



State of New Jersey

CHRIS CHRISTIE
Governor

OFFICE OF THE STATE COMPTROLLER
MEDICAID FRAUD DIVISION
P.O. BOX 025
TRENTON, NJ 08625-0025
(609) 826-4700

PHILIP JAMES DEGNAN
State Comptroller

KIM GUADAGNO
Lt. Governor

JOSH LICHTBLAU
Director

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Contacts:
OSC, Jeff Lamm
609-633-2377
Ocean Co. Pros. Office
Al DellaFave
732-288-7616

LAW ENFORCEMENT JOIN FORCES TO STOP MEDICAID/GOVERNMENT ASSISTANCE FRAUD

Ocean County Prosecutor Joseph D. Coronato and State Comptroller Philip James Degnan announced today the first of multiple ongoing arrests within Lakewood, New Jersey by the Ocean County Prosecutor's Office for defrauding Medicaid and government assistance programs. The investigations initiated by the Federal Bureau of Investigation's Red Bank Office and the New Jersey Office of the State Comptroller – Medicaid Fraud Division, were expanded to include the US Social Security Administration, New Jersey Department of the Treasury – Office of Criminal Investigation, and the Ocean County Prosecutor's Office – Economic Crimes Unit. Today's initial arrests include charges of collecting \$1.3 million in illegal benefits.

Prosecutor Coronato stated, "Financial assistance programs are designed to alleviate family hardships for those truly in need. My office gave clear guidance and notice to the Lakewood community in 2015 of what is considered financial abuse of these programs. Those who choose to ignore those warnings by seeking to illegally profit on the backs of taxpayers will pay the punitive price of their actions."

OCPO detectives/prosecutors, along with its collaborating agencies, began the first phase of the operation by arresting two married couples. Mordechai, 37, and Jocheved, 35, Breskin of Blue Jay Way in Lakewood, were arrested and charged with 2nd Degree Theft by Deception for wrongfully collecting approximately \$585,662 in Medicaid, SNAP, HUD and SSI benefits between January 2009 thru December 2014. Zalmen, 39, and Tzipporah, 35, Sorotzkin of Olive Court collecting approximately \$338,642 in Medicaid, SNAP, HUD and SSI benefits between January 2009 and April 2014. A Detention Hearing is scheduled for 1:30 pm today at Ocean County Superior Court.

The nature of the criminal events investigated and basic charges allege that the defendants misrepresented their income, declaring amounts that were low enough to receive the program's benefits, when in fact their income was too high to qualify. The investigations revealed that the defendants' received income from numerous sources that they failed to disclose on required program applications. As a result, they received benefits that they were not entitled to under these programs for themselves or family members.

“This operation highlights the success of federal, state and county cooperation in New Jersey’s effort to combat Medicaid and other government benefits fraud,” State Comptroller Degnan said. “My office will continue to ensure that only individuals and families truly in need of benefits receive them, and that those who choose to steal from New Jersey taxpayers are referred for prosecution.”

The Ocean County Prosecutors Office is prosecuting the above arrested individuals at the state level. The Federal Bureau of Investigations arrested four additional individuals as a part of its role in the comprehensive review of financial assistance programs.

Rachel Sorotzkin, 32, and Mordechai Sorotzkin, 35, are charged by complaint with one count of conspiring to steal government funds. Yocheved Nussbaum, 40, and Shimon Nussbaum, 42, also of Lakewood, are charged in a separate complaint with one count of conspiring to steal government funds. The Sorotzkis and the Nussbaums, all of Lakewood, are expected to make their appearances this afternoon before U.S. Magistrate Judge Douglas E. Arpert in Trenton federal court.

According to the complaints:

From 2011 through 2014, Rachel and Mordechai Sorotzkin applied for and received Medicaid health insurance benefits for themselves and their children. After being approved for Medicaid benefits in August of 2011, the Sorotzkis received significant windfalls – including a lump sum payment of \$1 million from Rachel Sorotzkin’s business in April of 2013 – which they failed to report to Medicaid officials. Despite earning in excess of \$1 million in each of the 2012 and 2013 calendar years, the Sorotzkis continued to use their Medicaid cards, ultimately defrauding the government of approximately \$96,000 in taxpayer-funded medical care.

In a separate scheme, Yocheved and Shimon Nussbaum applied for and received public benefits for themselves and their children from 2011 through 2014, despite their significant income. In the years prior to and during the conspiracy, the Nussbaums created a variety of companies that were nominally run by relatives but were actually controlled by the Nussbaums.

They opened various bank accounts in the names of these companies and used funds from these accounts to cover personal expenses.

In applying for Medicaid, Section 8 housing, and SNAP food benefits, the Nussbaums grossly underreporting their true income by failing to include the income from these business accounts. Despite annual income of up to as high as approximately \$1.8 million in 2013, the Nussbaums continued to receive taxpayer-funded health, housing and food benefits through August of 2014, ultimately defrauding the government of approximately \$178,000.

The conspiracy counts each carry a maximum potential penalty of up to five years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense.

Acting U.S. Attorney Fitzpatrick in his press release credited special agents with the FBI, under the direction of Special Agent in Charge Timothy Gallagher in Newark; the Ocean County Prosecutor’s Office, under the direction of Ocean County Prosecutor Joseph D. Coronato; the New Jersey Office of the State Comptroller, under the direction of State Comptroller Philip James Degnan; the New Jersey Department of the Treasury – Office of Criminal Investigation; under the direction of Special Agent in Charge Charles Giblin; Social Security Administration - Office of the Inspector General, under the direction of Special Agent in Charge John Grasso; and criminal investigators of the U.S. Attorney’s Office with the investigation leading to today’s arrests.

The government is represented by Assistant U.S. Attorney Molly S. Lorber of the U.S. Attorney's Office Criminal Division in Trenton.

The investigation by all the participating agencies is continuing and additional arrests are forthcoming. OCPO and our prosecuting partners may add additional relevant charges (ie. Tax charges) as each case proceeds through the legal process. Anyone with any information is asked to contact Sergeant Mark Malinowski of the Ocean County Prosecutor's Office at (732) 929-2027. The media and the public are reminded that criminal charges are only allegations and that each defendant is presumed innocent unless and until proven guilty in court.

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