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U.S. ATTORNEY PREET BHARARA

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

**DISABILITY DOCTOR PETER J. AJEMIAN PLEADS GUILTY IN**  
**MANHATTAN FEDERAL COURT FOR HIS ROLE**  
**IN LIRR FRAUD SCHEME**

*Three Additional LIRR Retirees Also Plead Guilty in Connection With the Scheme;  
Twenty-One 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 PETER J. AJEMIAN, a Board-certified orthopedist, pled guilty to charges related to the alleged massive fraud scheme in which Long Island Railroad ("LIRR") workers claimed to be disabled upon early retirement so that they could receive disability benefits to which they were not entitled. As described in the Complaint, between the late 1990s and 2008, AJEMIAN recommended that at least 734 retiring LIRR employees receive disability benefits, and was responsible for treating nearly half of all LIRR employees who retired and received disability benefits in one four-year period. AJEMIAN pled guilty before U.S. District Judge Victor Marrero. Three additional LIRR retirees, KARL BRITTEL, GREGORY BIANCHINI, and BRIAN DELGIORNO, also pled guilty to charges related to their participation in the LIRR fraud scheme this week. BRITTEL pled guilty before Judge Marrero today; BIANCHINI pled guilty before U.S. Magistrate Judge Kevin Nathaniel Fox on January 16, 2013; and DELGIORNO pled guilty before Judge Fox on January 17, 2013. Of the 32 defendants charged, 21 have now pled guilty.

Manhattan U.S. Attorney Preet Bharara stated: "Dr. Ajemian used his medical license to facilitate a massive fraud at the LIRR. By running the functional equivalent of a 'disability mill' and fraudulently qualifying hundreds of LIRR patients for undeserved disability benefits, Dr. Ajemian enriched himself and debased his degree. Twenty-one defendants have now pled guilty for their roles in this breathtaking and brazen fraud that cost the Railroad Retirement Board untold millions of dollars."

According to the Complaint, the Superseding Indictments, 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 1995 through 2011, more than 75% of LIRR employees stopped working and began receiving RRB disability benefits, whereas during this same period, only 25% of retiring Metro-North employees stopped working and began receiving RRB disability benefits.

PETER J. AJEMIAN is a Board-certified orthopedist who was instrumental in helping LIRR retirees receive disability benefits to which they were not entitled. As set forth in the Complaint, between the late 1990s and 2008, AJEMIAN declared over 94% of the LIRR employees he saw as patients disabled. As part of the massive fraud scheme, AJEMIAN prepared fraudulent medical narratives for LIRR retirees well before the employees’ planned retirement dates so that the narratives could be submitted to the RRB upon retirement. These medical narratives were completely fabricated or grossly exaggerated so that AJEMIAN could recommend a set of restrictions that, if legitimate, would render it impossible for the LIRR employees to continue performing their jobs. Many of the purportedly “objective” findings from the tests he conducted showed nothing more than normal degenerative changes one would expect to see in patients within the relevant age bracket.

AJEMIAN received approximately \$800 to \$1,200, often in cash, for these fraudulent assessments and narratives, as well as millions of dollars in health insurance payments for unnecessary medical treatments and fees for preparing fraudulent medical support for the claimed disabilities. Of approximately 453 LIRR annuitants studied, AJEMIAN received approximately \$2.5 million in related payments from patients and insurance companies. In turn, those patients received over \$90 million in RRB disability benefit payments.

As alleged in the Complaint, between 1998 and 2008, AJEMIAN recommended that at least 734 LIRR employees receive these disability benefits. During one four-year period, August 2004 through August 2008, AJEMIAN was the treating physician for nearly half of all LIRR retirees younger than 65 years old who filed for RRB disability benefits.

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AJEMIAN, 63, of Oyster Bay Cove, New York pled guilty to one count of conspiracy to commit mail fraud, wire fraud, and health care fraud, as well as one count of health care fraud, and faces a maximum of 30 years in prison. He has also agreed to forfeit \$116.5 million and pay \$116.5 million in restitution. He will be sentenced by Judge Marrero on May 24, 2013, at 2:00 p.m.

BRITTEL, 62, of Atlantic City, New Jersey, pled guilty to conspiracy to commit mail fraud, wire fraud and health care fraud; conspiracy to defraud the United States; health care fraud; mail fraud; wire fraud; and perjury, and he faces a maximum of 80 years in prison. BIANCHINI, 59, of Key Largo, Florida, pled guilty to conspiracy to commit mail fraud, wire fraud and health care fraud; conspiracy to defraud the United States; health care fraud; mail fraud; and wire fraud, and he faces a maximum of 75 years in prison. DELGIORNO, 54, of Howard Beach, New York, pled guilty to conspiracy to commit mail fraud, wire fraud and health care fraud; conspiracy to defraud the United States; false claims; health care fraud; mail fraud; wire fraud; and perjury, and he faces a maximum of 85 years in prison. They will be sentenced by Judge Marrero on July 19, May 16, and May 17, 2013, respectively.

Thirty-two people have been charged in connection with the LIRR disability fraud scheme, 21 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, and Danya Perry are in charge of the prosecution.

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