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Southern District of New York

U.S. ATTORNEY PREET BHARARA

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CONTACT: Ellen Davis, Jerika Richardson,
Jennifer Queliz, Mary Delsener
(212) 637-2600

FOUR ADDITIONAL DEFENDANTS PLEAD GUILTY IN CONNECTION WITH THE LIRR DISABILITY FRAUD SCHEME

Sixteen Defendants Have Now Pled Guilty to Fraud and Other Charges

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that MARIA RUSIN, the office manager of Dr. Peter J. Ajemian's medical practice, GREGORY NOONE, a former Long Island Railroad ("LIRR") manager of engineering operations, DANIEL DENIS, a former LIRR ticket agent, and REGINA WALSH, a former LIRR director of employee operations, pled guilty to charges related to the allegedly massive fraud scheme in which LIRR workers claimed to be disabled upon early retirement so that they could receive disability benefits to which they were not entitled. RUSIN and WALSH pled guilty today before U.S. Magistrate Judge Henry B. Pitman. NOONE and DENIS pled guilty before Judge Pitman on January 8, 2013 and January 9, 2013, respectively.

According to the Complaint, the Superseding Indictment, the Superseding Informations, and statements made in other public filings and in court:

The LIRR Disability Fraud Scheme

The Railroad Retirement Board ("RRB") is an independent U.S. agency that administers benefit programs, including disability benefits, for the nation's railroad workers and their families. A unique LIRR contract allowed employees to retire at the relatively young age of 50 – the age of eligibility has since changed to 55 – if they had been employed by the LIRR for at least 20 years. Eligible employees are entitled to receive an LIRR pension, which is a portion of the full retirement payment for which they are eligible at 65. In addition, at full retirement age (between age 60 and age 65 depending on years of service), they are eligible to receive an RRB retirement pension. For LIRR workers who retired at 50 with only an LIRR pension, they would receive less than their prior salary and substantially lower pension payments than those to which they would be entitled at full retirement age. However, LIRR employees who retired and claimed disability could receive a disability payment from the RRB on top of their LIRR pension, regardless of age. A retiree's LIRR pension, in combination with RRB disability payments, can be roughly equivalent to the base salary earned during his or her career.

Hundreds of LIRR employees have allegedly exploited the overlap between the LIRR pension and the RRB disability program by pre-planning the date on which they would falsely declare themselves disabled so that it would coincide with their projected retirement date. These false statements, made under oath in disability applications, allowed LIRR employees to retire as

early as age 50 with an LIRR pension, supplemented by the fraudulently obtained RRB disability annuity. From 2004 through 2008, 61% of LIRR employees who stopped working and began receiving RRB disability benefits were between the ages of 50 and 55. In contrast, only 7% of employees at Metro-North who stopped working and received disability benefits during the same time period were between the ages of 50 and 55.

Rusin's Obstruction of Justice

In August 2010, RUSIN participated in a voluntary interview with criminal investigators in the Southern District of New York, and falsely denied knowing that almost all of Dr. Peter Ajemian's patients from the LIRR were retiring at the same time that they were claiming occupational disability from the United States Railroad Retirement Board. RUSIN also falsely claimed that she was never told that an LIRR patient was planning to retire except when the patient was directed to see her to pay for a narrative, and that this usually occurred at the end of the process of seeing Ajemian—about two weeks to one month prior to the worker's retirement. In addition, RUSIN falsely claimed to have no understanding about how an occupational disability would affect the payout for an LIRR worker who was retiring.

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RUSIN, 57, of Farmingdale, New York, and WALSH, 64, of New Hyde Park, New York will be sentenced by U.S. District Judge Victor Marrero on May 13, 2013 and NOONE, 63, of East Islip, New York, will be sentenced by Judge Marrero on July 12, 2013. DENIS, 60, of East Rockaway, will be sentenced by U.S. District Judge Kimba Wood on July 11, 2013. A chart setting forth the counts to which each defendant pled guilty, as well as the maximum penalties, is attached.

Thirty-two people have been charged in connection with the LIRR disability fraud scheme, 16 of whom have now pled guilty. The charges against the remaining defendants are merely allegations and they are all presumed innocent unless and until proven guilty.

Mr. Bharara praised the RRB-OIG, the FBI, and the MTA-OIG for their outstanding work in the investigation, which he noted is ongoing. He also acknowledged the previous investigation conducted by the New York State Attorney General's Office into these pension fraud issues.

The Office's Complex Frauds Unit is handling the case. Assistant U.S. Attorneys Justin Weddle, Daniel Tehrani, Nicole Friedlander, Danya Perry and Amy Garzon are in charge of the prosecution.

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Defendant	Charges to Which Defendant Pled Guilty	Maximum Penalty
MARIA RUSIN	Obstruction of Justice	Five years in prison
DANIEL DENIS	Conspiracy to commit mail fraud and health care fraud; Conspiracy to defraud the United States and the RRB; False claims; Mail fraud	50 years in prison
GREGORY NOONE	Conspiracy to commit mail fraud and health care fraud; Conspiracy to defraud the United	80 years in prison

	States and the RRB; False claims; Health care fraud; Mail fraud; Wire fraud	
REGINA WALSH	False claims	Five years in prison