referrals, and, in turn, the No-Fault Clinic Controllers paid the Runners in cash for referring accident patients to the No-Fault Clinics.

d. In addition, the Clinic Controllers extracted proceeds of the scheme by concealing the source of those proceeds. First, after depositing checks from victim-insurance companies into the Clinic Accounts, the Clinic Controllers directed checks to be written from the Clinic Accounts to certain shell companies controlled by the Clinic Controllers (the "Controller Shell Companies"). Money from the Controller Shell Companies would then be used to pay for various personal expenses including, among other things, car payments and credit card bills. Second, as described above, the Clinic Controllers used

check cashers to convert proceeds of the scheme into cash, some of which they kept.

NO-FAULT INSURANCE FRAUD
BY THE TARGET SUBJECTS AT THE SUBJECT PREMISES

7. As explained below, there is probable cause to believe that MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlin," a/k/a "Russian Mike," a/k/a "Mike Z," a/k/a "Zem," MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," YURIY ZAYONTS, a/k/a "KGB," MIKHAIL KREMERMANN, MATTHEW CONROY, MICHAEL BARUKHIN, a/k/a "Barkin," a/k/a "Mike B," MIKHAIL OSTRUMSKY, a/k/a "Skinny Mike," BORIS TREYSLER, a/k/a "Borya," ANDREY ANIKEYEV, VLADIMIR GRINBERG, and GREGORY MIKHALOV, and others known and unknown (the "TARGET SUBJECTS") have committed and are committing some or all of the TARGET OFFENSES, and that PREMISES #2 through #6 are locations from which they commit those crimes. In addition, there is probable cause to believe that DANILOVICH maintains records related to the TARGET OFFENSES at PREMISES #1, and also uses PREMISES #1 to store proceeds from those crimes and to further his criminal activities.

8. The following information relating to the TARGET SUBJECTS and the SUBJECT PREMISES is based in part on ten months of Title III wiretaps on four cellphones associated with some of the TARGET SUBJECTS, my review of some of those interceptions, my conversations with a cooperating witness, as well as my conversations with other law enforcement agents who have spoken

with two other cooperating witnesses, NICB investigators, my conversations with undercover agents, as well as my review of audio and video recordings made by the undercover agents, patient testimony, various documents related to the No-Fault Clinics, and bank records and other financial documents.

9. Based on information provided by CW-1, I and other agents have learned the following:

a. Since approximately December 2007, CW-1 has been the owner, controller, and/or manager of four No-Fault Clinics that operate or operated as no-fault medical fraud mills in Brooklyn and Queens, New York. These are: Maguire Medical Practice, P.C., 3858 Nostrand Avenue, Brooklyn, NY ("Maguire Medical"); McGuire Medical, P.C., 153-25 Hillside Avenue, Queens, NY ("McGuire Medical"); Joseph Vitoulis, DO, P.C., 2034 Atlantic Avenue, Brooklyn, NY ("the "Atlantic Avenue Clinic"); and Modern Medical Solutions, P.C., 150-11 Hillside Avenue, Queens, NY ("Modern Medical").

b. CW-1 has recruited and paid No-Fault Doctors to incorporate these medical clinics, paying these doctors salaries anywhere from \$2,000 per week, to \$6,000 a month, or up to ten percent of the No-Fault Clinic's profits.

c. Through the No-Fault Clinics, CW-1 would refer patients for neurological testing to Modality Clinics controlled by ZAYONTS and KREMERMAN, two of the TARGET SUBJECTS,

who would pay the CW-1 \$200 per test in cash kickbacks on a bi-weekly basis. ZAYONTS and KREMERMAN would also pay the CW-1 a \$1,000 "rent" check to disguise their relationship as legitimate, when the "rent" was actually a disguised kickback payment to the CW-1.

d. CW-1 would also refer patients for MRI's to clinics controlled by DANILOVICH, ZEMLYANKSY, and BARUKHIN, also TARGET SUBJECTS. CW-1 was paid \$200 in cash kickbacks for every MRI treatments for a patient with an insurance company that easily paid out insurance claims, and \$100 per test for a patient with an insurance company that was difficult to collect from.

e. In April 2009, after CW-1 had been referring patients for MRI's to clinics controlled by DANILOVICH, ZEMLYANKSY, and BARUKHIN, DANILOVICH and ZEMLYANKSY approached the CW-1 and suggested that they open a No-Fault Clinic together. During these negotiations, DANILOVICH told CW-1 that DANILOVICH had previously operated a medical clinic and had contacts with runners. The three subsequently opened the Atlantic Avenue Clinic, a No-Fault Clinic, using a straw doctor to incorporate the clinic, who was "familiar" with the referral process, namely, that he would have to refer patients to MRI facilities, range of motion testing, chiropractors, acupuncturists, x-ray tests, pain management care, neurology testing, psychological testing, orthopedic testing, and medical supplies.

f. The kickback scheme applied to the majority of referrals. For example, acupuncture treatments generally resulted in \$16 per patient in cash kickbacks; range of motion tests resulted in \$75 cash kickbacks per test; x-rays (which were taken in a roving truck outside one of the No-Fault Clinics) resulted in \$25 cash kickbacks per scan; and psychological testing resulted in \$250 cash kickbacks per patient, along with a "rent" check of \$500 a month.

g. The Atlantic Avenue Clinic, which CW-1 owned and controlled along with DANILOVICH and ZEMLYANSKY, also obtained durable medical equipment ("DME") from several suppliers, which purchased equipment from Chinese wholesalers and fraudulent invoices were then created to show insurance companies for billing. This arrangement generally resulted in \$150 in cash kickbacks for the first and second set of supplies, \$75 to \$150 for a whirlpool, and anywhere from \$75 to \$200 for neck and/or back equipment. Every patient was given DME, regardless of medical necessity.

h. With respect to the Modern Medical Clinic that CW-1 opened, CW-1 stated that he received approximately \$10,000 in cash kickbacks every two weeks from chiropractor referrals. Neurology referrals resulted in \$25,000 in cash kickbacks every month.

i. In order to keep track of the referrals

provided to various Patients, the No-Fault Clinic Controllers and managers maintain ledgers with columns for other Modality Clinics and Lawyers. These ledgers are either kept in a notebook on a computer and often saved on a thumb drive. CW-1 has provided ledgers to the FBI for three of the No-Fault Clinics he controlled, including one by thumb drive.

j. According to CW-1, DANILOVICH, ZEMLYANKSY, and BARUKHIN control approximately 10 to 15 acupuncture and Modality Clinics that work with various medical clinics, all of which were billed through the Law Office of Gerard Tanella ("Tanella Law Office"). CW-1 indicated that DANILOVICH, ZEMLYANSKY and BARUKHIN shut down the Tanella Law Office in the Fall of 2011 and moved their billing and collections operation to PREMISES #3.

10. I and other agents have been able to corroborate instances of fraudulent conduct as reported by the CW-1. For example:

a. I have reviewed the content of at least approximately eight witness statements and Examinations Under Oath ("EUOs") or summaries of EUOs of patients who were treated at the four clinics owned by CW-1. EUOs are interviews, typically of Patients, conducted under oath by insurance companies suspicious of fraudulent billing. In these EUOs, Patients have generally stated, in sum and substance, that they

were referred to the No-Fault Clinics by Runners and that they did not receive treatments as claimed on their behalf by the clinics. Certain of the Patients also stated that they were issued DMEs without ever requesting it or needing it. A review of Patient debriefings, in addition to documentary evidence of bills submitted by the clinics and modality providers for those Patients, provide evidence of overbilling and the provision of medically unnecessary tests.

b. At least two Patients admitted to having received \$500 in payments from Runners in order to induce them to receive treatment and as an incentive for them to continue with the treatment.

c. Another cooperating witness ("CW-2"), who was arrested in a large health care fraud case in the Southern District of New York in the Fall of 2010, and who recently pled guilty to health care fraud (no-fault), securities fraud, money laundering and mortgage fraud pursuant to a cooperation agreement, corroborates CW-1's information relating to the structure of the No-Fault scheme, ZEMLYANSKY and DANILOVICH's ownership of MRI facilities, and their payment of kickbacks per test.

Probable Cause as to the Subject Premises

11. With respect to PREMISES #1:

a. CW-1 has previously been to DANILOVICH's

residence on two separate occasions, where he has seen DANILOVICH maintain documents and items pertaining to the No-Fault fraud scheme. CW-1 last visited the PREMISES #1 in approximately February of 2011. Specifically, CW-1 reports that DANILOVICH maintains thumb drives containing patient ledgers, pre-paid phones, and other information relating to the No-Fault fraud scheme inside of a belt pack which he keeps either on his person or at his residence. CW-1 also reports that as recently as December 2011, CW-1 observed DANILOVICH wearing his belt pack and retrieve a cell phone from that belt pack.

b. On February 25, 2012, I confirmed with the United States Postal Service that DANILOVICH receives correspondence at PREMISES #1 on a regular basis.

12. With respect to PREMISES #2:

a. CW-1 reports that he knows that ZAYONTS and KREMERMAN maintain their billing for their Modality Clinics at PREMISES #2. CW-1 knows this, in part, because CW-1 has met with ZAYONTS and KREMERMAN at that location on several occasions, most recently on February 1, 2012. In fact, CW-1 reports that he received kickbacks from the Modalities controlled by ZAYONTS and KREMERMAN at PREMISES #2.

b. Yet another cooperating witness ("CW-3"), who was arrested on bank fraud charges, confirms that CW-3 regularly cashed checks for ZAYONTS, and that ZAYONTS controls a business

location at 28 Dooley Street (PREMISES #2) which is involved in billing.

13. With respect to PREMISES #3:

a. CW-1 participated in a consensual recording inside of the premises, on February 14, 2012, with Diana Zaidman, the office manager of DZ Services (and who also was the office manager at the Tanella Law Office), who discussed billings previously issued by the Tanella Law Office which related to clinics owned by CW-1, as well as DANILOVICH, ZEMLYANKSY and BARUKHIN. All such billing is processed through PREMISES #3.

14. With respect to PREMISES #4:

a. CW-1 reports that he knows that ANIKEYEV conducts billing for the Modality Clinics that ANIKEYEV controls out of PREMISES #4.

b. On February 6, 2012, CW-1 participated in a consensual recording inside ANIKEYEV's office at PREMISES #4. During that recording, ANIKEYEV tells CW-1 that ANIKEYEV knows that ZAYONTS and KREMERMAN (owners of Modality Clinics paying kickbacks to CW-1) "want to continue" and that they had visited ANIKEYEV with an offer. During that same conversation, ANIKEYEV tells the CW-1 that law enforcement has zeroed in on his office and that the best thing to do is to move the accounts elsewhere. ANIKEYEV also discusses giving treatments for 16 minutes so two 15 minute treatments can be billed.

15. With respect to PREMISES #5:

a. During a consensual recording between CW-1 and MIKHALOV (owner of PREMISES #5), on January 10, 2012, while discussing that some individuals at the Atlantic Avenue Clinic believed that the clinic "gets constantly ripped off," MIKHALOV tells CW-1 that those individuals can be brought over to "7122 Bay Parkway," (i.e., PREMISES #5), where MIKHALOV is everyday, and where MIKHALOV can look in his computer and refer to any papers. MIKHALOV further makes the point that nobody can say he "cheated" them and tells CW-1 that he should understand MIKHALOV as CW-1 is in the business too.

b. CW-1 participated in another consensual recording immediately outside PREMISES #5 with MIKHALOV, on February 14, 2012, who admitted to conducting billing of the fraudulent Modality Clinics that he controls from PREMISES #5.

16. With respect to PREMISES #6:

a. CW-1 reports that TREYSLER and OSTRUMSKY were the owners and controllers of the NTT Clinic (PREMISES #6), as well as Community Medical, a medical clinic located at 5006 Avenue N, in Brooklyn, New York, at the corner of Utica Avenue ("Utica Clinic"). The Utica Clinic was later taken over by DANILOVICH and ZEMLYANSKY and was recently closed. CW-1 reports that DANILOVICH and ZEMLYANSKY used to handle the billing and collection related to PREMISES #6 and the Utica Clinic through

the Tanella Law Office⁴, but these are now run through DZ Services (PREMISES #3).

b. CW-3 corroborates CW-1's understanding of who owns NTT Medical and the relationship between TREYSLER and OSTRUMSKY.

c. An undercover officer, posing as a patient, received treatments over a period of three months between September 2011 and November 2011 and captured video and audio recordings of the treatment sessions he received at NTT Clinic.⁵ The video recordings show that the treatments were extremely cursory - some as short as 15 seconds - and often overlapped, while the billing records show that the insurance companies were billed for full treatments for both undercover officers.

d. During a consensual recording, on October 21, 2011, between OSTRUMSKY (owner of NTT Medical, PREMISES #6) and a Runner, OSTRUMSKY and the Runner confirmed that the Runner told a Patient (who was actually an undercover agent) to complain about more injuries at OSTRUMSKY's direction.

17. Interceptions pursuant to the Title III wiretaps, obtained between October 2010 and July 2011, corroborate (1) the

⁴ The Tanella Office is now closed and is not located at PREMISES #6, nor PREMISES #3.

⁵ A second undercover officer also received treatments and conducted consensual recordings and video footage at the Utica Clinic before it closed.

structure and operation of the No-Fault Insurance Fraud Scheme; (2) ZEMLYANSKY, DANILOVICH, and BARUKHIN's control over, and participation in billing and collections for, various Modality Clinics and a No-Fault Clinic through a law firm; and (3) ZEMLYANSKY, DANILOVICH, TREYSLER, and the CW-1's management of No-Fault Clinics and Modality Clinics. Here are a few examples:

a. In late October 2010, DANILOVICH, ZEMLYANSKY, and CONROY engaged in a series of conversations about a certified acupuncturist under whose name DANILOVICH and ZEMLYANSKY had opened a number of professional corporations for their Modality Clinics. The calls demonstrate that DANILOVICH, ZEMLYANSKY, and CONROY are all fully aware that professional corporations are regularly opened in the names of treatment providers who do not control or operate the clinics. The conversations further reveal a coordinated response to ensure that a possible investigation of the treatment providers does not lead to a wider investigation into the No-Fault fraud or other No-Fault Clinics or Modality Clinics.

b. On December 23, 2010, Diana Zaidman, who at the time was the office manager of the Tanella Law Office (and who is now the office manager of DZ Services (PREMISES #3)), spoke on the phone with DANILOVICH, Zaidman told DANILOVICH that a woman named "Florence" "brought over a check for Clearview [a Modality Clinic] that was settled. She is owed 101." Zaidman

asks DANILOVICH if she "should write her a check from Tanella." DANILOVICH told Zaidman he would deal with it later, but that the check "has to be from Clearview." This indicates DANILOVICH's awareness of the different purposes different checks have in the scheme, and that the PC bank account must write a check related to that PC.

c. On or about May 3, 2011, ZEMLYANSKY received an incoming call from Lynda Tadder, who told ZEMLYANSKY that "Dr. Thomas [the Utica Clinic doctor who appears as owner] just called her" and told her "that he doesn't want to associate himself with any of the criminal element because he has a little daughter to raise. He cannot risk his life and his freedom and he needs to speak to you and Mike [DANILOVICH]. . . ." ZEMLYANSKY responded that he would meet with [Dr. Thomas] at 12 o'clock in the office.

d. On March 23, 2011, DANILOVICH called TREYSLER and told TREYSLER that DANILOVICH needed to "give Dr. Levin [the NTT Medical Clinic doctor] two papers to sign." TREYSLER responded that "the doctor" was working today. Later in the conversation, TREYSLER told DANILOVICH that TREYSLER would come pick up the papers from DANILOVICH.

18. Documents of incorporation with the New York Department of State (as required by New York State Law) for all (or nearly) all of the No-Fault Clinics and Modality Clinics, reflect that each of the clinics at issue herein was incorporated

solely by a licensed medical professional in the field in which that clinic operated, and that there were no other directors, officers or signatories. The No-Fault Doctors signed these incorporation documents, certifying that they were the sole shareholder of the professional corporation. The names or identities of the No-Fault Clinic Controllers and the Modality Clinic Controllers discussed herein appeared nowhere on any of these incorporation documents.

19. Financial records show the flow of money, from victim-insurance company, to accounts associated with Modality Clinics, to No-Fault Doctors, and numerous examples of kickbacks in the form of payments for utilities, as well as large checks and transfers to shell companies known to be operated by various TARGET SUBJECTS.

20. From my review of documents prepared by the NICB, and my discussions with NICB investigators and other agents, I am aware that the clinics involved in this scheme have billed in excess of \$275,000,000 since at least approximately December 2007.

21. Based on the above, there is probable cause to believe that TARGET SUBJECTS and their co-conspirators have operated and continue to operate this no-fault insurance fraud scheme out of the PREMISES #2 through #6, including paying off Runners, contacting Patients to come in for unnecessary

treatments, creating and falsifying Patient treatment records, contacting attorneys, and preparing and maintaining billing records for the fraud, among other activities. There is probable cause to believe that DANILOVICH keeps records and proceeds related to this insurance fraud scheme at PREMISES #1, his residence.

REQUEST TO SEARCH THE SUBJECT PREMISES

22. Based on my training and experience and participation in this investigation, including my familiarity with extensive debriefings of CW-1, I know that individuals who commit mail fraud, health care fraud, and money laundering often have documentary records of those activities, such as medical billing records, ledgers, bank records, signature stamps, and checks or other financial instruments. I also know that those individuals often keep records of their activities on computers, including laptop computers and thumb drives. Those documents and records may provide information about those persons, the crimes themselves, as well as information about the execution of the schemes.

23. Based upon my experience and training and participation in this investigation, I know that persons who commit fraud often have records and equipment relating to their fraudulent activities at their home. In particular, in this case, the CW-1 has indicated that DANILOVICH maintains a large

amount of information relating to the No-Fault scheme on his person and in his home, including thumb drives with ledgers saved to them.

24. Based on my training and experience, and on conversations that I have had with other agents, I am familiar with the practices and methods of persons who commit health care fraud and money laundering and their reliance on computer technology to commit the criminal offenses. Such individuals often create and maintain records relating to the conduct, including correspondence, invoices, ledgers, bank account and financial information, and the names of victims and coconspirators on electronic databases on computers, stored in electronic or magnetic form. Based on this information, and on the facts set forth above, there is probable cause to believe that computer-related equipment that may contain evidence of the crime described above may be found at the SUBJECT PREMISES.

25. Based upon my experience and training, I know that persons who commit the TARGET OFFENSES frequently have records of their activities and items that enable them to conduct their activities, including but not limited to:

1. Bank account information;
2. Records of financial transactions, including but not limited to records of any payments made to the clinic or individuals associated with the clinic,

- or by the clinic to contractors, vendors, or other entities, for services provided to the clinic;
3. Corporate records;
 4. Records of insurance and medical billings;
 5. Records of medical treatment and tests provided, and other records related to patient care - including ledgers documenting such treatment;
 6. Durable medical equipment and other medical supplies and related documents;
 7. Signature stamps;
 8. Identifying information of doctors, patients, and co-conspirators;
 9. Identifying information of medical clinics and other medical facilities;
 10. Calendars and patient appointment records;
 11. Cellphones;
 12. Notes and correspondence relating to medical billing, equipment, and treatment;
 13. Checks, cash, and other financial instruments;
 14. Records evidencing use or ownership of the SUBJECT PREMISES, such as title information;
 15. Records, in whatever form, of personal and business activities relating to the operation and ownership of the computer systems, such as

telephone records, notes, books, diaries, and reference materials;

16. Records, in whatever form, pertaining to accounts held with Internet Service Providers or of Internet use;

17. As used above, the terms records, documents, programs, applications or materials include records, documents, programs, applications or materials created, modified or stored in any form, including electronic media;

18. In order to search for the items described above that may be maintained in electronic media, law enforcement personnel seek authorization to search, copy, image and seize the following items for either on site or off site review:

- A. Any computer equipment and storage device capable of being used to commit, further or store evidence of the TARGET OFFENSES;
- B. Any computer equipment used to facilitate the transmission, creation, display, encoding or storage of data, including word processing equipment, modems, docking stations, monitors, printers, plotters, encryption devices, and optical scanners;

- C. Any magnetic, electronic or optical storage device capable of storing data, such as floppy disks, hard disks, tapes, CD-ROMs, CD-R, CD-RWs, DVDs, optical disks, printer or memory buffers, smart cards, PC cards, memory calculators, electronic dialers, electronic notebooks, and personal digital assistants;
- D. Any documentation, operating logs and reference manuals regarding the operation of the computer equipment, storage devices or software;
- E. Any applications, utility programs, compilers, interpreters, and other software used to facilitate direct or indirect communication with the computer hardware, storage devices or data to be searched;
- F. Any physical keys, encryption devices, dongles and similar physical items that are necessary to gain access to the computer equipment, storage devices or data;
- G. Any passwords, password files, test keys, encryption codes or other information necessary to access the computer equipment, storage devices or data; and

H. Files, records, programs, logs, electronic communications, scanning programs, financial records, hacking software, and router configuration software.

26. In light of the foregoing, I respectfully submit that the SUBJECT PREMISES likely contain evidence, fruits, and/or instrumentalities of the TARGET OFFENSES. Thus, based on the information contained in this affidavit and my personal observations, training, and information related to me by other law enforcement officers, there is probable cause to believe that evidence in violation of the TARGET OFFENSES will be found inside the SUBJECT PREMISES.

SEARCHES AND SEIZURES OF COMPUTER SYSTEMS

27. Based upon my training and experience and information related to me by agents and others involved in the forensic examination of computers, I know that computer data can be stored on a variety of systems and storage devices including hard disk drives, floppy disks, compact disks, thumb drives, magnetic tapes and memory chips. I also know that during the search of the SUBJECT PREMISES it is not always possible to search computer equipment and storage devices for data for a number of reasons, including the following:

a. Searching computer systems is a highly technical process which requires specific expertise and

specialized equipment. There are so many types of computer hardware and software in use today that it is impossible to bring to the search site all of the necessary technical manuals and specialized equipment necessary to conduct a thorough search. In addition, it may also be necessary to consult with computer personnel who have specific expertise in the type of computer, software application or operating system that is being searched.

b. Searching computer systems requires the use of precise, scientific procedures which are designed to maintain the integrity of the evidence and to recover "hidden," erased, compressed, encrypted or password-protected data. Computer hardware and storage devices may contain "booby traps" that destroy or alter data if certain procedures are not scrupulously followed. Since computer data is particularly vulnerable to inadvertent or intentional modification or destruction, a controlled environment, such as a law enforcement laboratory, is essential to conducting a complete and accurate analysis of the equipment and storage devices from which the data will be extracted.

c. The volume of data stored on many computer systems and storage devices will typically be so large that it will be highly impractical to search for data during the execution of the physical search of the SUBJECT PREMISES.

d. Computer users can attempt to conceal data

within computer equipment and storage devices through a number of methods, including the use of innocuous or misleading filenames and extensions. For example, files with the extension ".jpg" often are image files; however, a user can easily change the extension to ".txt" to conceal the image and make it appear that the file contains text. Computer users can also attempt to conceal data by using encryption, which means that a password or device, such as a "dongle" or "keycard," is necessary to decrypt the data into readable form.

e. In light of these concerns, I hereby request the Court's permission to search, copy, image and seize the computer hardware (and associated peripherals) that are believed to contain some or all of the evidence described in the warrant, and to conduct an off-site search of the image or hardware for the evidence described.

ITEMS TO BE SEIZED FROM THE SUBJECT PREMISES

28. The evidence, fruits and instrumentalities of the offenses described in the Affidavit that may be seized from the SUBJECT PREMISES include the items listed in Attachment A.

CONCLUSION

WHEREFORE, I respectfully submit that:

a. There is probable cause to believe that the TARGET SUBJECTS have committed and continue to commit the TARGET OFFENSES.

b. There is probable cause to believe that the TARGET SUBJECTS are using the SUBJECT PREMISES in connection with the commission of the TARGET OFFENSES.


c. There is probable cause to believe that the items sought in Attachment A to this Affidavit will be found at the SUBJECT PREMISES.

WHEREFORE, I respectfully request that the Court issue a warrant as described above.

SEALING


In addition, because this Affidavit is submitted in connection with an ongoing investigation that would be jeopardized by premature disclosure of information, I request that this Affidavit, the application in support of the search warrant, the resulting search warrant, and all related documents be filed under seal until further order of the Court, except for copies of the search warrant to be served at the time the search is executed.

Dated: New York, New York
February 27, 2012



MICHAEL KELLEY
Special Agent
Federal Bureau of Investigation

Subscribed and sworn before me
this 27 day of February, 2012



HON. Cheryl Rose
UNITED STATES MAGISTRATE JUDGE
EASTERN DISTRICT OF NEW YORK

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