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RAGHUVVEER NAYAK, OWNER OF AREA SURGERY CENTERS, CHARGED WITH FRAUD AND TAX OFFENSES FOR ALLEGEDLY PAYING PHYSICIANS HUNDREDS OF THOUSANDS OF DOLLARS IN BRIBES FOR PATIENT REFERRALS

CHICAGO — The owner of multiple area outpatient surgery centers was arrested today on federal fraud and tax charges alleging that he paid bribes and kickbacks to physicians for patient referrals and filed false federal income tax returns that understated his income. The defendant, **Raghuveer Nayak**, was charged in a 19-count indictment that was returned by a federal grand jury last week and unsealed today following his arrest, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of Federal Bureau of Investigation; and Thomas Jankowski, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division.

Nayak, 57, of Oak Brook, is scheduled to appear at 11:00 a.m. today before Magistrate Judge Maria Valdez in U.S. District Court.

He was charged with 10 counts of mail fraud, five counts of interstate travel in aid of racketeering, and four counts of filing false income tax returns for the years 2005-08. The indictment seeks forfeiture of at least \$1.8 million in alleged fraud proceeds, or substitute assets,

including Nayak's Oak Brook residence, the Rogers Park One Day Surgery Center, Inc., located at 7616 North Paulina St., and the Lakeshore Surgery Center LLC, located at 7200 North Western Ave.

In addition to those two facilities, Nayak owned and/or controlled the following health care-related businesses in Illinois and Indiana: Lakeside Surgery Center LLC, Merrillville Plaza Surgery Center LLC, Lincoln Park Open MRI, Delaware Place MRI LLC, Paulina Anesthesia, Inc., Illiana Anesthesia, Western Touhy Anesthesia, Inc., and Division Medical Diagnostics, Inc., according to the indictment.

Nayak's facilities did not accept patients covered public health insurance programs, such as Medicare and Medicaid, and instead accepted patients insured by private health insurers, such as Blue Cross Blue Shield, or patients who agreed to pay the entire fee themselves. Private insurers treated Nayak's facilities as "out-of-network" when paying bills submitted for patient services.

Between 2000 and December 2010, Nayak allegedly defrauded patients by paying and arranging to pay bribes and kickbacks in the form of cash and other hidden payments to physicians who would refer their patients to Nayak's facilities for medical treatment. Nayak paid hundreds of thousands of dollars to different physicians in exchange for patient referrals, the charges allege, adding that the physicians deceived their patients by not disclosing that they were being paid for making referrals to Nayak's facilities.

At times, the indictment alleges that Nayak paid bribes and kickbacks to physicians to begin referring patients, while at other times he did so to ensure that they continued to refer patients to his facilities. He allegedly offered to pay physicians a set amount of money for each patient referral. Nayak allegedly concealed and attempted to conceal the scheme by making payments in cash, disguising the payments as advertising, or by disguising the true purpose of the payments through

fraudulent agreements and contracts, including contracts purporting to pay physicians for performing services that Nayak knew they had not provided.

Between 2002 and December 2008, Nayak allegedly obtained cash to pay bribes and kickbacks by giving Individual A more than \$2 million in checks drawn on his facilities' accounts and, in exchange, at Nayak's direction, Individual A gave Nayak cash equaling approximately 70 percent of the value of the checks. Nayak allegedly indicated to his tax preparer that the checks to Individual A were for advertising and should be treated as a business expense on tax returns for Nayak and his facilities. After he was interviewed by law enforcement agents in December 2008, Nayak allegedly took additional steps to hide the scheme by executing fraudulent contracts and by warning physicians not to speak with agents about the payments.

The tax counts allege that Nayak caused the preparation of false individual federal income tax returns that understated his true income because he claimed that the checks to Individual A should be treated as advertising expenses when he knew they were not. As a result, Nayak allegedly understated his gross income when he reported the following amounts: \$4,643,916 for 2005; \$6,471,865 for 2006; \$5,791,109 for 2007; and \$9,362,647 for 2008.

Each count of mail fraud carries a maximum penalty of 20 years in prison and a maximum fine of \$250,000, or an alternate fine totaling twice the loss or twice the gain, whichever is greater, as well as mandatory restitution. Interstate travel in aid of racketeering carries a maximum prison term of five years and a \$250,000 fine on each count, and each count of filing a false income tax return carries a three-year maximum prison term and a \$250,000 fine. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain liable for any and all back taxes, as well as a potential civil fraud penalty of 75 percent of the underpayment plus interest. If

convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorneys Carrie Hamilton and Andrianna Kastanek.

The public is reminded that an indictment is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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