

Department of Justice

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Western District of New York

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ALLEGANY MAN ADMITS HEALTH CARE FRAUD

BUFFALO, N.Y.-- KONSTANTINOS ARABATZIS, 47, of Allegany, New York, pleaded guilty before U.S. District Judge William M. Skretny, to a felony charge of health care fraud, Acting U.S. Attorney Kathleen M. Mehlretter of the Western District of New York announced today. The crime carries a maximum penalty of 10 years in prison, a fine of \$250,000, or both.

Assistant U.S. Attorney John E. Rogowski, who handled the case, stated that between January, 2003, and March, 2008, the defendant, who operated C&K Preventative Health, contracted with Health Now, a medical health care insurance company, to provide wellness classes, such as nutrition instruction and stress management, to individuals covered by health insurance provided by Health Now. In pleading guilty, ARABATZIS admitted that he routinely submitted invoices to Health Now in which he claimed to have provided wellness classes which never took place. As a result of the fraudulent invoices, HealthNow paid ARABATZIS approximately \$288,000 for classes that were never held. In addition, as part of his plea agreement, ARABATZIS agreed to re-pay Health Now an additional \$512,000 he received for classes which were incomplete or did not meet the requirements of his contract with Health Now.

The plea was the culmination of an investigation on the part of Special Agents of the Western New York Health Care Fraud Task Force, consisting of agents from the Federal Bureau of Investigation, United States Department of Labor - Office of Labor Racketeering, United States Department of Health and Human Services - Office of Inspector General, Internal Revenue Service - Criminal Investigation Division, United States Postal Inspection Service, United Postal Service Office of Inspector General, United States Department of Defense - Criminal Investigation Service, United States Food and Drug Administration - Office of Criminal Investigation, and the New York State Insurance Fraud Bureau.

Sentencing is scheduled for July 28, 2009, at 9 a.m. EST, in Buffalo, N.Y., in front of U.S. District Judge William M. Skretny.