



Department of Justice

United States Attorney Melinda Haag
Northern District of California

FOR IMMEDIATE RELEASE

May 7, 2015

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THIRTY-THREE DEFENDANTS CHARGED IN MASSIVE CRIMINAL CONSPIRACIES INCLUDING ALLEGATIONS OF FRAUD, PRESCRIPTION DRUG DIVERSION, AND MONEY LAUNDERING

*Wide-Ranging Allegations Include Charges of Diverting Prescription Drugs Valued at
Millions of Dollars and Attempting to Enter Into Murder-For-Hire Agreement*

SAN FRANCISCO – Thirty-two people were arrested yesterday after being charged variously with racketeering conspiracy; conspiracy to commit identity theft; conspiracy to commit access device fraud; conspiracy to commit mail, wire, and bank fraud; conspiracy to commit money laundering; conspiracy to use a facility of interstate commerce to commit murder-for-hire; and conspiracy to engage in the unlicensed wholesale distribution of drugs, announced United States Attorney Melinda Haag, Federal Bureau of Investigation Special Agent in Charge David J. Johnson, and Internal Revenue Service, Criminal Investigation, Special Agent in Charge José M. Martinez. A thirty-third defendant remains at large and is subject to an active arrest warrant.

According to an indictment that was unsealed yesterday, Ara Karapedyan, 45, Mihran Stepanyan, 29, and Artur Stepanyan, 38, were at the center of a nationwide conspiracy, with at least eighteen other persons, to conduct the affairs of a wide-ranging criminal enterprise through a pattern of racketeering. This enterprise – referred to in the indictment as the “Karapedyan-Stepanyan Enterprise” – was fueled by a broad range of criminal activity including: (1) unlicensed wholesale drug distribution; (2) money laundering and (3) fraud. The indictment names thirty-three defendants in all and describes an enterprise that spanned throughout California as well as in Minnesota, Ohio, and Puerto Rico.

One key aspect of the alleged criminal activity described in the indictment was a multi-million dollar prescription drug diversion scheme. Members and associates of the enterprise are alleged to have procured prescription drugs from unlicensed sources and to have resold the drugs to unknowing customers. A central figure to these allegations is David Miller, 50. Miller is alleged to be the owner and operator of a drug wholesaler called Minnesota Independent Cooperative (“MIC”) that, between 2010 and 2014, bought approximately \$157 million of drugs from Mihran Stepanyan and Artur Stepanyan. Miller and his employees allegedly knew the Stepanyans were not licensed to sell drugs and knew the Stepanyans procured their drugs through unlicensed sources. Miller and his employees nevertheless purchased the drugs from the Stepanyans’ various companies, including Panda Capital Group, Red Rock Capital, Trans Atlantic Capital, GC National Wholesale, Sky Atlantic Capital, and Nationwide Payment Solutions, and resold the drugs as legitimate products.

A separate investigation has resulted in another indictment in the Southern District of Ohio charging David Miller, Mihran Stepanyan, Artur Stepanyan, and MIC with various crimes arising from their sale of millions of dollars of illicitly-procured drugs. (*United States v. Miller, et al.*, 15 CR 00052 (MRB) (S.D. Ohio).) <http://www.justice.gov/opa/pr/three-california-men-and-minnesota-corporation-indicted-nationwide-prescription-drug>

The Indictment also charges Karapedyan and his associates with engaging in the fraudulent unlicensed distribution of drugs. For instance, from 2013 through 2015, Karapedyan, either personally or through an associate, sold several hundred thousand dollars’ worth of drugs such as Abilify, Liboderm, Cymbalta, and Namenda, as well as HIV drugs such as Atripla, Truvada, and Isentress, and the cancer drug Gleevec. Likewise, from roughly the latter part of 2014 through early 2015, Karapdyan and his racketeer co-conspirator Maxwell Starsky, 36, sold to another complicit wholesaler more than \$1 million in illicitly procured drugs. Karapedyan also supplied the Stepanyans with drugs.

Hugo Marquez, 41, Eric Figueroa, 29, Arman Zagaryan, 32, and their associates are likewise charged with procuring drugs from unlicensed sources and distributing the drugs to buyers. According to the indictment, Alexander Soliman, 46, was one of their principal customers. Between roughly 2012 and 2014, Soliman, through his companies Apex Pharmaceuticals and Maroon Pharma, knowingly purchased illicitly-procured drugs from Marquez, Figueroa, and Zagaryan and then re-sold them as legitimate drugs. During this time period, Marquez, Figueroa, Zargaryan, and Soliman engaged in the distribution of more than \$20 million worth of drugs.

Another aspect of the alleged criminal activity is a massive check and bank fraud operation. As part of the enterprise, Karapedyan and his associates, including Asatour Magzanyan, 53, Tigran Sarkisyan, 38, and Hripsime Khachtryan, 41, allegedly used fraudulent identification information to prepare fraudulent tax returns, which were then filed with the government in order to induce the U.S. Treasury to issue tax refund checks. Karapedyan associate Khachig Geuydjian, 74, allegedly used his unlicensed mail-box business to provide addresses for these fraudulent tax filings. They and other members and associates of the enterprise then negotiated the tax refund checks using fraudulent identities or through a complicit check cashing business operated by Jean Dukmajian, 61, Karine Dukmajian, 33, and Angela

Dukmajian, 26. In addition to the tax refund scheme, members and associates of the enterprise also engaged in negotiating counterfeit and stolen checks. In all, from roughly late 2012 to late 2014, Karapedyan and his associates negotiated more than 500 fraudulent checks worth more than \$5 million.

In addition to the fraudulent unlicensed distribution of drugs and negotiating fraudulent checks, Karapedyan, the Stepanyans, Miller, and others are charged with conspiring to launder money in an effort to promote their criminal activities and to conceal proceeds collected from their criminal activities. For example, a description of Miller's activity between 2012 through 2014, wherein he attempted to hide the fact he was paying the Stepanyans for drugs is alleged in the indictment. The indictment further alleges Miller made the payments to the Stepanyans' company GC National Wholesale through companies in Puerto Rico he controlled, such as B&Y Wholesalers and FMC Distributors. The payments were for sales of drugs that the Stepanyans actually delivered to Miller's company MIC. Similarly, the indictment includes allegations Karapedyan and Starsky also arranged payments for more than \$1 million of illicitly-procured drugs through a shell company. In addition, Karapedyan also allegedly laundered money for the Stepanyans. According to the indictment, in 2013, the Stepanyans transferred more than \$1 million in proceeds derived from MIC to Karapedyan, who caused the money to be withdrawn as cash.

Furthermore, in addition to the foregoing, defendants Ara Karapedyan and Gevork Ter-Mkrtchyan are charged with conspiring to use a facility of interstate commerce to commit murder-for-hire. According to the indictment, these defendants made several attempts to find a person who would be willing to kill someone who had angered Ter-Mkrtchyan. Although the defendants paid \$1,500 for the hit, it was never carried out.

According to the indictment, a significant portion of the criminal activity took place in the Northern District of California. For example, one delivery of drugs took place in the Northern District of California and many of the checks were negotiated in the Northern District as well. In addition, much of the proceeds from the check and the drug schemes were laundered through the Northern District of California, where Karapedyan and his associates regularly picked up large amounts of cash. In addition, Miller's company, MIC, posted fraudulent information relating to the origins of the drugs he sold via a website. The website was maintained by an Internet Service Provider in the Northern District of California. Furthermore, Karapedyan made numerous calls to the Northern District of California in order to find individuals willing to perform the hit he sought.

An indictment merely alleges that crimes have been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt. All the defendants except David Miller were arrested yesterday; Miller remains at large and is the subject of an active arrest warrant.

In sum, the indictment includes seven counts as follows: Count One, RICO conspiracy, in violation of 18 U.S.C. § 1962(d) (maximum term of imprisonment, life or 20 years); Count Two, conspiracy to commit identity theft, in violation of 18 U.S.C. § 1028(f) (maximum term of imprisonment, 15 years); Count Three, conspiracy to commit access device fraud, 18 U.S.C.

§ 1029(b)(2) (maximum term of imprisonment, 5 years); Count Four, conspiracy to commit mail, wire, and bank fraud, in violation of 18 U.S.C. § 1349; Count five, conspiracy to commit money laundering , in violation of 18 U.S.C. § 1956(h); (maximum term of imprisonment, 20 years) Count Six, conspiracy to use interstate facility to commit murder-for-hire, in violation of 18 U.S.C. § 1958); Count Seven, conspiracy to engage in unlicensed wholesale distribution of drugs, in violation of 18 U.S.C. § 371 (maximum term of imprisonment, 5 years).

The following charges apply as against the following defendants:

	DEFENDANT	ALLEGED VIOLATIONS	MAXIMUM PENALTY
(1)	ARA KARAPEDYAN	Counts 1-7	Life plus 85 years
(2)	MIHRAN STEPANYAN	Counts 1-5 and 7	95 years
(3)	ARTUR STEPANYAN	Counts 1-5 and 7	95 years
(4)	GEVORK TER-MKRTCHYAN	Counts 1-7	Life plus 85 years
(5)	KHACHIG GEUYDJIAN	Counts 1-5	90 years
(6)	ARMAN PETROSYAN	Counts 1-5	90 years
(7)	LANNA KARAPEDYAN	Counts 1-5	90 years
(8)	MAXWELL STARSKY	Counts 1-5, and 7	95 years
(9)	SEVAK GHARGHANI	Counts 1-5, and 7	95 years
(10)	JEAN DUKMAJIAN	Counts 1-5	90 years
(11)	KARINE DUKMAJIAN	Counts 1-5	90 years
(12)	ANGELA DUKMAJIAN	Counts 1-5	90 years
(13)	ARMAN DANIELIAN	Counts 1, 4, 5, and 7	75 years
(14)	ASATOOR MAGZANYAN	Counts 1-5	90 years
(15)	TIGRAN SARKISYAN	Counts 1-5	90 years
(16)	HRIPSIME KHACHTRYAN	Counts 1-5	90 years

(17)	LOUI ARTIN	Counts 1-5	90 years
(18)	HUGO MARQUEZ	Counts 1-5 and 7	95 years
(19)	ARMAN ZARGARYAN	Counts 1-5 and 7	95 years
(20)	DMITRIY KUSTOV	Counts 2-4	50 years
(21)	MICHAEL INMAN	Counts 2-4	50 years
(22)	ARAXIA NAZARYIAN	Counts 2-5 and 7	75 years
(23)	ALEXANDER SOLIMAN	Counts 4, 5 and 7	55 years
(24)	CHERYL BARNDT	Counts 4, 5 and 7	55 years
(25)	ERIC FIGUEROA	Counts 4, 5 and 7	55 years
(26)	MARC ASHEGHIAN	Counts 4, 5 and 7	55 years
(27)	MICHAEL ASHEGHIAN	Counts 4, 5 and 7	55 years
(28)	DAVID MILLER	Counts 1-5 and 7	95 years
(29)	JAMES RUSSO	Counts 4, 5 and 7	55 years
(30)	JEANNETTE COUCH	Counts 4, 5 and 7	55 years
(31)	MARIE POLICHETTI	Counts 4, 5 and 7	55 years
(32)	BERNARDO GUILLEN	Counts 4, 5 and 7	55 years
(33)	JAVIER RAMIREZ	Counts 4 and 7	35 years

Additional periods of supervised release, fines, and special assessments also could be imposed. Any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Thirty-one defendants appeared before the Honorable Victor B. Kenton and Michael R. Wilner in the Central District of California on Wednesday, May 6, 2015, to be advised of the charges against them and to determine conditions of release. Some of those hearings have been

continued at the request of the defendants. Specifically, the bail hearing for Eric Figueroa has been continued to Friday, May 8, 2015, and the hearings for Hugo Marquez and Michael Inman have been continued to Monday, May 11, 2015, before the Honorable Michael R. Wilner. In addition, Ara Karapedyan will appear on Friday, May 8, 2015, before the Honorable Victor B. Kenton.

Further, Gevork Ter-Mkrtchyan has requested a hearing in which the government will be required to prove his identity, i.e., that he is the individual named in the indictment. That hearing will occur on Friday, May 8, 2015, before the Honorable Victor B. Kenton.

The remaining 26 defendants have been ordered to appear before the Honorable Jacqueline Scott Corley in the Northern District of California on the following dates:

May 12, 2015

1. Alexander Soliman
2. Araxia Nazaryian
3. Asatour Magzanyan

May 20, 2015

1. Cheryl Barndt
2. Marc Asheghian
3. Michael Asheghian
4. Hripsime Khachtryan
5. Bernardo Guillen
6. Javier Ramirez
7. Jean Dukmajian
8. Karine Dukmajian
9. Angela Dukmajian
10. Khachig Geuydjian
11. Arman Zargaryan

May 22, 2015

1. Jeannette Couch
2. Loui Artin
3. Dmitriy Kustov
4. Marie Polichetti
5. Arman Danielian
6. Lanna Karapedyan
7. Sevak Gharghani
8. Arman Petrosyan
9. Maxwell Starsky

Mihran Stepanyan, Artur Stepanyan, and Tigran Sarkisyan are being transported to the Northern District of California by the United States Marshal Service and will make court appearances after their arrival.

Assistant United States Attorneys Damali A. Taylor, David Countryman, and W.S. Wilson Leung are prosecuting the case with the assistance of Lance Libatique, Ponly Tu, Daniel Charlier-Smith. The prosecution is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service.

Further Information:

Case #:CR 15-126 WHO

A copy of this press release will be placed on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Abraham Simmons at (415) 436-7264 or by e-mail at Abraham.Simmons@usdoj.gov.