

Armenian organized crime grows more complex

GLENDALE – Endeavor Diagnostics billed itself as a thriving medical laboratory that performed more than \$1 million of work for Medicare patients.

When two FBI agents went to inspect it, they found an empty San Fernando Valley office with only a desk and a fax machine. There were no workers, no patients and no biological samples.

Behind the door of the facade were signs tying the operation to a sprawling network of phantom enterprises allegedly set up by Armenian mobsters to try to defraud Medicare of \$163 million for services never provided.

Dozens of arrests around the country Wednesday highlighted a criminal demographic rarely seen, but one that officials say is rooted in California and growing in reach and sophistication.

"They are victimizing our systems, they are victimizing business, they are victimizing private citizens," said Glendale police Lt. Steve Davey, who heads up a task force tackling Eurasian crime. "Their ultimate goal is oligarchy - to see if they can infiltrate government."

Few criminal groups can match the sophistication of Armenian scammers, who developed an uncanny savvy for probing weaknesses in government systems and were hailed as heroes when they exploited their Soviet republic homeland, authorities said. They have been known for devising complex white collar schemes such as credit card fraud, identity theft and mortgage fraud.

Indictments released Wednesday in Los Angeles, New York and elsewhere show how various cells, largely working on their own but often sharing techniques, set up fraudulent medical businesses using stolen physician identities.

After becoming licensed Medicare providers and submitting claims, the fake office billed the government, which would pay money to fraudulent bank accounts. Many claims were bogus but sometimes criminals would provide a small service then submit an inflated bill.

In Los Angeles, for example, they would provide a scooter worth about \$1,000, but profit after billing Medicare for a top-end electric wheelchair worth six times as much, FBI Supervisory Special Agent Matt McLaughlin said.

The groups have been known to recruit people with a nominal sum to become a fake patient, then bill Medicare for services supposedly rendered.

"It's great camouflage," McLaughlin said. "We have to deconstruct each element to prove a fraud."

Prosecutors also allege that conspirators paid corrupt doctors to carry out unnecessary testing on purported accident victims, then charged the government for the treatment.

In all, \$163 million in fraudulent bills were submitted, with Medicare actually paying out \$35 million, according to the documents.

The complex operation was allegedly overseen by Armen Kazarian, who melded into Glendale's large Armenian population after arriving as an asylum seeker in 1996 and mostly stayed out of view of the police.

Kazarian, 46, who is in custody in Los Angeles, is known by the Soviet term "thief in law," which is the rough equivalent of a "godfather." Authorities say it is only the second time such a figure, known in Russian as a "vor v zakone," has been arrested in the U.S.

Nearly half of Glendale's 200,000 residents have an Armenian background. Following the 1915 massacre of Armenians in Turkey, a diaspora spread around the globe, with many arriving in Fresno and the East Coast.

Successive waves of immigrants followed major geopolitical upheavals, including the 1979 Islamic Revolution in Iran, and a small Armenian community in Hollywood quickly expanded to Glendale and the surrounding areas.

In the mid-1980s, sons of Armenian immigrants from the Hollywood area banded together to form a gang called Armenian Power to protect themselves against Hispanic gangs. The community initially saw members as vigilante protectors but the group soon morphed into a street gang like any other, carrying out drive-by shootings and other crimes such as kidnappings, drug deals and burglaries, Glendale Officer Rafael Quintero said.

But most crime in the Armenian community is carried out quietly and centers on sophisticated identity theft schemes. Police started picking up on these activities at the end of the 1990s and Glendale's task force was established in 2000, Davey said.

Several police agencies have task forces focused on Eurasian crime but Los Angeles police Lt. Stephen Margolis said this operation illustrates how the law enforcement community overall should pay closer attention.

"The sophistication and the pervasiveness of this type of criminal activity is years in the making," Margolis said. "Hopefully this will serve as a wake up to the extent of the seriousness this problem presents at a national level."

Zaven Kazazian, president of the Los Angeles chapter of the Armenian-American Chamber of Commerce, said much of the crime in the community is carried out by people raised under communist rule in the former Soviet republic of Armenia, where exploiting a corrupt government was seen as fair game.

"It is a different cultural background," Kazazian said. "Everybody was out for themselves."

Kazazian stressed that only a handful of Armenians are engaged in criminal enterprises and cautioned against making generalizations.

"We are embarrassed by it and we do not have any affiliation with them. They do not represent

the true Armenian people," he said. "It's like saying all Italians are part of the Mafia. That's just stupid."

Prosecutors say the crime ring was known as the Mirzoyan-Terdjanian Organization, named after its principal leaders Davit Mirzoyan, 34, of Glendale and Robert Terdjanian, 35, of Brooklyn.

Most of the 44 people charged are from the Los Angeles area and New York but arrests were also made in Georgia, New Mexico and Ohio.

The seven defendants named in the Los Angeles indictment have all pleaded not guilty. Defendants named in the New York portion of the case had either pleaded not guilty or were due to be arraigned Monday.

A call to Kazarian's defense attorney, Vicken Hagopian, was not immediately returned Friday.

As the "thief-in-law" of the operation, Kazarian was touted by authorities as the big catch. But the role of such "vor v zakones" is more subtle than that of a Mafia boss, Lt. Davey said.

Armenian crime bosses typically are nominated by other criminals and their main task is to mediate disputes between groups.

Though they describe no actual violence, authorities allege Kazarian helped the Mirzoyan-Terdjanian Organization and would use threats to resolve disputes in the U.S., Armenia and other places.

Armenia has said it will cooperate with the U.S. in its investigation and Foreign Ministry spokesman Tigran Balayan has said his nation was sorry.