

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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X  
ALLSTATE INSURANCE COMPANY, ALLSTATE  
INDEMNITY COMPANY, ALLSTATE PROPERTY &  
CASUALTY INSURANCE COMPANY, AND  
ALLSTATE FIRE & CASUALTY INSURANCE  
COMPANY,

Docket No.: 25-cv-515

**COMPLAINT**

Plaintiff(s),

**Plaintiffs Demand a Trial by Jury**

-against-

DIANA VAVIKOVA, DC, ACTIVE LIFE  
CHIROPRACTIC, P.C., DV CHIROPRACTIC CARE,  
P.C. D/B/A 21 CENTURY CHIROPRACTIC CARE,  
STAR CHIROPRACTIC, P.C., FUTURE  
CHIROPRACTIC, P.C., NY CHIROPRACTIC  
REHABILITATION, P.C. A/K/A NY CHIROPRACTIC  
REHABILITATION CARE, P.C., AND JOHN DOE  
DEFENDANTS "1"- "10",

Defendant(s).

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## **COMPLAINT**

Plaintiffs Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, and Allstate Fire and Casualty Insurance Company (collectively, “Allstate” and/or “Plaintiffs”), by their attorneys, the Law Offices of Camille Nanni as and for their Complaint against Defendants Diana Vavikova, D.C. (“Vavikova”), Active Life Chiropractic, P.C. (“Active Life”), DV Chiropractic Care, P.C. d/b/a 21 Century Chiropractic Care (“21 Century”), Star Chiropractic, P.C. (“Star Chiro”), Future Chiropractic Care, P.C. (“Future Chiro”), and NY Chiropractic Rehabilitation, P.C. a/k/a NY Chiropractic Rehabilitation Care, P.C. (“NY Rehab”) (collectively referred to hereinafter as the “Vavikova PCs”), and John Doe Defendants “1” – “10” (“John Doe Defendants”) (together with Vavikova and the Vavikova PCs referred to hereinafter as the “Defendants”), allege as follows:

### **INTRODUCTION**

1. Allstate initiates this action to terminate an elaborate and illicit scheme designed and perpetrated by a chiropractor and unlicensed laypersons, who conspired together to exploit patients and defraud New York No-Fault insurers (hereinafter, referred to as the “Fraudulent Scheme”). To effectuate the Fraudulent Scheme, the Defendants utilized the U.S. Mail to submit, or cause to be submitted to Allstate, in excess of \$1,583,996.40 in charges for healthcare services that were medically unnecessary, illusory, and unlawfully rendered, to the extent that they were rendered at all.

2. These non-reimbursable healthcare services were purportedly provided to Allstate No-Fault insured patients who were allegedly injured in motor vehicle accidents (hereinafter, “Insureds”).

3. Vavikova is a chiropractor licensed to practice in New York. Vavikova has been named as a defendant in multiple fraudulent healthcare schemes similar to the Fraudulent Scheme described herein.

4. Vavikova is the record owner of the Vavikova PCs, which are five professional chiropractic corporations organized in the State of New York. The Vavikova PCs and their individual tax identification numbers were the vehicles used to submit the fraudulent healthcare claims to Allstate.

5. The Vavikova PCs misrepresented themselves to state regulators, Allstate and other insurers as legitimate chiropractic practices. In reality, the Vavikova PCs were fraudulent entities operating on a transient basis, without any standalone practices or patients of their own, and did not provide virtually any legitimate or medically necessary healthcare services.

6. The John Doe Defendants are unlicensed laypersons, presently unknown to Allstate, who conspired with Vavikova to establish illegal patient referral arrangements and fraudulent protocols for the Vavikova PCs, that were used to carry out the scheme.

7. The John Doe Defendants were compensated for their role in the Fraudulent Scheme through intricate and deceptive financial maneuvers, which included disbursing funds from the Vavikova PCs' bank accounts to fictitious entities in order to conceal the identities of the John Doe Defendants and the manner in which they participated and profited from the Fraudulent Scheme.

8. The Defendants commenced the Fraudulent Scheme in 2019, immediately after there were material changes to the Workers' Compensation Fee Schedule ("Fee Schedule") by the New York Department of Financial Services ("DFS"), which limited the services that chiropractors

could be reimbursed for under New York No-Fault. Vavikova's past associations with healthcare fraud schemes centered around billing for services not listed in the Chiropractic Fee Schedule.

9. Shortly after the amendment to the Fee Schedule, the Vavikova PCs began submitting bills to Allstate almost exclusively for diagnostic ultrasound testing, using Current Procedural ("CPT") Code 76999, which is a code within the Chiropractic Fee Schedule, for unlisted ultrasound procedure that has no designated reimbursement amount. The lack of a designated reimbursement amount was exploited by the Vavikova PCs to bill Allstate at grossly inflated rates.

10. The billed for services were predominantly styled as spinal diagnostic ultrasound testing (hereinafter, "Spinal Ultrasound"), which has no proven utility for the treatment of spinal trauma resulting from motor vehicle accidents and is not recognized as part of the acceptable standard of care promulgated by any major medical organization for the treatment of such injuries. The Vavikova PCs further routinely billed Allstate for medically unnecessary extremity ultrasounds under CPT Code 76999 on the same dates of service they purportedly rendered the Spinal Ultrasounds. (Hereinafter, the services billed by the Vavikova PCs under CPT 76999 are collectively referred to as the "Fraudulent Services.")

11. The Fraudulent Services, to the extent any services were rendered, were rendered by unlicensed laypersons not qualified to diagnose or treat patients.

12. To secure a constant influx of patients whose insurance benefits could be used to fraudulently bill Allstate, the Defendants established unlawful referral and kickback arrangements within at least 67 multidisciplinary No-Fault "clinics" located throughout the New York metropolitan area (the "No-Fault Clinics"). Pursuant to these arrangements, patients were steered

to the Vavikova PCs as part of a pre-determined protocol designed to further the Fraudulent Scheme and maximize profits without regard to the health and welfare of the patients.

13. In a calculated effort to defraud Allstate, Vavikova generated and submitted to Allstate on behalf of the Vavikova PCs, falsified bills, medical records, and other documentation, to give the appearance that the billed for services were legitimately rendered, medically necessary, and reimbursable under New York law.

14. In order to conceal the full scale of the Fraudulent Scheme from Allstate and other insurers, Vavikova submitted charges to Allstate for the Fraudulent Services spread across each of the Vavikova PCs. This was by design, intended to keep the Fraudulent Scheme under the radar of insurers, by limiting the volume of bills submitted through any one entity.

15. The Fraudulent Scheme continues uninterrupted through the present day, as the Defendants continue to seek payment of the pending charges for the Fraudulent Services.

16. Vavikova, the Vavikova PCs and the John Doe Defendants conspired together in a purposeful and organized manner, with everyone fulfilling a specific and necessary role to facilitate this wide ranging, extensive healthcare fraud scheme. In just under five (5) years, the Vavikova PCs billed Allstate, a single insurer, over \$1.5 million dollars, allegedly rendering healthcare services to over 1,000 Allstate insured patients across sixty-seven (67) offices located throughout New York City and Long Island.

17. The Defendants do not have, nor have they ever had, any right to be compensated for the Fraudulent Services that were billed to Allstate through the Vavikova PCs.

18. At all relevant times discussed herein:

- (i) The Defendants intentionally and knowingly schemed to, and did subject Insureds to medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers;

- (ii) The Fraudulent Services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements;
- (iii) The Defendants intentionally and knowingly misrepresented that Vavikova performed the Fraudulent Services when in fact, to the extent they were provided, they were performed by unlicensed individuals; and
- (iv) The Defendants misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

19. The chart annexed as *Exhibit 1* sets forth a representative sample of the fraudulent charges that the Defendants submitted, or caused to be submitted, to Allstate through the Vavikova PCs.

20. The chart annexed as *Exhibit 2* sets forth representative examples of mail fraud arising from the Defendants use of the U.S. Mail in furtherance of the Fraudulent Scheme.

21. Allstate brings this action pursuant to:

- (i) The United States Racketeer Influenced and Corrupt Organizations Act (“RICO”); 18 U.S.C. §§ 1961, 1962(c) and (d), and 1964(c);
- (ii) New York State common law claims of fraud and unjust enrichment; and
- (iii) The Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202.

22. This action seeks actual damages currently in excess of \$414,026.29, the exact amount to be determined at trial, representing insurance payments that were wrongfully obtained from Allstate by, or on behalf of, the Vavikova PCs, as a direct result of the Defendants’ unlawful conduct and material misrepresentations.

23. Allstate also seeks a declaration pursuant to 28 U.S.C. §§2201-2202, that it is not legally obligated to pay or reimburse the Vavikova PCs (or their agents) in connection with any unpaid No-Fault claims, currently amounting to in excess of \$1,169,970.11, the exact amount to be determined at trial, or any future claims seeking payment seeking payment under New York’s No-Fault laws, as these claims are not reimbursable.

## **THE PARTIES**

### **I. Plaintiffs**

24. Plaintiffs Allstate Insurance Company, Allstate Indemnity Company, Allstate Property & Casualty Insurance Company, and Allstate Fire & Casualty Insurance Company are corporations duly organized and existing under the laws of the State of Illinois.

25. Allstate Insurance Company, Allstate Indemnity Company, Allstate Property & Casualty Insurance Company, and Allstate Fire & Casualty Insurance Company each have their principal place of business in Northbrook, Illinois.

26. At all relevant times to the allegations contained in this Complaint, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property & Casualty Insurance Company and Allstate Fire & Casualty Insurance Company were each authorized to conduct business in New York.

### **II. Defendants**

#### **A. Diana Vavikova**

27. Defendant Vavikova resides in, and is, a citizen of New York. Vavikova is licensed to practice chiropractic medicine in the state of New York. Vavikova has been licensed to practice chiropractic medicine in the State of New York since 1999.

28. Vavikova is the sole record owner of Active Life, 21 Century, Star Chiro, Future Chiro, and NY Rehab.

#### **B. Active Life Chiropractic, P.C.**

29. Active Life is a New York professional corporation that was incorporated on December 21, 2020, with its principal place of business in New York.

30. Since January 3, 2023, Active Life has been used as a vehicle by the Defendants to submit fraudulent billing to Allstate.

**C. DV Chiropractic Care, P.C. d/b/a 21 Century Chiropractic Care**

31. 21 Century is a New York professional corporation that was incorporated on October 14, 2016, with its principal place of business in New York.

32. Since July 8, 2019, 21 Century has been used as a vehicle by the Defendants to submit fraudulent billing to Allstate.

**D. Star Chiropractic, P.C.**

33. Star Chiro is a New York professional corporation that was incorporated on December 30, 2020, with its principal place of business in New York.

34. Since June 7, 2022, Star Chiro has been used as a vehicle by the Defendants to submit fraudulent billing to Allstate.

**E. Future Chiropractic Care, P.C.**

35. Future Chiro is a New York professional corporation that was incorporated on October 3, 2016, with its principal place of business in New York.

36. Since January 6, 2023, Future Chiro has been used as a vehicle by the Defendants to submit fraudulent billing to Allstate.

**F. NY Chiropractic Rehabilitation, P.C.**

37. NY Rehab<sup>1</sup> is a New York professional corporation that was incorporated on June 19, 2014, with its principal place of business in New York.

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<sup>1</sup> The name listed on the bills submitted to Allstate by this entity is NY Chiropractic Rehabilitation Care, P.C. No such entity exists according to the New York Division of Corporations.

38. Since January 3, 2023, NY Rehab has been used as a vehicle by the Defendants to submit fraudulent billing to Allstate.

**G. John Doe Defendants**

39. Upon information and belief, the John Doe Defendants are unlicensed, non-professional individuals and/or entities, presently not identifiable to Allstate, who knowingly conspired, participated, conducted, and assisted Vavikova in carrying out the Fraudulent Scheme.

40. Upon information and belief, the John Doe Defendants substantially assisted and participated in the Fraudulent Scheme through, among other things, the establishment of agreements that referred Insureds to the Vavikova PCs in exchange for kickbacks and the pre-determined fraudulent protocols used by the Vavikova PCs to maximize profits, without regard to genuine patient care.

41. These individuals and/or entities will be added as Defendants when their names and the extent of their participation become known through discovery.

**JURISDICTION AND VENUE**

42. 28 U.S.C. §1331 grants this Court jurisdiction over claims brought under the Racketeer Influenced and Corrupt Organizations ACT (“RICO”) 18 U.S.C. §§ 1961 *et seq.*, because they arise under the laws of the United States.

43. 28 U.S.C. § 1332(a)(1) confers subject matter jurisdiction upon this Court because the matter in controversy exceeds the sum or value of \$75,000.00, exclusive of interest and costs, and is a matter between citizens of different states.

44. This Court has supplemental jurisdiction over the claims arising under state law pursuant to 28 U.S.C. § 1367(a).

45. Pursuant to 18 U.S.C. § 1965, 28 U.S.C. § 1367, and New York CPRL §302(a), this Court has personal jurisdiction over any non-domiciliary Defendant.

46. Furthermore, 28 U.S.C. §1391 allows venue in this District to be appropriate, as the Eastern District of New York is the district where one or more of the Defendants reside and because this is the District in which a substantial part of the events giving rise to Allstate's claims against the Defendants occurred.

### **ALLEGATIONS COMMON TO ALL CLAIMS**

47. Allstate underwrites automobile insurance in the State of New York.

#### **I. Applicable Laws and Regulations**

##### **A. New York's Laws Pertaining to Medical Licensing and No-Fault Reimbursement**

###### **i. New York's No-Fault Insurance System**

48. Under New York's Comprehensive Motor Vehicle Insurance Reparations Act (N.Y. Ins. Law §§ 5101, et seq.), and regulations promulgated pursuant thereto (11 N.Y.C.R.R. §§ 65, et seq.)(collectively, "the No-Fault Laws"), automobile insurers such as Allstate are required to pay first-party benefits to reimburse for basic economic loss ("No-Fault Benefits"), sustained by an eligible injured person on account of personal injuries caused by an accident arising out of the use or operation of a motor vehicle.

49. Basic economic loss is defined to include necessary expenses of medical and healthcare services up to \$50,000 per person.

50. The No-Fault Laws are designed to ensure that reasonable and necessary accident related medical and rehabilitation expenses, for victims of motor vehicle accidents, are paid promptly and in accordance with established fee schedules.

51. An Insured may assign their rights to No-Fault Benefits to providers of healthcare services in exchange for those services.

52. Following a duly executed assignment, a healthcare provider may submit claims directly to the insurance company and receive payments directly for the medical services using the claim form entitled “Verification of Treatment by Attending Physician or Other Provider of Health services,” (“NF-3 Claim Form”). In the alternative, healthcare providers sometimes submit claims using the Health Care Financing Administration Insurance Claim form (“HCFA-1500 Form”).

53. Pursuant to New York Insurance Law § 403, the NF-3 Claim Forms submitted by a healthcare provider to Allstate, and to all other automobile insurers, must be verified by the healthcare provider, subject to the following warning:

Any person who knowingly and with intent to defraud any insurance company or other persons files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act which is a crime.

**ii. New York Prohibitions Against Lay Control of a Professional Healthcare Practices**

54. In New York, only licensed professionals, such as chiropractors, may organize, own, or control professional healthcare corporations. See, e.g., New York Business Corporation Law §§ 1503 and 1508. Likewise, only licensed professionals may be a director or officer of a professional healthcare practice. See New York Business Corporation Law §1508.

55. Additionally, New York law requires that the licensed professional owner of a professional service corporation be engaged in the practice of the profession through the entity. See New York Business Corporation Law 1507(a).

56. The New York State Department of Education is charged to “administer the admission to and the practice of the professions” and is responsible for issuing a certificate of

authority to “qualified professional service corporations.” See New York Education Law §§ 6507 and 6507 (4)(c)(i).

57. Pursuant to the New York Education Law, it is professional misconduct to permit laypersons to share in the fees for professional medical services. See New York Education Law § 6530(19).

58. Thus, in New York, by statute, regulation, and the common law, the corporate form cannot be used as a device to allow the unlicensed individuals to control or derive economic benefit from the provisions of healthcare services. See Andrew Carothers, M.D., P.C. v Progressive Ins. Co., 33 N.Y.3d 389, 393 (2019).

**iii. New York Prohibitions Against Improper Referrals**

59. The New York Public Health Law and its corresponding regulations promulgated by the Department of Health prohibit a practitioner from ordering enumerated services, including pharmacy, imaging, and physical therapy services, when the referring provider has a financial relationship with the provider performing the service. See e.g., New York Public Health Law § 238(a)(1)(a) and 10 N.Y.C.R.R. § 34-1.3.

60. The same laws and regulations prohibit referrals for any other “health or health related items” where a financial relationship exists unless the financial relationship is disclosed to the patient and the patient is informed of their right to use alternative healthcare providers for the services. See e.g., New York Public Health Law § 238(d) and 10 NYCRR § 34-1.5.

61. Healthcare professionals who make or receive referrals in violation of the Public Health Law are prohibited from submitting a claim for payment for the services. Additionally, the New York Education Law prohibits healthcare professionals from requesting, agreeing to receive, or participating in payments or other forms of consideration, in exchange with the furnishing of professional care. See e.g. Education Law §§ 6509-and 6531(18); 8 N.Y.C.R.R. §29.1 (b)(3).

**iv. Services Rendered in Violation of New York Licensing Laws are not Reimbursable Under the No-Fault Laws**

62. The No-Fault Laws expressly provide that, a healthcare provider is not eligible to receive No-Fault Benefits if it fails to meet *any* applicable New York State or local licensing requirements necessary to perform such services in New York. See 11 N.Y.C.R.R. §65-3.16(a)(12) (emphasis added).

63. In State Farm Mut. Auto. Ins. Co. v. Mallela, 4 N.Y.3d 313, 320 (2005), the New York Court of Appeals interpreted 11 N.Y.C.R.R. §65-3.16(a)(12) to prohibit medical professional corporations, that were owned and controlled by laypersons, from reimbursement for No-Fault Benefits.

64. More recently, in Andrew Carothers, MD, PC v. Progressive Ins. Co. 33 N.Y.3d 389, 406 (2019), the New York Court of Appeals reaffirmed *Mallela* ruling that a healthcare provider in “material breach of the foundation rule for professional corporation license – namely that it be controlled by licensed professionals – was enough to render [the healthcare provider] ineligible for reimbursement under 11 NYCRR 65-3.16(a)(12).”

65. In Fair Price Med. Supply Corp. v. ELRAC Inc., 12 Misc. 3d 119, 820 N.Y.S.2d 679 (App. Term, 2d & 11th Jud. Dists. 2006) the New York Appellate Term, Second Department interpreted 11 NYCRR §65-3.16(a)(12) to prohibit professional medical corporations who engage in improper referrals (e.g., kickbacks), in violation of the Public Health Law, from reimbursement for No-Fault Benefits.

66. Accordingly, under the No-Fault Laws, a healthcare provider is not eligible to receive No-Fault Benefits if it is fraudulently formed or incorporated, fraudulently controlled, engages in unlawful fee-splitting, engages in unlawful referrals, and/or fails to abide by any other

state or local licensing requirement pertaining to medical professionals and/or professional corporations.

**B. Laws Pertaining to Racketeer Influenced and Corrupt Organizations (“RICO”)**

67. The Organized Crime Control Act of 1970 was established in order to prevent and punish racketeering activity. See 18 U.S.C. §1962.

68. Under 18 U.S.C. § 1962(c)-(d):

(c) it shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity or collection of unlawful debt.

(d) It shall be unlawful for any person to conspire to violate any provisions of subsection (a), (b), or (c) of this section.

69. An “enterprise,” under 18 U.S.C. § 1961(4), “includes any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity[.]”

70. Under 18 U.S.C. §1964 (a) Civil Remedies:

The district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962 of this chapter by issuing appropriate orders, including, but not limited to: ordering any person to divest himself of any interest, direct or indirect, in any enterprise; imposing reasonable restrictions on the future activities or investments of any person, including, but not limited to, prohibiting any person from engaging in the same type of endeavor as the enterprise engaged in, the activities of which affect interstate or foreign commerce; or ordering dissolution or reorganization of any enterprise, making due provision for the rights of innocent persons.

71. In addition to providing a mechanism to counter criminal activities, the RICO statute also establishes and provides for a private enforcement scheme for violations of the RICO statute.

72. 18 U.S.C § 1964(c) states:

Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court

and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee, except that no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to establish a violation of section 1962.

73. "Racketeering activity" is defined in 18 U.S.C. § 1961 and includes any act which is indictable under 18 U.S.C. § 1341 (relating to mail fraud).

74. An individual or entity commits mail fraud when they:

having devised or intending to devise any scheme or artifice to defraud, or for obtaining money...by means of false or fraudulent pretenses, representations, or promises...for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or deposits or causes to be deposited any matter or thing whatever to be sent or delivered by any private or commercial interstate carrier, or takes or receives therefrom, any such matter or thing, or knowingly causes to be delivered by mail or such carrier according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing.

## **II. The Fraudulent Scheme**

### **A. Prior and Pending Actions Against Vavikova**

75. Vavikova has a history of being associated with a litany of No-Fault healthcare fraud schemes. Within the past ten years alone, she has been named as a defendant in at least five insurer affirmative actions premised on No-Fault insurance fraud. Two of these actions are currently pending before this District and include many of the same Defendants and a materially similar scheme as set forth in this action. A brief summary of the allegations in each of those actions is set forth below:

- (i) In 2015, Vavikova, along with two chiropractic entities she purported to own, not named in this action, were defendants in an action brought by Allstate which set forth, among other allegations, that Vavikova engaged in a multi-million-dollar scheme to bill for medically unnecessary manipulations under anesthesia and embezzled money by writing checks as part of the scheme.<sup>2</sup>

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<sup>2</sup> Allstate Insurance Company, et al. v. Robert Super, D.C., 1:15-cv-04900 (E.D.N.Y.).

- (ii) In 2019, Vavikova along with four chiropractic entities she purported to own, including NY Rehab, were named as Defendants in an action by State Farm which alleged, among other things, that Vavikova engaged in a multi-million-dollar scheme to fraudulently bill for medically unnecessary nerve testing and MUAs.<sup>3</sup>
- (iii) In 2020, Vavikova and NY Rehab were defendants in an action by Government Employees Insurance Company (“GEICO”) which alleged, among other things, that Vavikova sold her chiropractic license to unlicensed laypersons, and permitted them to illegally operate and control NY Rehab.<sup>4</sup>
- (iv) In 2023, Vavikova, Star Chiro and 21 Century, were named as defendants in an action brought by Liberty Mutual Insurance Company, for their involvement in a healthcare fraud scheme, similar to the Fraudulent Scheme outlined in this Complaint.<sup>5</sup> In that action, it was alleged, as herein, that Vavikova operated Star Chiro and 21 Century on an itinerant basis, that they entered into illegal financial kickback arrangements with unlicensed laypersons who provided access to patients at No-Fault clinics and that subjected every patient to “serial” ultrasounds solely to maximum billing.<sup>6</sup>
- (v) Also in 2023, GEICO brought an action against Vavikova, Star Chiro, Active Life, Future Chiro and Professional Chiropractic Care, P.C., for their involvement in a healthcare fraud scheme similar to the Fraudulent Scheme outlined in this Complaint.<sup>7</sup> In that action, it was alleged, as herein, that the Defendants colluded with unlicensed laypersons to perpetrate a fraudulent scheme using illegal referral and kickback arrangements. It was further alleged that Vavikova paid unlicensed conspirators through payments to fictitious entities.

## **B. The Fraudulent Operation of the Vavikova PCs**

76. On April 1, 2019, the DFS revised the Fee Schedule to prohibit chiropractors from billing No-Fault insurers for services that were not listed in the Chiropractic Fee Schedule. Vavikova’s prior healthcare fraud schemes relied heavily on billing for such services.

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<sup>3</sup> State Farm Mutual Automobile Ins. Co., et al. v. Modern Chiropractic, P.C., et al, 2:19-cv-05895 (E.D.N.Y.).

<sup>4</sup> Gov’t Employees Ins. Co. et al., v. Trinity Medicine, P.C. et al., 1:20-cv-03080 (E.D.N.Y.).

<sup>5</sup> Liberty Mutual Insurance Company et al., v. Diana Vavikova, D.C. et al., 1:23-cv-05867 (E.D.N.Y.).

<sup>6</sup> Id. at Dkt 1, ¶ 57.

<sup>7</sup> Gov’t Employees Ins. Co. et al., v. Diana Vavikova, D.C. et al., 1:23-cv-09031 (E.D.N.Y.).

77. The Fraudulent Scheme commenced on the heels of this revision, in or about July 2019, when Allstate began receiving bills from the Vavikova PCs virtually always using CPT Code 76999 for services styled as diagnostic musculoskeletal ultrasounds.

78. This CPT Code was nearly exclusively relied on by the Defendants because: (i) it is listed in the Chiropractic Fee Schedule, (ii) there is no assigned rate for this code and therefore can be improperly manipulated by those seeking to fraudulently maximize charges, and (iii) identifies a diagnostic service that can be performed on an itinerant basis, not requiring an ongoing chiropractic-patient relationship.

79. By design, Vavikova utilized multiple entities, the Vavikova PCs, to submit billing for the Fraudulent Services, even though the billing was for the same services, purportedly rendered by the same individual. This structure of rotating billing submissions through different professional corporations allowed the Fraudulent Scheme to continue uninterrupted, so that whenever one entity received scrutiny from insurers, a different entity would take its place.

80. Additionally, by submitting the charges for the Fraudulent Services through the tax identification numbers of multiple entities, the Defendants attempted to conceal the full scale of the Fraudulent Scheme from Allstate and other insurers. In fact, the Defendants cycled through the Vavikova PCs in a near sequential fashion, with a new entity beginning to bill for the Fraudulent Services shortly before or immediately after its predecessor was abandoned, as follows:

- (i) 21 Century purportedly rendered the Fraudulent Services from July 8, 2019, through August 30, 2022, billing Allstate a total of \$379,212.49.
- (ii) Star Chiro purportedly rendered the Fraudulent Services from June 7, 2022, through December 28, 2022, billing Allstate a total of \$299,518.09.
- (iii) NY Chiro purportedly rendered the Fraudulent Services from January 3, 2023, through January 23, 2023, billing Allstate a total of \$28,776.23.
- (iv) Active Life purportedly rendered the Fraudulent Services from January 3, 2023, through December 14, 2023, billing Allstate a total of \$823,118.92.

- (v) Future Chiro purportedly rendered the Fraudulent Services from January 6, 2023, through March 7, 2023, billing Allstate a total of \$53,370.67.

81. Additionally, on March 8, 2023, one day after Future Chiro ceased billing Allstate, Vavikova incorporated two other entities, Diagnostic Testing Chiropractic, P.C. and Focused Diagnostic Chiropractic, P.C. Upon information and belief, these entities were also incorporated as part of the Fraudulent Scheme.

82. The operating patterns of the Vavikova PCs were entirely inconsistent with how a legitimate practitioner would run a business.

83. A legitimate healthcare practice would be expected to build brand recognition, grow at a sustainable rate, consolidate expenses, and maintain profitable practices. Conversely, the Vavikova PCs did nothing to promote or sustain the practices, but instead, closed facially successful operations.

84. When questioned under oath, Vavikova failed to provide any legitimate reasons why she operated and/or incorporated numerous distinct entities to provide the same services within a few years.

### **C. The Illegal Kickback and Referral Scheme**

85. In furtherance of the Fraudulent Scheme, Vavikova and the John Doe Defendants created and utilized deceptive financial transactions, in order to conceal the illicit referral and kickback arrangements and compensate the John Doe Defendants for their role in the scheme. These transactions took at least two forms: (i) sham “sublease” agreements between the Vavikova PCs and “referring practitioners,” and (ii) bogus checks issued for fictitious services in order to launder money from the Vavikova PCs to the John Doe Defendants.

**i. Bogus Sublease Agreements and Rent Payments**

86. Defendants utilized numerous sham “sublease” agreements for the purported use of office space, to facilitate and conceal the unlawful kickbacks. In exchange for the “rental” payments, Insureds were directed to the Vavikova PCs and in turn, the Defendants submitted bills to Allstate for services supposedly rendered to those Insureds.

87. The Fraudulent Scheme could not have been carried out without these unlawful referral arrangements as the Vavikova PCs had no legitimate patients of their own and as such, could not generate revenue by billing Allstate and other insurers for No-Fault Benefits.

88. As part of a “pay-to-play” arrangement, the Vavikova PCs operated exclusively at the No-Fault Clinics on a transient basis and were provided a steady stream of patients without regard to the individualized medical needs of those patients.

89. The No-Fault Clinics were designed to appear to patients as a single healthcare practice offering a wide range of services (e.g., chiropractic, physical therapy, mental health, medical equipment, etc.), all under one roof, to victims of motor vehicle accidents. In reality, the clinics were medical mills established for the sole purpose of submitting inflated, fraudulent billing to Allstate and other insurers. Clinics similar in nature were identified by the Insurance Information Institute as the engine that drives No-Fault fraud and operate solely for the pecuniary benefit of their unlicensed lay owners.<sup>8</sup>

90. Specifically, the Vavikova PCs operated at a vast network of sixty-seven (67) distinct No-Fault Clinics, pursuant to illegal referral and kickback arrangements. The Clinics are as follows:

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<sup>8</sup> <https://www.iii.org/article/no-fault-insurance-fraud-new-york-state-ramping-premiums>

<b>Clinic - Street Address</b>	<b>County</b>	<b>ZIP Code</b>	<b>Vavikova PC(s)</b>
1 Cross Island Plaza	Queens	11422	Active Life
105-10 Flatlands Avenue	Kings	11236	21 Century, Star Chiro
107-48 Guy R Brewer Boulevard, Suite 205	Queens	11433	Star Chiro, Active Life
108-25 Merrick Boulevard	Queens	11433	21 Century, Star Chiro, Active Life
1100 Pelham Parkway	Bronx	10461	21 Century, Future Chiro, Star Chiro, Active Life
111-18 Flatlands Avenue	Kings	11207	Active Life
1122A Coney Island Avenue	Kings	11230	21 Century
1251 Ralph Avenue	Kings	11236	Star Chiro, NY Rehab, Active Life
127 Post Avenue	Nassau	11590	21 Century, Star Chiro
1320 Louis Nine Boulevard	Bronx	10459	Future Chiro, Active Life
1405 Myrtle Avenue	Kings	11237	Active Life
146 Empire Boulevard	Kings	11225	Star Chiro, Active Life
148-21 Jamaica Avenue	Queens	11435	21 Century, Star Chiro
1500 Astor Place	Bronx	10469	21 Century, Future Chiro
152-80 Rockaway Boulevard, Suite 104	Queens	11434	21 Century
1568 Ralph Avenue	Kings	11234	21 Century
160-59 Rockaway Boulevard	Queens	11434	Star Chiro, Active Life
1647 Macombs Road	Bronx	10453	21 Century
1650 Eastern Parkway	Kings	11223	21 Century, Future Chiro
1655 Richmond Avenue	Richmond	10314	21 Century
172-17 Jamarca Avenue	Queens	11432	21 Century, Star Chiro, Active Life
176 Wilson Avenue	Kings	11237	21 Century, Star Chiro, NY Rehab
1975 Linden Boulevard	Nassau	11003	Star Chiro, Active Life
204-12 Hillside Avenue	Queens	11423	21 Century
205-16 Jamaica Avenue	Queens	11423	21 Century
205-20 Jamaica Avenue	Queens	11423	NY Rehab
2184 Flatbush Avenue	Kings	11234	21 Century, Star Chiro
225-21 Linden Boulevard	Queens	11411	21 Century, Star Chiro
2273 65th Street	Kings	11204	21 Century, Star Chiro, Active Life
2354 Westchester Avenue	Bronx	10462	21 Century, Future Chiro, Star Chiro, Active Life
2422 Knapp Street	Kings	11235	Star Chiro, Active Life
2748 Ocean Avenue, 5th Floor	Kings	11229	Active Life
3027 Avenue V	Kings	11229	NY Rehab
3055 3rd Avenue	Bronx	10451	Future Chiro, Star Chiro, Active Life
3209 Fulton Street	Kings	11208	Star Chiro, Active Life
322 E 149th Street	Bronx	10451	21 Century

3407 White Plains Road	Bronx	10467	21 Century, Future Chiro, Star Chiro
3432 E Tremont Avenue	Bronx	10465	Active Life
358 Neptune Avenue, 6th Floor	Kings	11235	Active Life
37 Smith Street	Nassau	11520	21 Century, Star Chiro, Active Life
37-23 72nd Street	Queens	11372	Star Chiro
4014A Boston Road	Bronx	10475	21 Century, Future Chiro, Star Chiro, Active Life
409 Rockaway Avenue	Kings	11212	21 Century
4250 White Plains Road	Bronx	10466	21 Century, Future Chiro, Star Chiro, Active Life
4720 Avenue N	Kings	11234	21 Century
486 McDonald Avenue	Kings	11218	Star Chiro, Active Life
488 Lafayette Avenue	Kings	11205	21 Century, Star Chiro, Active Life
5205 Church Avenue	Kings	11203	Star Chiro, NY Rehab, Active Life
550 Remsen Avenue	Kings	11236	Star Chiro
5506 Avenue N	Kings	11234	21 Century, NY Rehab
560 Prospect Avenue	Bronx	10455	Future Chiro, Star Chiro, Active Life
60 Belmont Avenue	Kings	11212	Active Life
607 Westchester Avenue	Bronx	10455	21 Century
611 East 76th Street	Kings	11236	21 Century
615 Seneca Avenue	Queens	11385	21 Century
62-69 99th Street	Queens	11374	21 Century, Star Chiro, Active Life
65-06 Roosevelt Avenue	Queens	11377	Active Life
719 Southern Boulevard	Bronx	10455	21 Century, Star Chiro, Active Life
788 Southern Boulevard	Bronx	10455	21 Century
79-45 Metropolitan Avenue	Queens	11379	21 Century, Star Chiro, Active Life
82-25 Queens Boulevard	Queens	11373	21 Century
87-15 115th Street	Queens	11418	21 Century
89-25 130th Street	Queens	11418	21 Century
92-05 Rockaway Boulevard	Queens	11417	21 Century, Star Chiro, Active Life
92-07 Roosevelt Avenue	Queens	11372	21 Century
92-08 Liberty Avenue	Queens	11417	21 Century, Star Chiro
97-01 101st Avenue	Queens	11416	21 Century

91. Many of the sixty-seven (67) locations where the Vavikova PCs allegedly provided the Fraudulent Services have been implicated in criminal or civil matters for their involvement in kickback schemes. Representative samples include:

- (i) The No-Fault Clinic located at 204-12 Hillside Avenue, Jamaica, NY was subject of a recent indictment by the Federal government involving a large

and fraudulent No-Fault insurance referral ring.<sup>9</sup> In that indictment, numerous individuals bribed hospital employees and NYPD employees for confidential patient information, which was then provided to other co-conspirators, who steered these patients to obtain medical treatment at certain clinics and to obtain legal services from certain law firms.

- (ii) In addition to the action above, the No-Fault Clinic located at 204-12 Hillside Avenue, Jamaica, NY as well as the No-Fault Clinic located at 205-20 Jamaica Avenue, Jamaica, NY were implicated in another criminal action<sup>10</sup> involving laypersons, including Alexander Gulkarov, who pled guilty to unlawfully owning, operating and profiting from medical clinics and pharmacies run by laypersons.
- (iii) The No-Fault Clinic located at 1647 Macombs Road, Bronx, NY was identified in a healthcare fraud action brought by GEICO involving a similar scheme to that described in this Complaint.<sup>11</sup> Specifically, GEICO alleged that the lay owners of fraudulently incorporated healthcare entities nominally owned by Jean-Pierre Barakat, MD, entered into illegal referral arrangements with unlicensed laypersons who controlled the No-Fault Clinic in order to bill fraudulent services.
- (iv) The No-Fault Clinic located at 1647 Macombs Road was also implicated in another GEICO healthcare fraud action.<sup>12</sup> Specifically, GEICO alleged that the lay owners of the fraudulently incorporated healthcare entities associated with a physician entered into illegal referral arrangements with unlicensed laypersons who controlled the No-Fault Clinic in order to bill fraudulent services.
- (v) The No-Fault Clinics located at 105-10 Flatlands Avenue, Brooklyn, NY, 204-12 Hillside Avenue, Jamaica, NY, 79-45 Metropolitan Avenue, NY, 409 Rockaway Avenue, Brooklyn, NY and 62-69 99<sup>th</sup> Street, Flushing, NY were implicated in a healthcare fraud action brought by Allstate.<sup>13</sup> Allstate alleged that lay owners of fraudulently incorporated healthcare entities nominally owned by two physicians entered into illegal arrangements with unlicensed laypersons who controlled the No-Fault Clinic in order to bill fraudulent radiologic services.
- (vi) A psychologist who performed healthcare services at the No-Fault Clinics located at (i) 148-21 Jamaica Avenue, Jamaica, NY 11435; (ii) 176 Wilson Avenue, Brooklyn, NY 11237; (iii) 60 Belmont Ave, Brooklyn, NY 11212; (iv) 92-05 Rockaway Boulevard, Jamaica, NY 11417, testified under oath that as part of a similarly designed healthcare fraud scheme against Allstate

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<sup>9</sup> United States of America v. Anthony Rose, et al., 1:19-cr-00789 (S.D.N.Y).

<sup>10</sup> United States v Gulkarov, 1:22-cr-00020 (S.D.N.Y.).

<sup>11</sup> Gov't Empl. Co., et al v. Barakat, MD, et al v. Jean-Pierre Barakat, et al, 1:22-cv-07532 (E.D.N.Y).

<sup>12</sup> Gov't Empl. Co, et al v. Rodriguez MD, et al. 1:22-cv-03475 (E.D.N.Y.).

<sup>13</sup> Allstate v. Lyons, et al., 1:23-cv-08045 (E.D.N.Y).

and other insurers he was assigned to work at these No-Fault Clinics pursuant to unlawful financial agreements. When the scheme was uncovered by an insurer, the orchestrator of the healthcare fraud scheme attempted to change the kickback agreements to appear as “lease agreements.”

92. Vavikova falsely claimed that the Vavikova PCs operated at the aforementioned locations pursuant to legitimate, arms-length office “sublease” agreements with healthcare practitioners at the same No-Fault Clinics. Notwithstanding the labels applied to the financial arrangements, their true purpose was to mask the kickback scheme and facilitate the referrals that fueled the Fraudulent Scheme.

93. Relevant to the instant matter, New York law prohibits practitioners from referring for imaging services where the practitioner has a financial relationship with the referring provider. However, certain financial relationships, including legitimate arms-length office space agreements, may not constitute a financial arrangement subject to the New York Public Health Law’s prohibitions on referrals.

94. The Defendants intentionally characterized their financial agreements with the alleged referring practitioners as “sublease agreements” and “rental payments” in a thinly veiled attempt to circumvent the Public Health Law and fall under this exception. However, to qualify under this exception, the office space lease agreements must satisfy certain conditions specified within Public Health Law § 238-a[5][b][i], including:

- (i) The agreement specifies the space covered by the agreement and dedicated for the use of the lessee.
- (ii) The agreement provides for a payment on a periodic basis of an amount that is consistent with fair market value.
- (iii) The agreement provides for an amount of aggregate payments that does not vary, directly or indirectly, based on the volume or value of any referrals of business between the parties.

- (iv) The agreement would be considered to be commercially reasonable even if no referrals were made between the parties.

95. The Vavikova PCs' office space agreements plainly failed to satisfy any exception to the Public Health Laws' prohibition of financial arrangements and referrals and contemplated no business rationale other than patient referrals for the Fraudulent Services.

96. Initially, the purported sublease agreements virtually never provided any of the Vavikova PCs exclusive "dedicated" use of any office space to be used as a legitimate chiropractic office. Rather, the agreements purported to provide the Vavikova PCs access to the Clinics on variable undefined days generally one to three times a month.

97. No legitimate healthcare practice could operate or attract patients without the most basic knowledge of the specific days when the office will be open for patients.

98. To the extent that some of the purported sublease agreements specify the space exclusively dedicated to the use of the Vavikova PC (e.g., unlimited access to the premises rendered), such representations were a farce and were never legitimately contemplated or carried out by the parties.

99. By way of example, the "sublease" agreement between 21 Century for the use of space located at 92-05 Rockaway Boulevard, Ozone Park, NY 11417 states:

**(ii) The Subleased Space shall be used exclusively by 21st Century Chiropractic Care**

100. Yet when Vavikova was questioned about this specific location, she testified that the space 21st Century was purportedly leasing was not exclusively used by her entity and that other entities shared the same exact office space. Furthermore, Vavikova could only access this space when permitted by the No-Fault Clinic, despite the fact that she was ostensibly a paying tenant for the premises.

Q. What are the days and times that you're located there? That your entity is present there?

A. Anytime when they give us. Every month it would be different. Different days.

Q. Who gives you what? You said, when they give us. What does that mean?

A. The secretary gives us. Secretary gives us different days.

Q. The secretary at this location tells you what days to come in?

A. Yes.

Q. How does she determine what days you should come in?

A. Based on their schedule. Based on their availability of the room.

Q. So you don't have exclusive access to the room?

A. No, the office is too small to have exclusive access to the room. Not anything exclusively. It's too small to be

exclusive this room. When we are not there, there are other providers who come and use that room.

Q. Do you leave any --

A. We have only one room for the testing. It's a small room. That's all they have.

Q. So you can only access that room when the receptionist tells you?

A. Yes, in the days when the room is available, yes.

101. In addition to failing to provide the Vavikova PCs with any specificity as to when they can actually have access to their offices, the sublease agreements failed to “specify the space covered by the agreements.” Instead, many of the agreements define the premises “subleased” using generic terms such as, “one room.” Below are illustrative examples:

**Sublease for 1 Cross Island Plaza, Suite 323, Rosedale, NY 11422:**

The Sublessor agrees to sublet, and the Sublessee agrees to take possession of a room that is located in: 1 CROSS ISLAND PLAZA, SUITE 323, ROSEDALE, NY 11422 (“Premises”) under the following terms:

**Sublease for 62-69 99<sup>th</sup> Street, Rego Park, NY 11374:**

The sublandlord provides one (1) room to the subtenant to rent at the facility located at 62-69 99 street Rego Park, NY 11374.

**Sublease for 108-25 Merrick Boulevard, Jamaica, NY 11433:**

Hereinafter the “Office” Tenant, in consideration of sublease payment provided in this Agreement, sublets to under tenant 1 (one) room for musculoskeletal diagnostic ultrasound purposes, three times per month from 11 am to 6 pm.

**Sublease for 1100 Pelham Parkway S., Bronx, NY 10461:**

One (1) room of the facility located at which is to be used for providing Musculoskeletal Diagnostic Ultrasound for patients. The subtenant is authorized to use the rented space three times per month on any given day between Monday and Friday.

**Sublease for 2354 Westchester Avenue, Bronx, NY 10462:**

Hereinafter the “office” Tenant, in consideration of sublease payment provided in this Agreement, sublets to under tenant of one (1) room which is to be used for Patients’ evaluation and musculoskeletal Sonogram testing. Subtenant can occupy the rooms twice per month from 11pm to 7pm.

**Sublease for 2422 Knapp Street, Brooklyn, NY 11235:**

Hereinafter the “office” Tenant, in consideration of sublease payment provided in this Agreement, sublets to under tenant of one (1) room which is to be used for Patients’ evaluation and musculoskeletal Sonogram testing. Subtenant can occupy the rooms twice per month from 11pm to 7pm.

102. To the extent that any of the agreements appear to specify the space purportedly being rented by the Vavikova PCs, such descriptions are false and do not reflect the actual space provided to the Vavikova PCs.

103. By way of example, Active Life provided a sublease agreement for the space located at 4014A Boston Rd., Bronx, NY 10475. The No-Fault Clinic at this location presents itself to the public as “Bronx County Medical Care” and states that it offers a wide range of services, such as orthopedic, physical therapy, acupuncture, neurology, etc. Below is an image of the exterior of the No-Fault Clinic:



104. Active Life purports to practice at this location pursuant to a “sublease” agreement which falsely states that Active Life leased the entirety of the premises as follows:

The sublessor hereby sublets to the sublessee and the sublessee hereby hires from the sublessor the premises located at 4014A Boston RD, Bronx, NY, 10475 for a term of two years beginning on March 02<sup>nd</sup> 2023 and continuing through and including March 02<sup>nd</sup> 2025, however it automatically renews unless both parties orally or otherwise disagree, therefore this Sublease does not expire on above given date(s).

105. Similarly, Active Life purports to operate an office at 2273 65<sup>th</sup> Street, Brooklyn, NY 11204, pursuant to a “sublease.” This is another No-Fault Clinic, which casts itself to the public simply as a “Medical Office,” offering once again a wide range of services, including internal medicine services like cancer screening, blood, and urine tests, etc.



106. Active Life’s “sublease” agreement for this location falsely stated that Active Life leased the entire premises:

The sublessor hereby sublets to the sublessee and the sublessee hereby hires from the sublessor the premises located at **2273 65<sup>th</sup> street, Brooklyn NY 11204** for a term of two years beginning on **03 of January 2023** and continuing through and including **03 of January 2025**, however it automatically renews unless both parties orally or otherwise disagree, therefore this Sublease does not expire on above given date(s).

107. The parties intentionally and knowingly entered into these agreements fully aware that no party actually intended to carry out the terms of the lease and that their sole purpose was to conceal the illegal kickback payments.

108. Further establishing that the arrangements were entirely based on “referrals between the parties,” many of the “sublease” agreements explicitly state that the Vavikova PCs were restricted to providing only the Fraudulent Services and were prohibited from using their leased space to provide genuine chiropractic care or for any other use permitted under the law.

109. Representative examples are below:

**Sublease for 37 Smith Street, Freeport, NY 11520:**

The premises may be used by the sublessee **two times per month from 11 am to 7 pm** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 60 Belmont Avenue, Brooklyn, NY 11212:**

The premises may be used by the sublessee **three times per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 62-69 99<sup>th</sup> Street, Rego Park, NY 11374:**

The subtenant rents the office space to conduct patient’s evaluation for **Musculoskeletal Diagnostic Ultrasound**.

The subtenant is authorized to use the rented space twice (2 times) per month on any given day between Monday and Friday from 11 am to 6 pm.

**Sublease for 65-06 Roosevelt Avenue, Woodside, NY 11377:**

The premises may be used by the sublessee **one time per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 108-25 Merrick Boulevard, Jamaica, NY 11433:**

Hereinafter the "Office" Tenant, in consideration of sublease payment provided in this Agreement, sublets to under tenant 1 (one) room for musculoskeletal diagnostic ultrasound purposes, three times per month from 11 am to 6 pm.

**Sublease for 172-17 Jamaica Avenue, Jamaica, NY 11432:**

The premises may be used by the sublessee **three times per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 358 Neptune Avenue, Brooklyn, NY 11235:**

The premises may be used by the sublessee **one time per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 550 Remsen Avenue, Brooklyn, NY 11236:**

The premises may be used by the sublessee **two times per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

**Sublease for 1100 Pelham Parkway S., Bronx, NY 10461:**

One (1) room of the facility located at which is to be used for providing **Musculoskeletal Diagnostic Ultrasound** for patients. The subtenant is authorized to use the rented space three times per month on any given day between Monday and Friday.

**Sublease for 1320 Louis Nine Boulevard, Bronx, NY 10459:**

The premises may be used by the sublessee **two times per month** for the purpose of providing **Musculoskeletal Diagnostic Ultrasound** for patients.

110. Vavikova performed no due diligence in negotiating the rent amounts and could not provide a fair market valuation or any other basis to establish that the terms of the sublease agreements were “commercially reasonable absent patient referrals.”

111. The rent amounts were not based upon an arms-length transaction between a landlord and tenant, as required by the Public Health Law. The Vavikova PCs generally paid the same daily rate, regardless of the parties subject to the sublease agreement, the square footage of the premises, the geographic location of the premises, and/or the terms of the agreements.

112. The payments were presented as monthly lease fees to give the appearance that the total amount was reasonable, but in reality, they were exorbitant daily payment rates as part of the pay-to-play arrangements.

113. Moreover, in addition to the sublease agreements plainly violating the New York Public Health Law, Vavikova did not establish any legitimate chiropractic office at the locations and at times was explicitly prohibited from doing so. For example, Vavikova did not have a key to access any of the premises and did not maintain any staff or equipment within any of the offices. The Vavikova PCs did not advertise or have any signage to even show they were operating out of these locations.

114. In fact, Vavikova never purported to operate an independent practice. Nor did the Vavikova PCs ever lease space directly from the owners of the buildings. Instead, all of the agreements provided to Allstate were allegedly subleases with other providers (such as physical therapists, chiropractors, etc.) who purported to treat the same patients as the Vavikova PCs. Vavikova described the arrangements as follows:

Q. Do you have a key to any of these locations?

A. No.

Q. Do you have your sign displayed anywhere for D.V. Chiropractic or any of your entities at these locations?

A. No, I have no rights to advertise myself in this situation because it's all referrals from doctors which needs testing. So they don't advertise. Other providers coming to EMG, they cannot advertise themselves as an EMG facility. They provide service to the doctor. Testing, no.

Q. When you say, no rights to advertise. What do you mean by that? Is that something --

A. I'm not going to open my practice there. If I started to advertise, then other people start to come. They have their own patients. It's not enough for even their patients. Most of the offices, one or two, have one or two exam rooms. They have no place bring more volume there. It's impossible.

115. Finally, further demonstrating that the subleases were sham agreements to disguise the kickbacks, at times Vavikova did not even pay rent to the sublessor identified in the sublease agreement.

116. By way of example, the agreement between Active Life and WA Group Corp. for the office purportedly being leased at 111-18 Flatlands Avenue, Brooklyn, NY 11207 specifies that payments should be made to "WA Group Corp."

**3. Compensation**

(a) For the services performed under this Agreement and the use of Subleased Space and Personnel, ~~Active Life Care PC~~ shall pay to WA GROUP CORP the Base Fee equal to \$ 1000 per month. \_\_\_\_\_ shall pay all amounts due to WA GROUP CORP for the services rendered under this Agreement on a monthly basis, within ten (10) days after presentation of an invoice covering services provided in the preceding month.

117. Contrary to the agreement, Active Life issued “rent” payments to an entity not a party to the sublease agreement named “Compassion Medical Care, PC” for this office location. Some of those rent payments were subsequently cashed at a check cashing facility in New Jersey.

118. Similarly, the agreement between Active Life and Quazi R. Medical Services, PC for the office purportedly being leased at 2748 Ocean Avenue, Brooklyn, NY 11229 specifies that payment should be made to “Quazi R Medical Services, PC.”

**c. Rent: sublessee agrees to pay sublessor a monthly rent in the amount of \$1,000 in the form of check or money order payable to Quazi R Medical Services, PC.**

119. However, Active Life issued “rent” payments to an entity called “KMR Medical Care, PC” for this office location.

**i. Sham Payments for Fictitious Services.**

120. In addition to the illegitimate payments for “office space,” the Defendants caused the Vavikova PCs to regularly issue checks for fictitious services disguised as payments related to the operation of a chiropractic practice.

121. The Defendants, at all times knew, that their conduct was illegal, and therefore took affirmative steps to conceal the kickback arrangements and the existence of the Fraudulent Scheme.

122. Specifically, in furtherance of the Fraudulent Scheme, Defendants set up a recurring series of payments to a revolving door of fictitious businesses, disguised as legitimate services, such as “computer services,” “cleaning services,” “office supplies,” and “transportation services,”

even though the entities were either not registered, inactive, or dissolved according to the New York State Department of Corporations at the time the payments were made.

123. For example, Active Life made check payments in 2022, to an entity known as “All City Office Supply,” an entity that has been inactive since 1992.

124. Active Life made check payments to an entity called “Courtesy Express Delivery, Inc.,” which has been inactive since 2021.

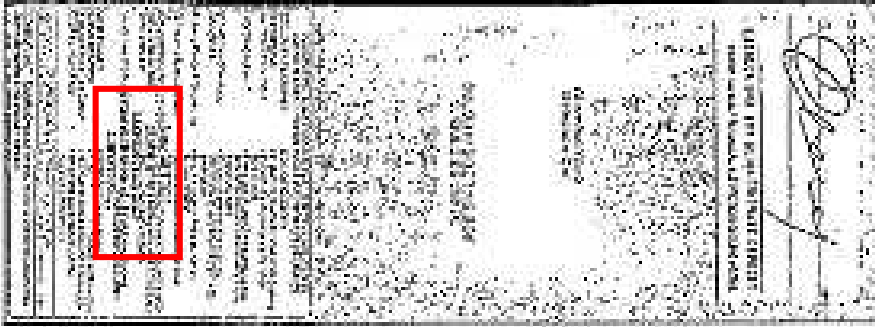
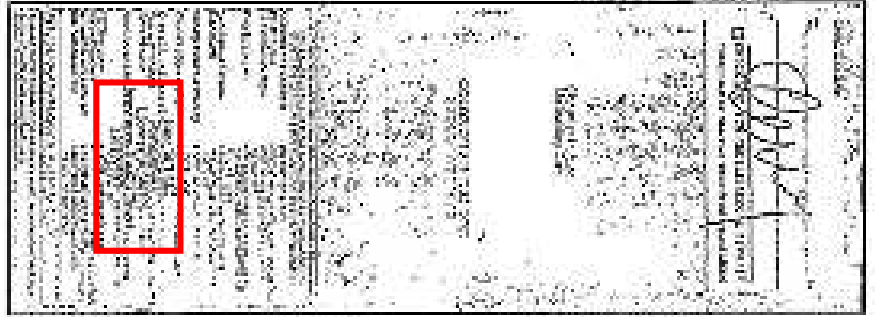
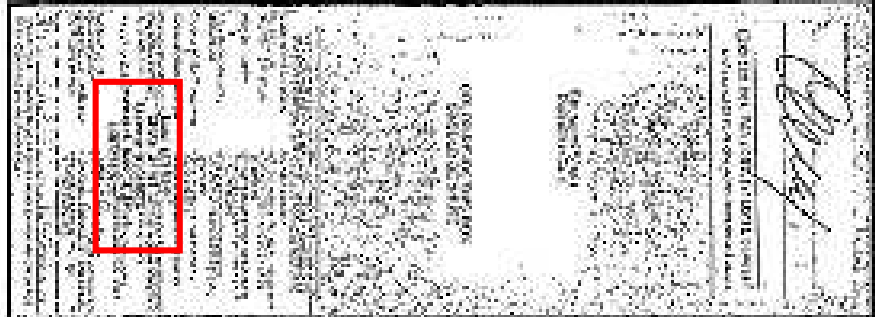
125. Active Life made check payments to an entity called “Health Aid Supply,” which has been inactive since 2019.

126. Similarly, Active Life made payments to an entity by the name of “Green Scrubs, LLC,” which was dissolved in 2017.

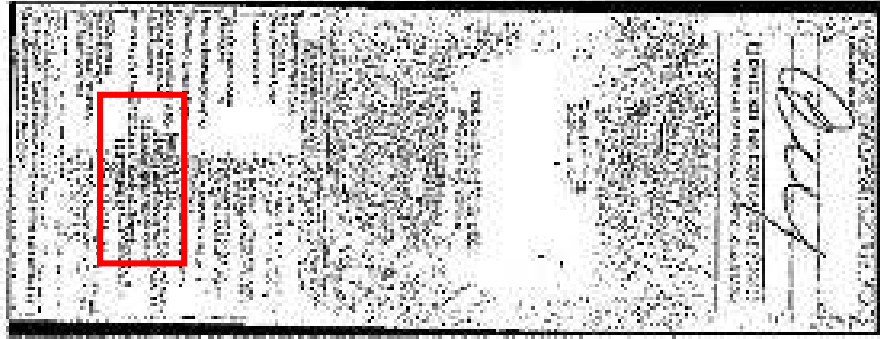

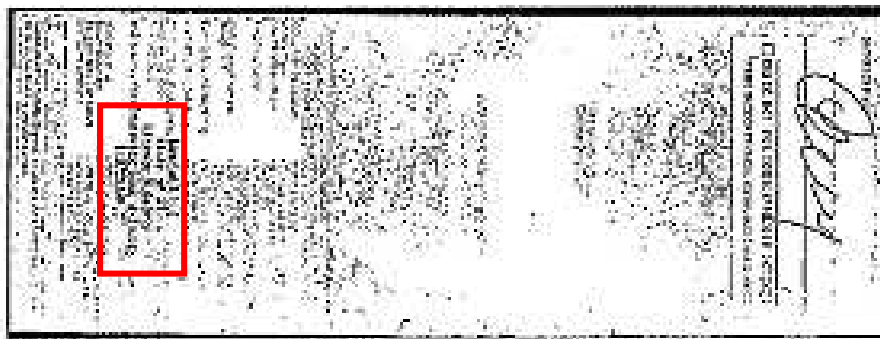
127. The check payments by the Vavikova PCs to companies for the fictitious services were cashed at a check cashing facility in New Jersey – Banc Alt LLC d/b/a Check Pros (“Check Pros”). Oftentimes, checks would be issued to different entities, on different days, yet would be cashed at Check Pros on the same day and upon information and belief, were endorsed by the same individual.

128. Below are representative examples that the Defendants used to disguise the unlawful payments.

129. In the first example, Active Life issued six checks to six distinct entities for a wide range of services. Yet all six checks were cashed on July 8, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<p><b><u>Issue Date:</u></b> June 1, 2022</p> <p><b><u>Amount:</u></b> \$850.00</p> <p><b><u>Issued To:</u></b> All Boro Medical Waste<sup>14</sup></p>	 <p>#2150      07/08      \$850.00</p>
<p><b><u>Issue Date:</u></b> June 9, 2022</p> <p><b><u>Amount:</u></b> \$1,420.00</p> <p><b><u>Issued to:</u></b> BDC Computer Services, Inc.</p>	 <p>#2151      07/08      \$1,420.00</p>
<p><b><u>Issue Date:</u></b> June 10, 2022</p> <p><b><u>Amount:</u></b> \$1,250.00</p> <p><b><u>Issued to:</u></b> One Two Three Cleaning</p>	 <p>#2153      07/08      \$1,250.00</p>

<sup>14</sup> This is the same entity identified by GEICO in its action, Gov't Employees Ins. Co. et al., v. Diana Vavikova, D.C. et al., 1:23-cv-09031 (E.D.N.Y.) as one in which unlicensed individuals utilized to conceal the alleged kickback scheme.

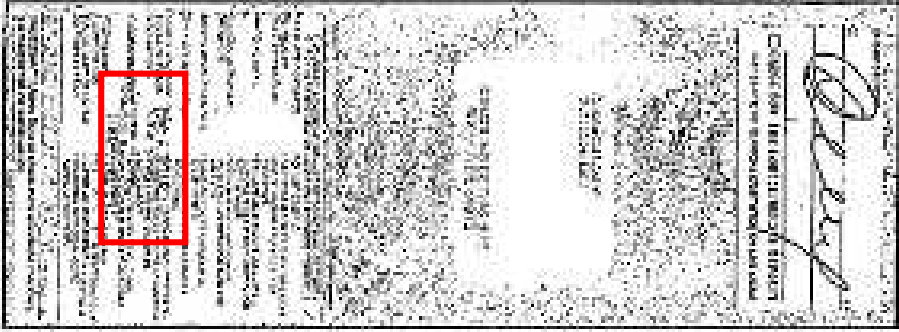
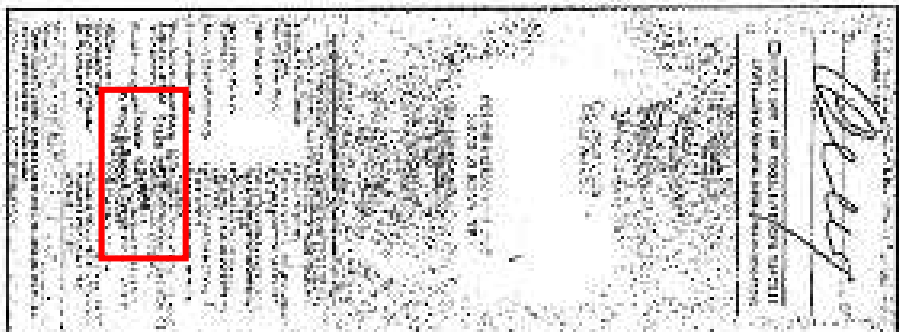
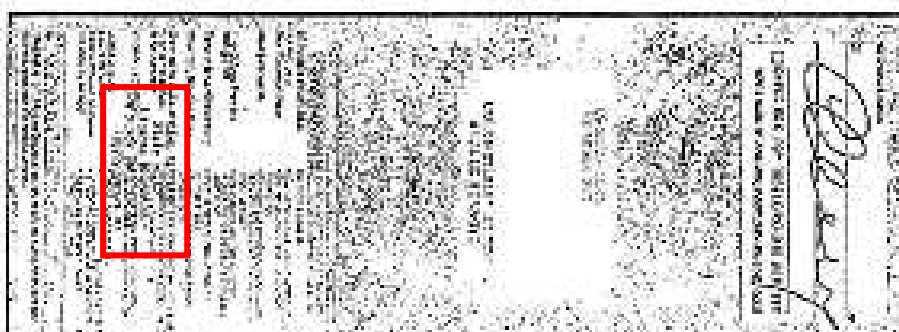
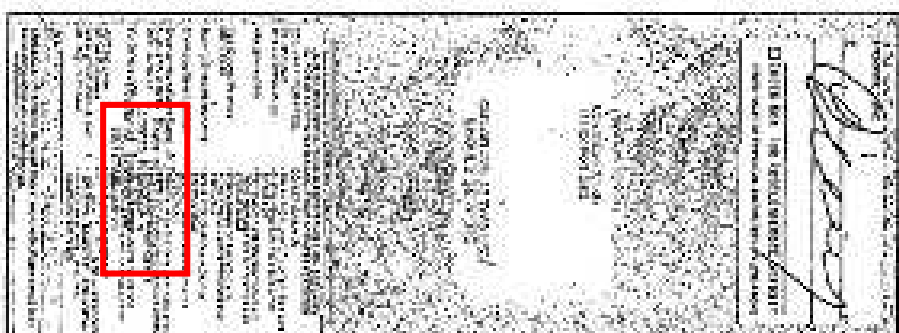
<p><b><u>Issue Date:</u></b> June 10, 2022</p> <p><b><u>Amount:</u></b> \$1,350.00</p> <p><b><u>Issued to:</u></b> Always on Time <sup>15</sup></p>	 <p>#2154                      07/08                      \$1,350.00</p>
<p><b><u>Issue Date:</u></b> June 10, 2022</p> <p><b><u>Amount:</u></b> \$1,620.00</p> <p><b><u>Issued to:</u></b> Allcity Office Supply<sup>16</sup></p>	 <p>#2158                      07/08                      \$1,620.00</p>
<p><b><u>Issue Date:</u></b> June 20, 2022</p> <p><b><u>Amount:</u></b> \$1,450.00</p> <p><b><u>Issued to:</u></b> Courtesy Express Delivery, Inc. <sup>17</sup></p>	 <p>#2152                      07/08                      \$1,450.00</p>

130. In the next example, Active Life issued eight checks to eight distinct entities for a wide range of services. Yet all eight checks were cashed on August 2, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<sup>15</sup> This is the same entity identified by GEICO in its action, Gov’t Employees Ins. Co. et al., v. Diana Vavikova, D.C. et al., 1:23-cv-09031 (E.D.N.Y. 2023) as one in which unlicensed individuals utilized to conceal the alleged kickback scheme. See ¶69

<sup>16</sup> According to the New York Division of Corporations, this entity has been inactive since 1992.

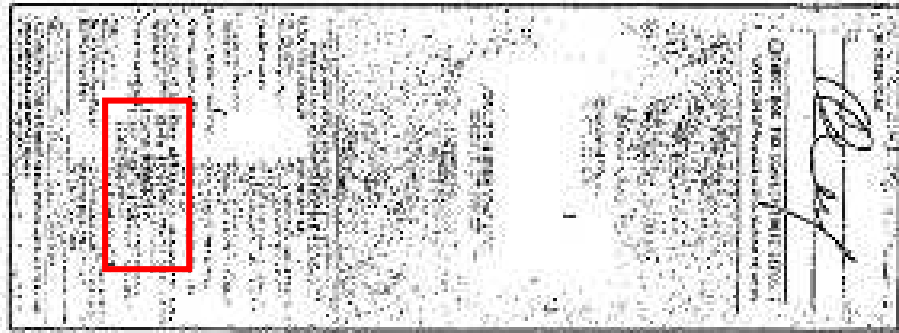
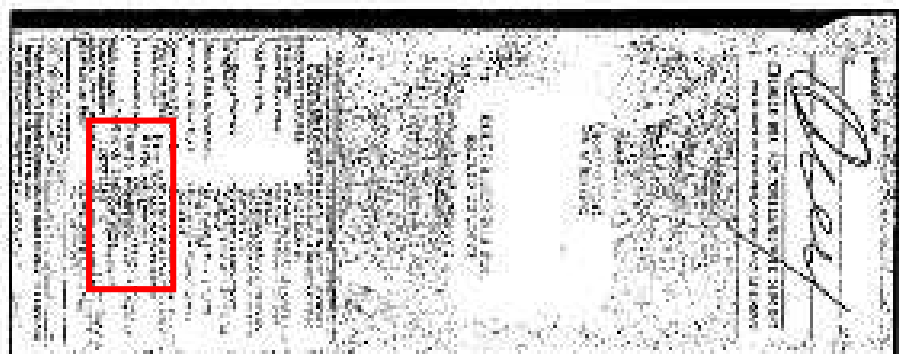

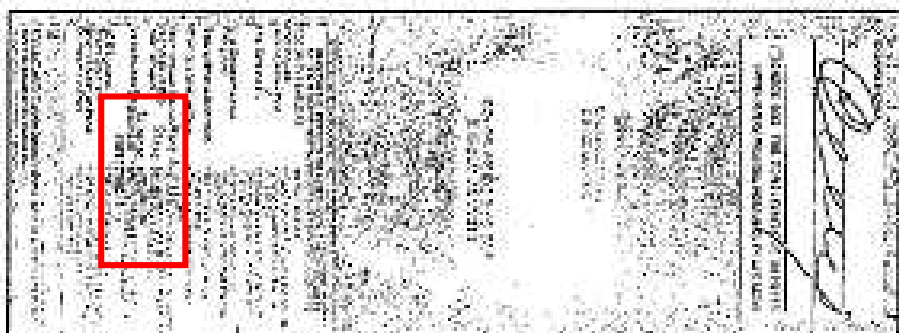
<sup>17</sup> According to the New York Division of Corporations, this entity has been inactive since 2021.

<p><b>Issue Date:</b> July 20, 2022</p> <p><b>Amount:</b> \$950.00</p> <p><b>Issued to:</b> Gary Law Firm<sup>18</sup></p>	 <p>#2810      08/02      \$950.00</p>
<p><b>Issue Date:</b> July 20, 2022</p> <p><b>Amount:</b> \$880.00</p> <p><b>Issued to:</b> 82C Wholesale Medical Supply<sup>19</sup></p>	 <p>#2818      08/02      \$880.00</p>
<p><b>Issue Date:</b> July 22, 2022</p> <p><b>Amount:</b> \$1,220.00</p> <p><b>Issued to:</b> Health Aid Medical Supply<sup>20</sup></p>	 <p>#2811      08/02      \$1,220.00</p>
<p><b>Issue Date:</b> July 22, 2022</p> <p><b>Amount:</b> \$870.00</p> <p><b>Issued to:</b> Advanced Commercial Cleaning</p>	 <p>#2813      08/02      \$870.00</p>

<sup>18</sup> There is no record of an entity with this name with the New York Division of Corporations.

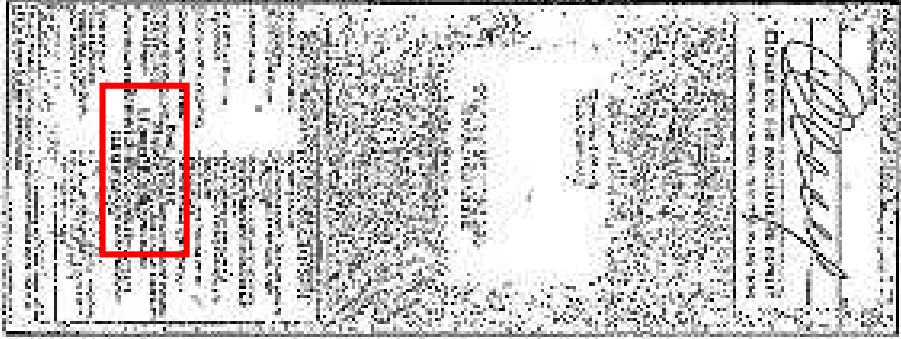
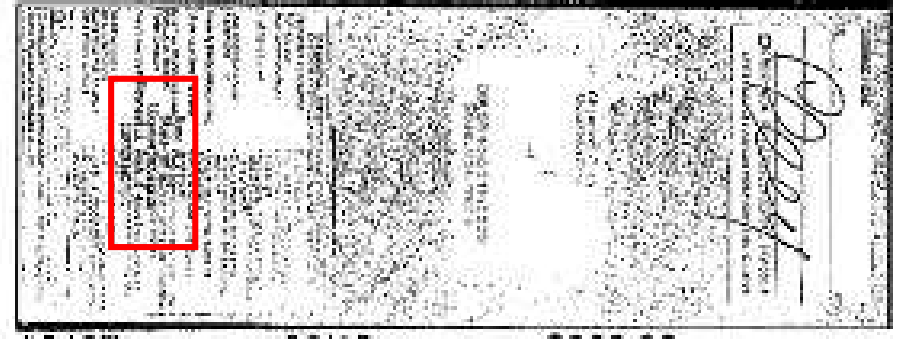
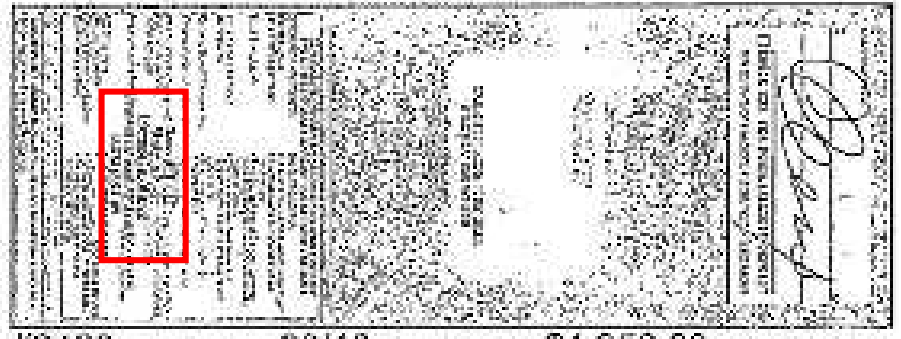
<sup>19</sup> There is no record of an entity with this name with the New York Division of Corporations.

<sup>20</sup> According to the New York Division of Corporations, this entity has been inactive since 2019.

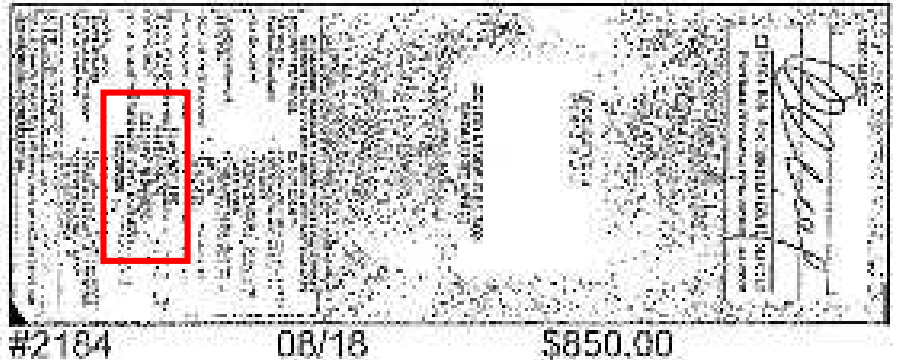
<p><b><u>Issue Date:</u></b> July 25, 2022</p> <p><b><u>Amount:</u></b> \$850.00</p> <p><b><u>Issued to:</u></b> Clearview Storage and Retrieval</p>	 <p>#2812                      08/02                      \$850.00</p>
<p><b><u>Issue Date:</u></b> July 25, 2022</p> <p><b><u>Amount:</u></b> \$1,220.00</p> <p><b><u>Issued to:</u></b> IT Network Support, Inc.<sup>21</sup></p>	 <p>#2817                      08/02                      \$1,220.00</p>
<p><b><u>Issue Date:</u></b> July 28, 2022</p> <p><b><u>Amount:</u></b> \$720.00</p> <p><b><u>Issued to:</u></b> Courtesy Express Delivery</p>	 <p>#2815                      08/02                      \$720.00</p>
<p><b><u>Issue Date:</u></b> July 30, 2022</p> <p><b><u>Amount:</u></b> \$1,320.00</p> <p><b><u>Issued to:</u></b> Direct Office LLC Furniture</p>	 <p>#2814                      08/02                      \$1,320.00</p>

<sup>21</sup> This entity changed its name in 2016 and 2018 and no longer operates as IT Network Support, Inc.


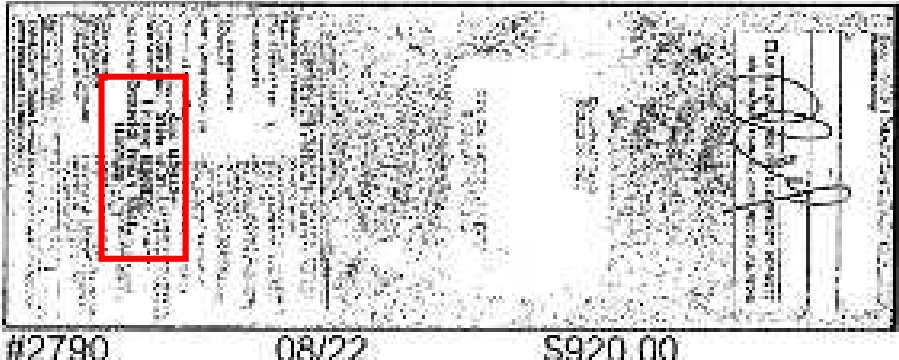
131. In the following example, Active Life issued four checks to four distinct entities for a wide range of services. Yet all four checks were cashed on August 18, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<p><b><u>Issue Date:</u></b> August 6, 2022</p> <p><b><u>Amount:</u></b> \$1,120.00</p> <p><b><u>Issued to:</u></b> Health Aid Medical Supply, Inc.</p>	 <p>#2186      08/18      \$1,120.00</p>
<p><b><u>Issue Date:</u></b> August 10, 2022</p> <p><b><u>Amount:</u></b> \$920.00</p> <p><b><u>Issued to:</u></b> Expedite Delivery Transportation<sup>22</sup></p>	 <p>#2187      08/18      \$920.00</p>
<p><b><u>Issue Date:</u></b> August 12, 2022</p> <p><b><u>Amount:</u></b> \$1,350.00</p> <p><b><u>Issued to:</u></b> IT Network Support, Inc.</p>	 <p>#2183      08/18      \$1,350.00</p>

<sup>22</sup> There is no record of an entity with this name with the New York Division of Corporations.


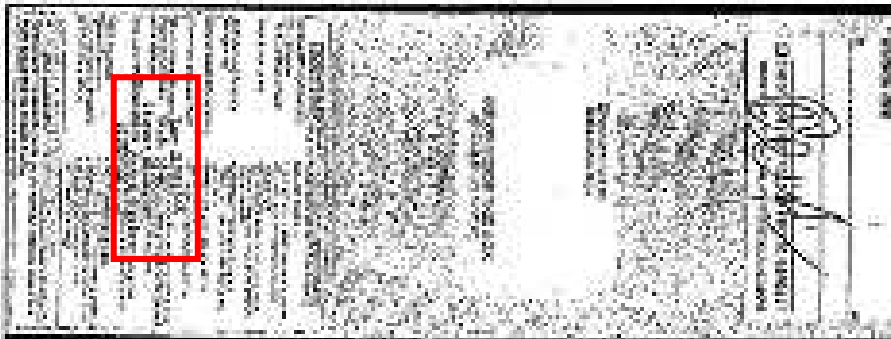
<p><b><u>Issue Date:</u></b> August 14, 2022</p> <p><b><u>Amount:</u></b> \$850.00</p> <p><b><u>Issued to:</u></b> Green Scrubs, LLC<sup>23</sup></p>	 <p>#2184                      08/18                      \$850.00</p>
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132. In the next example, Active Life issued four checks to four distinct entities for a wide range of services. Yet all four checks were cashed on August 22, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

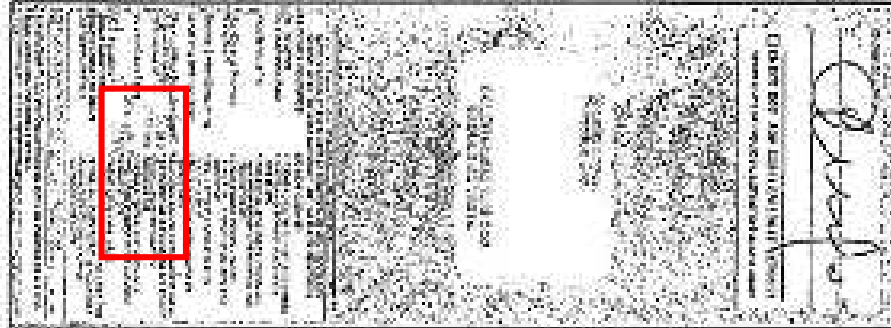
<p><b><u>Issue Date:</u></b> August 1, 2022</p> <p><b><u>Amount:</u></b> \$865.00</p> <p><b><u>Issued to:</u></b> Canton Law Group<sup>24</sup></p>	 <p>#1638                      08/22                      \$865.00</p>
<p><b><u>Issue Date:</u></b> August 5, 2022</p> <p><b><u>Amount:</u></b> \$920.00</p> <p><b><u>Issued to:</u></b> Courtesy Express Delivery</p>	 <p>#2790                      08/22                      \$920.00</p>

<sup>23</sup> According to the New York Division of Corporations, this entity was dissolved in 2017.

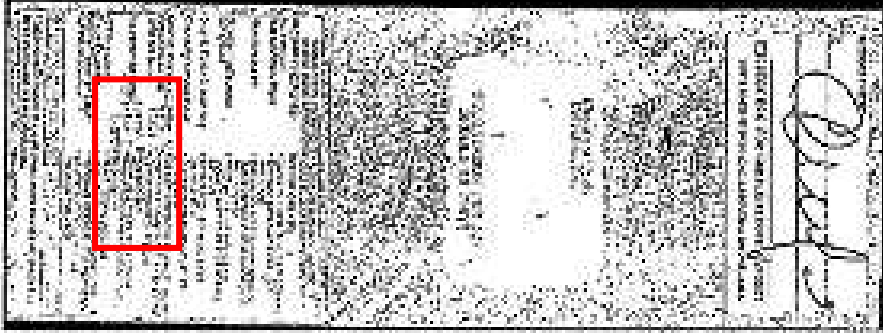
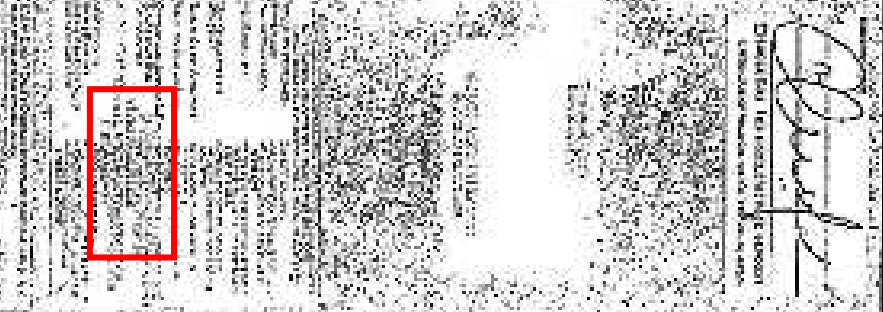
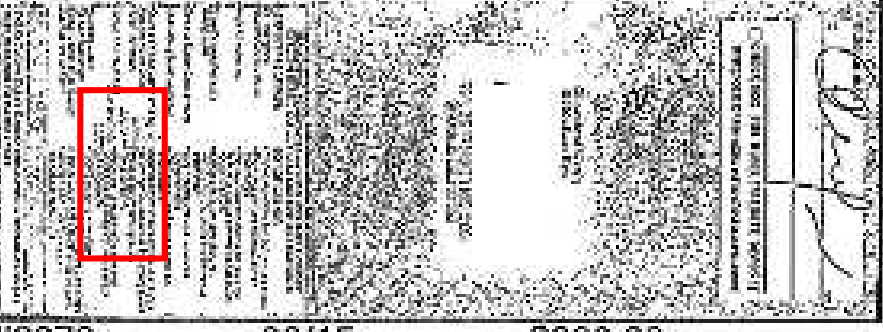
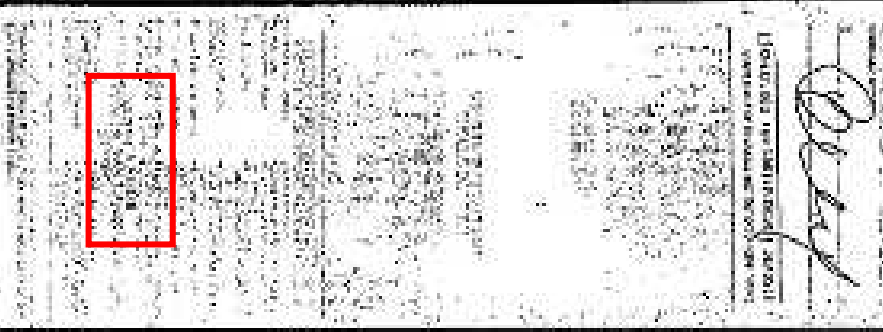
<sup>24</sup> There is no record of an entity with this name with the New York Division of Corporations.

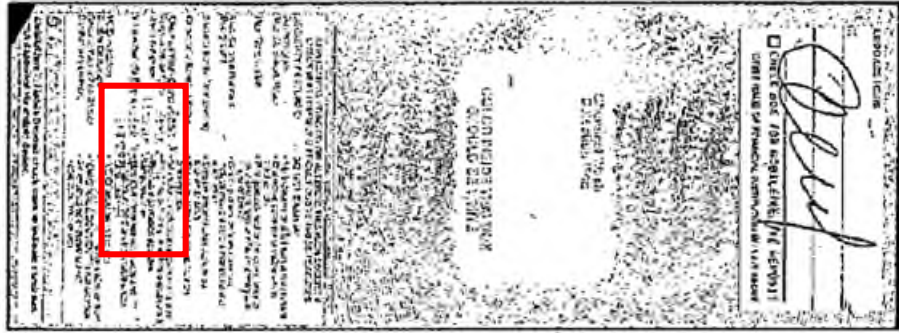

<p><b><u>Issue Date:</u></b> August 6, 2022</p> <p><b><u>Amount:</u></b> \$750.00</p> <p><b><u>Issued to:</u></b> Clearview Storage and Retrieval</p>	 <p>#2791      08/22      \$750.00</p>
<p><b><u>Issue Date:</u></b> August 8, 2022</p> <p><b><u>Amount:</u></b> \$1,220.00</p> <p><b><u>Issued to:</u></b> Buy Right Wholesale<sup>25</sup></p>	 <p>#1639      08/22      \$1,220.00</p>

133. In this example, Active Life issued seven checks to six distinct entities for a wide range of services. Yet all seven checks were cashed on September 15, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<p><b><u>Issue Date:</u></b> August 5, 2022</p> <p><b><u>Amount:</u></b> \$950.00</p> <p><b><u>Issued to:</u></b> Gary Law Firm</p>	 <p>#2870      09/15      \$1,250.00</p>
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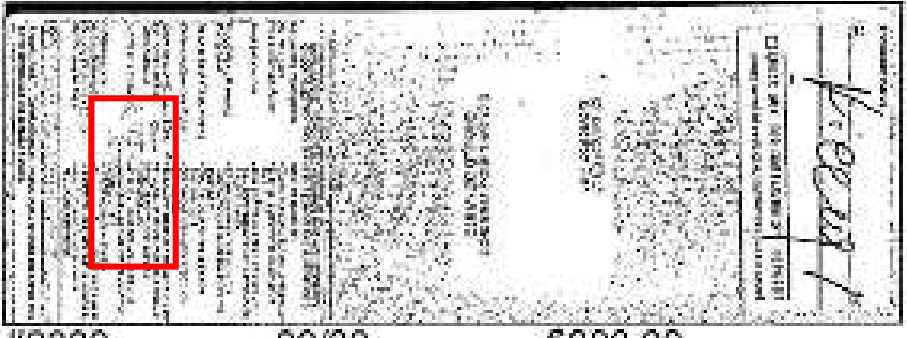
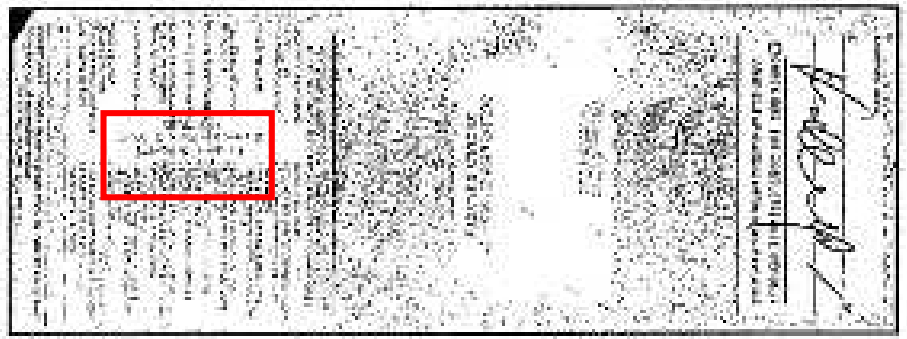
<sup>25</sup> According to the New York Division of Corporations, this entity has been inactive since 2016.

<p><b><u>Issue Date:</u></b> August 10, 2022</p> <p><b><u>Amount:</u></b> \$1,120.00</p> <p><b><u>Issued to:</u></b> Clear View Storage and Retrieval, Inc.</p>	 <p>#2871                      09/15                      \$1,120.00</p>
<p><b><u>Issue Date:</u></b> August 12, 2022</p> <p><b><u>Amount:</u></b> \$1,315.20</p> <p><b><u>Issued to:</u></b> Buy Right Wholesale, Inc.</p>	 <p>#2872                      09/15                      \$1,315.20</p>
<p><b><u>Issue Date:</u></b> August 15, 2022</p> <p><b><u>Amount:</u></b> \$920.00</p> <p><b><u>Issued to:</u></b> Buy Right Wholesale, Inc.</p>	 <p>#2873                      09/15                      \$920.00</p>
<p><b><u>Issue Date:</u></b> September 1, 2022</p> <p><b><u>Amount:</u></b> \$1,450.00</p> <p><b><u>Issued to:</u></b> CVR Computer Supply</p>	 <p>#2875                      09/15                      \$1,450.00</p>

<p><b><u>Issue Date:</u></b> September 5, 2022</p> <p><b><u>Amount:</u></b> \$870.00</p> <p><b><u>Issued to:</u></b> Advanced Commercial Cleaning</p>	 <p>#2876      09/15      \$1,400.00</p>
<p><b><u>Issue Date:</u></b> September 15, 2022</p> <p><b><u>Amount:</u></b> \$890.00</p> <p><b><u>Issued to:</u></b> City Coach</p>	 <p>#2874      09/15      \$890.00</p>

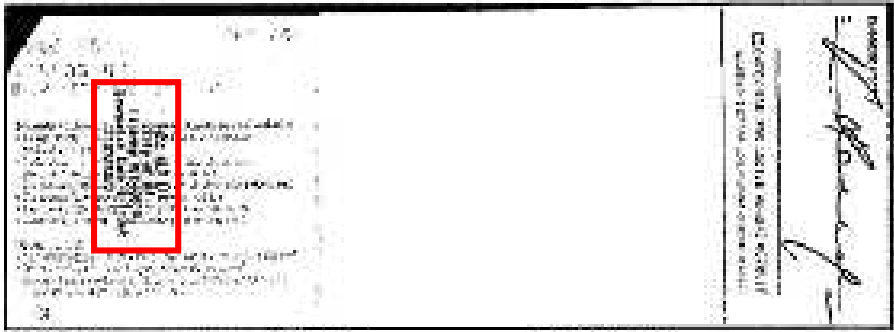


134. In the following example, Active Life issued four checks to four distinct entities for a wide range of services. Yet all four checks were cashed on September 30, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<p><b><u>Issue Date:</u></b> September 5, 2022</p> <p><b><u>Amount:</u></b> \$680.00</p> <p><b><u>Issued to:</u></b> All-Boro Medical Waste, Inc.</p>	 <p>#2877      09/30      \$680.00</p>
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<p><b><u>Issue Date:</u></b> September 15, 2022</p> <p><b><u>Amount:</u></b> \$950.00</p> <p><b><u>Issued to:</u></b> All City Office and Computer Supply<sup>26</sup></p>	 <p>#2879                      09/30                      \$950.00</p>
<p><b><u>Issue Date:</u></b> September 20, 2022</p> <p><b><u>Amount:</u></b> \$880.00</p> <p><b><u>Issued to:</u></b> Courtesy Express Delivery</p>	 <p>#2882                      09/30                      \$880.00</p>
<p><b><u>Issue Date:</u></b> September 20, 2022</p> <p><b><u>Amount:</u></b> \$1,170.00</p> <p><b><u>Issued to:</u></b> Always on Time Inc.</p>	 <p>#2884                      09/30                      \$1,170.00</p>

135. In this last example, Active Life issued three checks to three distinct entities for a wide range of services. Yet all three checks were cashed on December 7, 2022, at Check Pros and upon information and belief, were endorsed by the same individual:

<sup>26</sup> According to the New York Division of Corporations, this entity has been inactive since 1992.

<p><b><u>Issue Date:</u></b> November 15, 2022</p> <p><b><u>Amount:</u></b> \$850.00</p> <p><b><u>Issued to:</u></b> One Two Three Cleaning</p>	 <p>#4256      12/07      \$850.00</p>
<p><b><u>Issue Date:</u></b> December 5, 2022</p> <p><b><u>Amount:</u></b> \$1,220.30</p> <p><b><u>Issued to:</u></b> 163 Wholesale Inc.</p>	 <p>#4257      12/07      \$1,220.30</p>
<p><b><u>Issue Date:</u></b> December 7, 2022</p> <p><b><u>Amount:</u></b> \$880.00</p> <p><b><u>Issued to:</u></b> Always on Time</p>	 <p>#4255      12/07      \$880.00</p>

136. In a pending action against Vavikova, Star Chiro, Active Life, Professional Chiropractic Care, P.C. and Future Chiro, GEICO outlined a similar healthcare fraud scheme that involved issuing checks for the fabricated services as discussed above. In that action, GEICO alleged that bogus checks were issued by Star Chiro. See Gov't Employees Ins. Co. et al., v. Diana Vavikova, D.C. et al., 23-cv-09031 (E.D.N.Y. 2023).

137. GEICO further alleged that Vavikova and/or the john doe defendants generated fake corresponding invoices to give the appearance that the check payments were for legitimate

services, and provided the following illustrative examples: (i) invoices from All Boro Medical Waste, Inc., located in Astoria, New York, for “File Transcription” and “On Location Document Shredding”, even though All Boro Medical Waste is a medical waste disposal company; and (ii) invoices from Always on Time, located in Las Vegas, Nevada for “Client Transportation Services”, even though Always On Time is an online transcription service.<sup>27</sup>

138. Additionally, GEICO alleged that Star Chiro received an invoice purportedly issued by a legitimate marketing company, A4D, Inc., located in Carlsbad, California, even though A4D, Inc. issued no such invoice.<sup>28</sup>

139. GEICO also alleged that in response to the bogus invoice purportedly issued by A4D, Inc., Vavikova and Star Chiro instead issued a check to, AYD Consulting, LLC, a New York-based corporation that does not conduct any legitimate business activity, with an incorporation address of 79-45 Metropolitan Avenue, Flushing, NY.<sup>29</sup> This is the same address as one of the Clinics where Star Chiro billed Allstate for the Fraudulent Services.

#### **D. The Fraudulent Treatment Protocols of the Vavikova PCs**

140. Regardless of the individualized medical need of the patients, the Vavikova PCs subjected virtually every Insured to a fraudulent and pre-determined treatment protocol of musculoskeletal ultrasounds, primarily of the spine but also including extremities, which served no value in the diagnosis or treatment of the patients and was designed solely for the Defendants’ pecuniary gain.

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<sup>27</sup> Gov’t Employees Ins. Co. et al., v. Diana Vavikova, D.C. et al., 1:23-cv-09031 (E.D.N.Y.); Dkt. 1, ¶ 68-69.

<sup>28</sup> Id. at Dkt., 1, ¶ 71.

<sup>29</sup> Id. at Dkt. 1, ¶ 72.

141. While ultrasound has many legitimate uses in medicine, evaluation of the adult spine is not one of them. Spinal Ultrasounds are at best experimental and investigational and are not part of the standard of care as promulgated by any major medical organization.

142. The American Institute of Ultrasound in Medicine (AIUM)'s official statement, which was first approved in 1995 and then consistently reapproved in the subsequent years, has stated that Spinal Ultrasounds should not be used in the diagnostic evaluation of the intervertebral discs, facet joints and capsules, and central nerves. It states further that these tests have no proven clinical utility. The AIUM is the largest organization of physicians who perform and interpret ultrasounds.

143. The American College of Radiology is the premier and most authoritative body regarding radiological practices in the world. The American College of Radiology Appropriateness Criteria for "Suspected Spine Trauma" does not even mention the use of diagnostic spinal ultrasounds in the setting of spinal trauma that would occur with an automobile accident.

144. The American Academy of Neurology Report 1998 concluded that "currently, no published peer reviewed literature supports the use of diagnostic ultrasound in the evaluation of patients with back pain or radicular symptoms. The procedure cannot be recommended for use in the clinical evaluation of such patients."

145. The *Medical Treatment Guidelines for Mid and Low Back Injury*, published by the NY Workers Compensation Board on May 2, 2022, does not recommend spinal ultrasound for back pain.

146. Currently, no published randomized controlled trials support the use of the spinal ultrasound in the evaluation of patients with back pain or radicular symptoms.

147. Vavikova has never been able to substantiate the necessity or benefit of the Spinal Ultrasounds purportedly provided to any Insured.

148. Unable to provide any legitimate medical authority to support the need of Spinal Ultrasounds with respect to any specific patient, the Vavikova PCs submitted the same exact letter of medical necessity, using identical font and verbiage regardless of the doctor who purported to prescribe the imaging. The so-called letter of medical necessity cited to fictional studies purportedly conducted by legitimate authorities.

149. Below is an example of a medical necessity letter used by the Vavikova PCs in an attempt to establish the medical necessity of the Spinal Ultrasounds:

Part 3 Medical Necessity

THE ABOVE LISTED PATIENT IS CURRENTLY UNDER MY CARE. THIS LETTER WILL SERVE AS MEDICAL NECESSITY FOR PERFORMING DIAGNOSTIC ULTRASOUND TESTING.

A DIAGNOSTIC ULTRASONOGRAPHIC EXAMINATION WAS PERFORMED IN ORDER TO HELP CONFIRM THE SEVERITY OF SOFT TISSUE NERVE INJURY AND QUANTIFY THE POSSIBILITY OF A PATIENT'S CONCOMITANT NEUROPHYSIOLOGICAL STATUS.

CHANGES IN APPEARANCE OF THE STUDIED TISSUES CAN BE ANALYZED AND RESULTS WILL BE USED TO CHARACTERIZE THE NATURE OF THE INJURY AND DISEASE IN THESE STRUCTURES. THE ULTRASOUND PROCESS DOES NOT EXPOSE THE PATIENT TO A POTENTIALLY DANGEROUS SUBSTANCES, LIKE RADIATION, AND IT IS COMPLETELY NON-INVASIVE. IT IS IMPERATIVE THAT THE SOFT TISSUE BE EVALUATED SINCE IT CAN NOT BE SEEN ON X-RAY.

ULTRASOUND DIFFERS FROM MRI AND CT SCANS BECAUSE THE TEST IS PHYSIOLOGICAL, WHEREBY THE FORMER ARE ANATOMICAL. ALSO, ACCORDING TO A MAYO CLINIC STUDY ULTRASOUND APPEARED TO BE MORE SENSITIVE THAN MRI IN DETECTING INJURIES IN THE INFLAMMATION OF CERTAIN STRUCTURES AS WELL AS STAGES OF HEALING.

ONE SIGNIFICANT ADVANTAGE OF ULTRASOUND OVER OTHER STATIC IMAGING METHODS IS THE DYNAMIC CAPABILITY. ON A BASIC LEVEL, ULTRASOUND EVALUATION CAN BE DIRECTLY GUIDED BY A PATIENT'S SYMPTOMS, AND FINDINGS AT PHYSICAL EXAMINATIONS. ONCE ULTRASOUND EXAMINATION HAS BEGUN, THE PATIENT CAN DIRECTLY PROVIDE FEEDBACK WITH REGARD TO PAIN OR OTHER SYMPTOMS WITH TRANSDUCER PRESSURE OVER AN ULTRASOUND ABNORMALITY. WHEN A PATIENT HAS A PALPABLE ABNORMALITY, DIRECT PALPATION UNDER ULTRASOUND VISUALIZATION WILL ENDURE THAT THE IMAGED ABNORMALITY CORRESPONDS TO THE ABNORMALITY. GRADED COMPRESSION ALSO PROVIDES ADDITIONAL INFORMATION ABOUT SOFT TISSUE MASSES. IN THE SETTING OF ROTATOR CUFF TEAR, COMPRESSION CAN HELP DEMONSTRATE THE VOLUME LOSS ASSOCIATED WITH A FULL-THICKNESS TEAR.

150. Notably, the referrals justify the medical necessity of the billed-for Spinal Ultrasounds by citing to a nebulous and undefined "Mayo Clinic study," that upon information and belief, does not exist.



Referral dated 10/20/2023 to Active Life for Insured JG (Claim No. 0720320308)	Doctor's Name (printed): <u>Tommy P...</u> Doctor's Signature: <u>[Signature]</u>
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146 Empire Blvd, Brooklyn, NY 11225:

Referral dated 11/16/2022 to Star Chiropractic for Insured TD (Claim No. 0690676408)	Doctor's Name (printed): <u>Sat...</u> Doctor's Signature: <u>[Signature]</u>
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Referral dated 4/5/2023 to Active Life for Insured TD (Claim No. 0690676408)	Doctor's Name (printed): <u>Sat...</u> Doctor's Signature: <u>[Signature]</u>
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172-17 Jamaica Ave, Jamaica, NY 11432:

Referral dated 8/14/2023 to Active Life for Insured BG (Claim No. 0717022081)	Doctor's Name (printed): <u>Ron Allen, D.O.</u> Doctor's Signature: <u>[Signature]</u>
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Referral dated 9/26/2023 to Active Life for Insured BG (Claim No. 0717022081)	Doctor's Name (printed): <u>Ron Allen, D.O.</u> Doctor's Signature: <u>[Signature]</u>
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2184 Flatbush Ave, Brooklyn, NY 11234:

Referral dated 8/12/2021 to 21 Century for Insured SF (Claim No. 0636482663)	Referring Physician (Signature): <u>Pham MD</u> DOS: <u>8-12-2021</u>
Referral dated 8/16/2021 to 21 Century for Insured SG (Claim No. 0636482663)	Referring Physician (Signature): <u>Pham MD</u> Date: <u>8-16-2021</u>
Referral dated 8/16/2021 to 21 Century for Insured MG (Claim No. 0636482663)	Referring Physician (Signature): <u>Pham MD</u> Date: <u>8-16-2021</u>

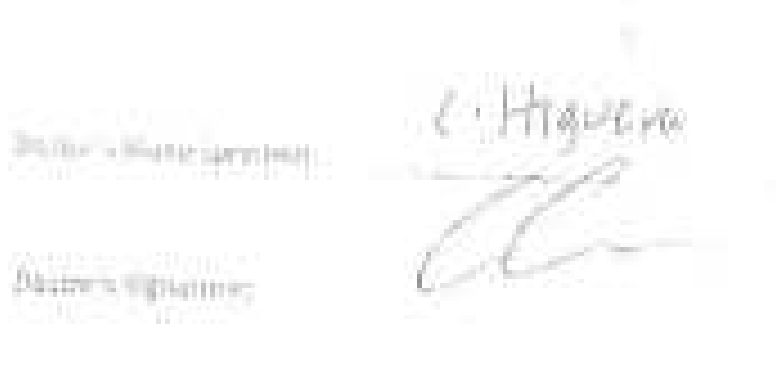
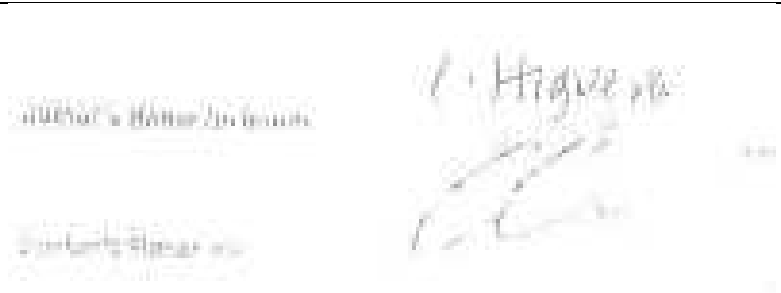
2354 Westchester Ave, Bronx, NY:

Referral dated 4/27/2022 to 21 Century for Insured GS (Claim No. 0665516563)	Doctor's Name (printed): <u>Jordan Fersel, M.D.</u> Doctor's Signature: <u>Jordan S. Fersel</u>
Referral dated 5/10/2022 to 21 Century for Insured CV (Claim No. 0665516563)	Doctor's Name (printed): <u>Jordan Fersel, M.D.</u> Doctor's Signature: <u>Jordan S. Fersel</u>

3209 Fulton St, Brooklyn, NY 11208:

Referral dated 10/5/2022 to Star Chiropractic for Insured FA (Claim No. 0687416172)	Doctor's Name (printed): <u>Dr. Mark Solomon</u> Doctor's Signature: <u>Mark</u>
Referral dated 11/30/2022 to Star Chiropractic for Insured FA (Claim No. 0687416172)	Doctor's Name (printed): <u>Dr. Mark Solomon</u> Doctor's Signature: <u>Mark</u>

92-05 Rockaway Blvd, Ozone Park, NY 11417:

<p>Referral dated 12/7/2022 to Star Chiropractic for Insured NG (Claim No. 0687095306)</p>	
<p>Referral dated 6/14/2023 to Active Life for Insured NG (Claim No. 0687095306)</p>	

155. Even though the above practitioners ostensibly determined the medical need and ordered the diagnostic testing on the patients, the practitioners virtually never mentioned the referral or the results of the imaging in their treatment or evaluation reports. The referring practitioners never made any treatment recommendations and never altered the patient’s course of treatment based on the results of the diagnostic ultrasounds.

156. In addition, several referring healthcare providers, whose referrals contained photocopied or stamped signatures, were subject of their own lawsuits alleging their participation in No-Fault insurance schemes involving the performance of medically unnecessary services and illegal referral and kickback relationships, including Sheila Soman, M.D.<sup>30</sup>, Phelan Clancy, N.P.<sup>31</sup>, and Jean-Pierre Barakat, M.D.<sup>32</sup>

<sup>30</sup> See, Gov’t Emp. Ins. Co. v. Sheila Soman, M.D., et al., 1:23-cv-01526-FB-MMH (E.D.N.Y.).

<sup>31</sup> Gov’t Emp. Ins. Co. v. Phelan Clancy, N.P., et al., 1:22-cv-07635-NGG-PK (E.D.N.Y.).

<sup>32</sup> Gov’t Emp. Ins. Co. v. Jean-Pierre Barakat, M.D., et al., 1:22-cv-07532-NGG-RML (E.D.N.Y.).

157. The Defendants knew these were illegitimate referrals. Still, Vavikova used these referrals as the basis to support the fraudulent billing submitted to Allstate.

158. Even assuming *arguendo* that the referrals were legitimate, and the musculoskeletal ultrasounds added any diagnostic value, the manner in which they were rendered deviated from medical standards of care. The Defendants routinely carried out the musculoskeletal ultrasounds despite the fact that the Insureds already had received an MRI to the same body part. An MRI is considered a better diagnostic tool than an ultrasound, when viewing larger areas of soft tissue, joints, bones, muscles, or cartilage.

159. When a patient undergoes a musculoskeletal diagnostic ultrasound shortly after an MRI, the ultrasound provides no additional information to the treating healthcare provider. This is especially true when an MRI and ultrasound are performed in close succession.

160. The Vavikova PCs routinely rendered the musculoskeletal ultrasounds on Insureds after the Insured had already undergone an MRI.

161. Below are representative examples of the Vavikova PCs' billing for musculoskeletal ultrasounds despite the fact that the Insureds had already received MRIs to the same body parts:

- (i) Insured DE (Claim No. 0554385047) underwent an MRI of the spine on August 28, 2019. Thereafter, Insured DE underwent diagnostic ultrasounds of the spine purportedly performed by 21 Century on October 14, 2019.
- (ii) Insured FL (Claim No. 0600899099) underwent an MRI of the spine on October 12, 2019. Thereafter, Insured FL underwent diagnostic ultrasounds of the spine purportedly performed by 21 Century on November 24, 2019.
- (iii) Insured KD (Claim No. 0606055796) underwent an MRI of the spine on December 3, 2020. Thereafter, Insured KD underwent prior to being subjected to diagnostic ultrasounds of the spine purportedly performed by 21 Century on January 26, 2021.
- (iv) Insured JB (Claim No. 0620613778) received an MRI of the spine on April 21, 2021. Thereafter, Insured JB underwent diagnostic ultrasounds of the spine purportedly performed by 21 Century on June 29, 2021.

- (v) Insured PD (Claim No. 0662199305) received an MRI of the spine on April 24, 2022. Thereafter, Insured PD underwent diagnostic ultrasounds of the spine purportedly performed by 21 Century on May 12, 2022, and by Star Chiro on September 29, 2022.
- (vi) Insured FH (Claim No. 0662199305) received an MRI of the spine on May 15, 2022. Thereafter, Insured FH underwent diagnostic ultrasounds of the spine purportedly performed by 21 Century on June 23, 2022, and by Star Chiro on September 29, 2022.
- (vii) Insured VU (Claim No. 0688576206) received MRIs of the spine on October 25, 2022, and on December 9, 2022. Thereafter, Insured VU underwent diagnostic ultrasounds of the spine purportedly performed NY Rehab on January 3, 2023, and by Active Life on February 1, 2023.
- (viii) Insured DW (Claim No. 0694750894) received an MRI of the spine on January 19, 2023. Thereafter, Insured DW underwent diagnostic ultrasounds of the spine purportedly performed by Future Chiro on January 20, 2023, and by Active Life on March 31, 2023.
- (ix) Insured FSC (Claim No. 0731010815) received MRIs of the spine on October 30, 2023, and November 13, 2023. Thereafter, Insured FSC underwent diagnostic ultrasounds of the spine purportedly performed by Active Life on November 21, 2023.
- (x) Insured RC (Claim No. 07325869783250) received an MRI of the spine on November 3, 2023. Thereafter, Insured RC underwent diagnostic ultrasounds of the spine purportedly performed by Active Life on November 9, 2023.

162. Furthermore, the Vavikova PCs often performed diagnostic ultrasounds on Insureds within days of the underlying accident and without giving the Insureds an opportunity to respond to established conservative therapy:

- (i) On August 10, 2021, Insured MG (Claim No. 0636482663) was involved in an automobile accident. Nine days later, on August 19, 2021, Insured MG underwent diagnostic ultrasounds purportedly performed by 21 Century.
- (ii) On August 10, 2021, Insured SF (Claim No. 0636482663) was involved in an automobile accident. Nine days later, on August 19, 2021, Insured SF underwent diagnostic ultrasounds purportedly performed by 21 Century.
- (iii) On August 10, 2021, Insured SG (Claim No. 0636482663) was involved in an automobile accident. Nine days later, on August 19, 2021, Insured SG underwent diagnostic ultrasounds purportedly performed by 21 Century.

- (iv) On December 29, 2021, Insured AS (Claim No. 0654548726) was involved in an automobile accident. Seven days later, on January 5, 2022, Insured AS underwent diagnostic ultrasounds purportedly performed by 21 Century.
- (v) On December 29, 2021, Insured MDCT (Claim No. 0654548726) was involved in an automobile accident. Seven days later, on January 5, 2022, Insured MDCT underwent diagnostic ultrasounds purportedly performed by 21 Century.
- (vi) On July 4, 2022, Insured DW (Claim No. 0676181910) was involved in an automobile accident. Seven days later, on July 11, 2022, Insured DW underwent diagnostic ultrasounds purportedly performed by Star Chiro.
- (vii) On September 28, 2022, Insured WH (Claim No. 0687416172) was involved in an automobile accident. Seven days later, on October 5, 2022, Insured WH underwent diagnostic ultrasounds purportedly performed by Star Chiro.
- (viii) On September 28, 2022, Insured FA (Claim No. 0687416172) was involved in an automobile accident. Seven days later, on October 5, 2022, Insured FA underwent diagnostic ultrasounds purportedly performed by Star Chiro.
- (ix) On September 28, 2022, Insured NA (Claim No. 0687416172) was involved in an automobile accident. Seven days later, on October 5, 2022, Insured NA underwent diagnostic ultrasounds purportedly performed by Star Chiro.
- (x) On October 25, 2022, Insured IM (Claim No. 0689993664) was involved in an automobile accident. Six days later, on October 31, 2022, Insured IM underwent diagnostic ultrasounds purportedly performed by Star Chiro.

163. As further evidence that the Fraudulent Services were being rendered pursuant to fraudulent treatment protocols and not based on any legitimate need of the patients, neither the Vavikova PCs nor the alleged referring providers ever discussed the results of the testing with the patients. Furthermore, patients had no knowledge of the referring practitioner, who performed the testing or why it was needed. Oftentimes, Insureds testified that they were referred for the Fraudulent Services by the receptionist at the clinic.

164. Below are examples of Insureds testimonies regarding the Fraudulent Services rendered to them by the Vavikova PCs:

- (i) Active Life billed Allstate for a Spinal Ultrasounds ostensibly rendered to Insured KC (Claim No. 0732772496) on December 6, 2023. At an examination under oath on March 26, 2024, Insured KC testified:

Q. Did anybody tell you the results of your ultrasounds?

A. No, ma'am.

Q. Why did you have an ultrasound?

A. I don't know about that, I can't answer that question.

Q. You are the patient, you have a right to know why the treatment is being provided to you.

A. For my pain. I don't know why. It is for my pain I have in my body. The doctors know best.

- (ii) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured TJ (Claim No. 0721358927) on August 22, 2023, and December 5, 2023. At an examination under oath on March 19, 2024, Insured TJ testified:

Q. What about, do you recognize the name Diana Vavikova, V-A-V-I-K-O-V-A?

A. No, that doesn't sound familiar.

Q. Do you recall having any treatment with a provider or filling out any paperwork for a provider by the name of Active Life Chiropractic, PC?

A. No, ut-uh.

Q. That doesn't sound familiar?

A. No.

Q. Did anyone give you the results of these ultrasound procedures?

A. No.

Q. Did any of your treatment change after your ultrasound procedure?

A. No.

...

Q. When you had these ultrasound procedures, how would you find out about them; would it be the type of thing that you would get to the facility that day and someone would tell you to go to this procedure? Did you know about it in advance? How did it happen?

A. So, the first time, like you said, it was, I went to get therapy, and the doctor was there so they told me to get the -- I needed the ultrasound. The second time they actually texted me that I needed to have that procedure done.

Q. And that first day when you said that you found out that you needed to have the ultrasound, who told you that you needed to have it; was it a doctor, was it someone at the front desk?

A. It was the front desk receptionist.

(iii) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured AR (Claim No. 0713431617) on May 31, 2023, and June 29, 2023. At an examination under oath on December 19, 2023, Insured AR testified:

Q. Do you know who referred you for the ultrasound?

A. No.

- (iv) 21 Century billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured FL (Claim No. 0600899099) on November 24, 2020. At an examination under oath on February 25, 2021, Insured FL testified:

Q Did any doctor or therapist discuss the results of the ultrasound with you?

A No.

Q After you had this ultrasound procedure done, did any therapy or therapy treatment change after the procedure?

A No, they were continuing with what they told me. They gave me the exercise that I would be doing at my home, when I get home, to continue with what I was doing at the therapy place.

- (v) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured TS (Claim No. 0702695528) on March 15, 2023, April 12, 2023, and May 16, 2023. At an examination under oath on July 11, 2023, Insured TS testified:

Q. Did you, has anybody ever discussed the results of the ultrasound with you?

A. No.

Q. Have your treatment changed in

anyway? Has anything been done differently because of the ultrasounds?

A. No.

(vi) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured SD (Claim No. 0732358213) on November 8, 2023, and December 6, 2023. At an examination under oath on March 4, 2024, Insured SD testified:

Q. Do you know who referred you for it?

A. No.

Q. Did anyone discuss the results with you?

A. No.

Q. When did you find out that you were going to have the testing? Was it something that was scheduled in advance or did they come in one day and they said, you're having this test today?

A. I stopped with therapy and they said that I need to see that person.

Q. Do you know if this person is a doctor or technician?

A. Maybe a technician.

Q. Do you know if they work for the clinic or they come into the clinic?

A. I don't know.

(vii) Star Chiro and Future Chiro billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured AC (Claim No. 0687492157) on October 17, 2022, November 29, 2022, and January 11, 2023. At an examination under oath on February 10, 2023, Insured AC testified:

Q. Now, ma'am, you have children so I am going to guess you know what an ultrasound is. Is that correct?

A. Yes.

Q. Did you ever have any kind of ultrasound for this accident specifically?

A. No.

(viii) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured DW (Claim No. 0716305973) on June 28, 2023, August 2, 2023, and September 13, 2023. At an examination under oath on September 1, 2023, Insured DW testified:

Q. Have you had other scans of any kind like X-rays or ultrasounds or anything?

A. No.

(ix) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured KB (Claim No. 0732252044) on November 29, 2023. At an examination under oath on March 5, 2024, Insured KB testified:

Q. Do you recognize the name Diana Vavikova, V-A-V-I-K-O-V-A?

A. I don't know who's that.

Q. Do you recognize the name of the facility Active Life Chiropractic, P.C.?

A. I think the only place I seen something like that is whenever Allstate sent me like the paperwork and I read it. That's where I see something like that, but I don't quite remember who is that, or the company, or whatever it is.

(x) Star Chiro and Future Chiro billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured MP (Claim No. 0692323579) on December 8, 2022, and January 31, 2023. At an examination under oath on April 28, 2023, Insured MP testified:

Q. Did this person ever identify themselves as being from a different medical practice by a different name? Did they ever say anything like that?

A. No.

Q. Did you ever hear the name of a medical practice: Star Chiropractic PC; does that sound familiar at all?

A. Not that I recall. Sorry.

(xi) Active Life billed Allstate for Spinal Ultrasounds ostensibly rendered to Insured AP (Claim No. 0721358927) on August 22, 2023, and December 5, 2023. At an examination under oath on September 8, 2022, Insured AP testified:

Q. Prior to having the ultrasounds done, did anybody give you a prescription or explain to you that you would be having it done?

A. No, they just called me and told me that I needed to come in for an ultrasound.

Q. Who called you?

A. The receptionist, they are the ones that make the calls.

(xii) Active Life and Star Chiro billed Allstate for Spinal Ultrasounds rendered to Insured AW (Claim No. 0689475093), on December 5, 2023, and February 20, 2023. At an examination under oath on May 3, 2023, Insured AW testified:

Q. No, no. How did you find out that they tell you, like, who told you, "go now and have this test done," how were notified?

A. Oh. The front the front desk was telling me to go get an ultrasound.

165. Lastly, the Vavikova PCs billed Allstate for numerous diagnostic ultrasounds on the same Insureds, often for the same body parts. The billing was typically spread across multiple

Vavikova PCs. No legitimate explanation was ever provided as to why additional imaging was necessary.

166. Below are representative examples:

- (i) 21 Century allegedly performed diagnostic ultrasounds on Insured AS (Claim No. 0654548726) on January 5, 2022, January 27, 2022, February 15, 2022, March 10, 2022, and April 28, 2022. Thereafter, Star Chiro allegedly performed diagnostic ultrasounds on Insured AS on June 14, 2022.
- (ii) 21 Century allegedly performed diagnostic ultrasounds on Insured MDCT (Claim No. 0654548726) on January 5, 2022, January 19, 2022, March 10, 2022, and May 5, 2022. Thereafter, Star Chiro allegedly performed diagnostic ultrasounds on Insured MCDT on July 7, 2022.
- (iii) Star Chiro allegedly performed diagnostic ultrasounds on Insured FRB (Claim No. 0673294534) on December 8, 2022. Thereafter, Future Chiro allegedly performed diagnostic ultrasounds on Insured FRB on January 10, 2023.
- (iv) Star Chiro allegedly performed diagnostic ultrasounds on Insured AC (Claim No. 0683731517) on September 14, 2022, and November 23, 2022. Thereafter, NY Rehab allegedly performed diagnostic ultrasounds on Insured AC on January 3, 2023.
- (v) Star Chiro allegedly performed diagnostic ultrasounds on Insured NG (Claim No. 0687095306) on December 7, 2022. Thereafter, Active Life allegedly performed diagnostic ultrasounds on Insured NG on June 14, 2023.
- (vi) NY Rehab allegedly performed diagnostic ultrasounds on Insured VU (Claim No. 0688576206) on January 3, 2023. Thereafter, Active Life allegedly performed diagnostic ultrasounds on Insured VU on February 1, 2023.
- (vii) Star Chiro allegedly performed diagnostic ultrasounds on Insured AC (Claim No. 0687492157) on October 17, 2022, and November 29, 2022. Thereafter, Future Chiro allegedly performed diagnostic ultrasounds on Insured AC on January 11, 2023.
- (viii) Star Chiro allegedly performed diagnostic ultrasounds on Insured EC (Claim No. 0690984455) on November 29, 2022. Thereafter, NY Rehab allegedly performed diagnostic ultrasounds on Insured EC on January 3, 2023. Finally, Active Life allegedly performed diagnostic ultrasounds on Insured EC on March 28, 2023.
- (ix) Star Chiro allegedly performed diagnostic ultrasounds on Insured RR (Claim No. 0694192345) on December 27, 2022. Thereafter, Future Chiro allegedly performed diagnostic ultrasounds on Insured RR on February 14, 2023.

Finally, Active Life allegedly performed diagnostic ultrasounds on Insured RR on March 21, 2023.

- (x) Future Chiro allegedly performed diagnostic ultrasounds on Insured FD (Claim No. 0696651744) on February 8, 2023. Thereafter, Active Life allegedly performed diagnostic ultrasounds on Insured FD on March 21, 2023, and May 2, 2023.

**E. Inflated and Fraudulent Charges**

167. In addition to rendering the Fraudulent Services pursuant to a fraudulent, pre-determined protocol and illegal kickbacks, the Vavikova PCs billed Allstate grossly above the Fee Schedule rate for the services.

168. The Vavikova PCs used multiple fraudulent billing practices to inflate the charges submitted to Allstate, including but not limited to: (i) misrepresenting the treating provider, (ii) using the Relative Value Units (“RVUs”) from CPT Codes not part of the Chiropractic Fee Schedule, and (iii) using an improper billing modifier.

169. The Fee Schedule requires that the individual actually performing the services be listed on the NF-3 Claim Form (i.e., bill).

170. In virtually every NF-3 Claim Form submitted to Allstate by each of the Vavikova PCs for the Fraudulent Services, the Vavikova PCs represented that Vavikova was the treating provider. There is no reference to a technician on any of the bills for the Fraudulent Services or any of the medical records that were submitted in connection with the claims.

171. Below are representative examples of the Vavikova PCs’ NF-3 Claim Forms which falsely identify Vavikova as the sole treating provider:

21 Century NF-3 for Insured PD (Claim No. 0662199305):

16. If treating provider is different than billing provider complete the following:

Treating Provider's Name	Title	License Or Certification Number	Business Relationship Check Applicable Box		
			Employee	Independent Contractor	Other (Specify)
VAVIKOVA DIANA	DC	X009246			

Active Life NF-3 for Insured RC (Claim No. 0732586978):

16. If treating provider is different than billing provider complete the following:

Treating Provider's Name	Title	License Or Certification Number	Business Relationship Check Applicable Box		
			Employee	Independent Contractor	Other (Specify)
VAVIKOVA DIANA	DC	X009246			

Future Chiro NF-3 for Insured YA (Claim No. 0696651744):

16. If treating provider is different than billing provider complete the following:

Treating Provider's Name	Title	License Or Certification Number	Business Relationship Check Applicable Box		
			Employee	Independent Contractor	Other (Specify)
VAVIKOVA DIANA	DC	X009246			

NY Rehab NF-3 for Insured DM (Claim No. 0692692692):

16. If treating provider is different than billing provider complete the following:

Treating Provider's Name	Title	License Or Certification Number	Business Relationship Check Applicable Box		
			Employee	Independent Contractor	Other (Specify)
VAVIKOVA DIANA	DC	X009246			

Star Chiro NF-3 for Insured TD (Claim No. 0690676408):

16. If treating provider is different than billing provider complete the following:

Treating Provider's Name	Title	License Or Certification Number	Business Relationship Check Applicable Box		
			Employee	Independent Contractor	Other (Specify)
VAVIKOVA DIANA	DC	X009246			

172. Furthermore, the Vavikova PCs submitted “Diagnostic Sonogram Reports” to Allstate, which specifically stated that the *procedure* and the *interpretation* were both rendered by Vavikova, whose purported specialization in Spinal Ultrasounds warranted a higher reimbursement amount:

**SKILLS OF THE DOCTOR:** Procedure is performed and interpreted by Chiropractor duly licensed in the state of New York who specializes in the Diagnostic Sonography and has multiple certifications from Sonogram schools. I had an extensive training and performed thousands of diagnostic sonograms in the traditional office setting as well as the surgical settings. I also was personally trained and certified by Dr. Steven Coppola who is one of the leaders in this industry teaching all over United States. Furthermore, I am teaching myself at my own seminars intended for any medical professionals.

173. Despite representing to Allstate on the bills and medical records that a licensed chiropractor performed and interpreted the diagnostic ultrasounds, Vavikova testified that the patient “treatment portion” was performed solely by “technologists.”

Q. So is it fair to say that the diagnostic services that you're rendering now is different than the chiropractic services?

A. No, it's not different from chiropractic services. I am saying, it is different because I'm working from my home. I'm not in the field. I am not doing face-to-face contact with the patient anymore, right. So it's absolutely different. I am doing the diagnostic portion, not the treatment portion. Treatment portion, I don't do anymore.

Q. So if you're working from home, who is doing the scans on the patients?

A. Technologists.

174. The Fraudulent Services were performed, to the extent they were performed at all, by unlicensed laypersons.

175. The Defendants knowingly submitted billing to Allstate falsely indicating that Vavikova performed the services to maximize the fraudulent charges to Allstate.

176. In addition to misrepresenting who performed the diagnostic ultrasounds, the Vavikova PCs impermissibly inflated the charges for the services in violation of the No-Fault Laws.

177. The diagnostic ultrasounds were billed through the respective Vavikova PCs to Allstate using CPT Code 76999, which is an unlisted ultrasound procedure that has no designated

reimbursement value. The Defendants manipulated the lack of a designated reimbursement for the code to routinely charge Allstate in excess of \$1,300 per patient, per day for the Fraudulent Services grossly in excess of the permitted charges in the Fee Schedule even assuming *arguendo* that the services were lawfully rendered and medically necessary.

178. The Workers' Compensation Fee Schedule sets forth that the permissible charge for a service is determined by multiplying the Relative Value Unit (RVU) by the applicable Conversion Factor.

179. As addressed above, pursuant to the Fee Schedule, chiropractors are only permitted to use CPT Codes that appear in the Chiropractic Fee Schedule. Likewise, a chiropractor is prohibited from using the RVU of a CPT Code that does not appear in the Chiropractic Fee Schedule.

180. The RVU for CPT Code 76999 is by-report. When a CPT Code is designated with a "by report" RVU, no specific value exists thereby permitting a provider assign the rate "by report." The amount that the provider charges "by report" must be consistent in relativity with other RVUs shown in the Fee Schedule.

181. The Defendants exploited the use of the by-report designation by impermissibly using the RVUs set forth in the medical section of the Fee Schedule rather than those set forth in the Chiropractic Fee Schedule.

182. To further inflate the charges, the Vavikova PCs improperly combined multiple RVUs, resulting in reimbursement fee that was almost four times in value had the procedure been performed by a physician.

183. In addition, the Vavikova PCs improperly added modifier code "50" to their billing, which when used properly indicates a bilateral procedure. Here, the Vavikova PCs added modifier

code “50,” for the performance of diagnostic ultrasounds on body parts in which there is no bilateral component, including the cervical, thoracic, and lumbar spine.

184. By adding on the billing modifier, the Defendants further inflated the already baseless charges by fifty percent.

**III. The Fraudulent Charges the Defendants Submitted or Caused to be Submitted to Allstate**

185. To support their fraudulent charges, the Defendants systematically submitted, or caused to be submitted, to Allstate, documentation that consisted of NF-3 Claim Forms, HCFA-1500 Claim Forms, medical records, Assignments of Benefits, referrals, correspondences, and/or other supporting documentation (hereinafter, the “Claims Submissions”), which were materially false and/or misleading, to obtain payment for services they were never entitled to receive. The Claims Submissions consistently misrepresented the person performing the Fraudulent Services. In addition, the Claims Submissions consistently misrepresented that Vavikova’s name and license, as well as the tax identification numbers of the Vavikova PCs, were being legitimately used to bill for the Fraudulent Services, making them eligible for payment pursuant to 11 N.Y.C.R.R. §65-3.16(a)(12).

186. Furthermore, the services were rendered, to the extent that they were rendered at all, by unlicensed individuals.

187. The Claims Submissions that the Defendants submitted, or caused to be submitted to Allstate uniformly falsified patients’ conditions and materially misrepresented that the Fraudulent Services were medically necessary and rendered with the intent of providing genuine chiropractic care to the patients. Instead, the services that were provided, to the extent they were provided at all, were not based upon legitimate medical decision-making by licensed healthcare professionals.

188. Furthermore, the Claims Submissions that were submitted, or caused to be submitted to Allstate, concealed that the services were provided, to the extent provided at all, pursuant to illegal kickback and referral arrangements between Vavikova, the John Doe Defendants and/or other third parties.

189. Finally, Defendants materially misrepresented that the Vavikova PCs were in compliance with pertinent laws and regulations and therefore were eligible to collect No-Fault Benefits, when in fact they were not.

#### **IV. Defendants' Fraudulent Concealment and Allstate's Justifiable Reliance**

190. The Defendants were under a legal and ethical obligation to act with honesty and integrity.

191. The Defendants participated in a complex and systematic plan under which they knowingly misrepresented and concealed facts related to the Fraudulent Scheme in order to evade detection and induce Allstate to make payments to the Vavikova PCs which Allstate was never required to make, and Defendants were never entitled to receive.

192. The Defendants knowingly misrepresented and concealed facts related to who was performing the Fraudulent Services, that the services were medically unnecessary, and were rendered pursuant to predetermined treatment protocols not based on the conditions of the Insureds.

193. Further, the Defendants concealed the fact that Allstate insureds were procured by the Defendants pursuant to unlawful financial arrangements between Vavikova, the John Doe Defendants and/or other third parties.

194. Pursuant to the No-Fault Laws, Allstate has a contractual obligation to verify and/or process claims in a prompt and fair manner, within thirty days. Defendants' conduct described herein was done intentionally and with purpose to evade detection and induce Allstate to make

payments for the Fraudulent Services. When making payments to the Vavikova PCs, Allstate justifiably relied on the documents submitted because Defendants went through great lengths to ensure that the Claims Submissions appeared facially valid.

195. Due to the great lengths that the Defendants took to misrepresent and conceal their fraudulent acts, Allstate did not discover, and could not have reasonably discovered, that their damages were the result of Defendants' intentional conduct, until shortly before the filing of this Complaint.

196. As a result of the Defendants' unlawful conduct, which violated New York and Federal laws, Allstate was injured in their business and property, for more than \$414,026.29.

**AS AND FOR A FIRST CAUSE OF ACTION**

**Vavikova Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

197. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

198. Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab, together constitute an association-in-fact enterprise (hereinafter, the "Vavikova Enterprise"), as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

199. The members of the Vavikova Enterprise are separate business entities, with different names and tax identifications numbers, who associated together as an ongoing and continuing unit, sharing the same common purpose of furthering a healthcare fraud scheme against Allstate and other insurers. Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab, each operated in a materially identical fraudulent manner, and jointly and purposefully orchestrated their submission of fraudulent claims to Allstate and other insurers to minimize the duration of

time and volume of billing submitted through any single member in an attempt to avoid attracting the attention and scrutiny of Allstate and other insurers to the volume of billing and the pattern of fraudulent charges originating from any individual name. As such, the carrying out of this scheme would be beyond the capacity of each member of the Vavikova Enterprise acting individually or without the aid of each other.

200. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with the Vavikova Enterprise within the meaning of 18 U.S.C § 1961(3).

201. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of the Vavikova Enterprise’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, thousands of fraudulent claims to Allstate seeking payments for services on behalf of Active Life, 21 Century, Star Chiro, Future Chiro, and NY Rehab knowing that they were not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

202. The Vavikova Enterprise has been engaged in the scheme since no later than July 2019. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as the members of the Vavikova Enterprise continue to attempt collection on the fraudulent billing submitted through them until the present day. The Vavikova Enterprise members never performed any legitimate medical treatments, never conducted any legitimate business activities, and never have been eligible to bill for No-Fault Benefits. The Vavikova Enterprise exists for purposes of racketeering activity inasmuch as acts of mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

203. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

204. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

205. The Vavikova Enterprise is distinct from, and has an existence beyond, the pattern of racketeering that is described herein, namely by recruiting, overseeing, and coordinating many professionals and non-professionals who have been responsible for facilitating and performing a variety of administrative and professional functions beyond the acts of mail fraud (i.e. the submission of the fraudulent bills to Allstate and other insurers), by creating and maintaining patient files and other records, and by negotiating and executing various contracts and/or verbal agreements, by maintaining the bookkeeping and accounting functions necessary to manage the

receipt and distribution of the insurance proceeds, and by retaining collection lawyers whose services were also used to generate payments from insurance companies to support all of the aforesaid functions.

206. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$414,026.29 pursuant to the fraudulent bills submitted by Vavikova through the Vavikova Enterprise.

207. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A SECOND CAUSE OF ACTION**

**Vavikova Enterprise**

**Against Vavikova and the John Doe Defendants “1”- “10”**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

208. Allstate re-alleges, re-pleads, and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

209. The Vavikova Enterprise is an association-in-fact enterprise, as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

210. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were “persons” employed by and/or associated with the Vavikova Enterprise within the meaning of 18 U.S.C § 1961(3).

211. Vavikova and the John Doe Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of the Vavikova Enterprise affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting,

or causing to be submitted, through the U.S. Mail, thousands of fraudulent claims to Allstate seeking payments for services on behalf of Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab knowing that they were not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

212. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

213. Vavikova and the John Doe Defendants knew of, agreed to, and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

214. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$414,026.29 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through the Vavikova Enterprise.

215. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A THIRD CAUSE OF ACTION**

**Active Life Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

216. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

217. Active Life is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

218. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with Active Life within the meaning of 18 U.S.C. § 1961(3).

219. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of Active Life’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Active Life knowing that it was not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

220. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

221. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

222. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as Active Life continues to attempt collection on the fraudulent billing submitted through them until the present day. Active Life never performed any legitimate medical treatments, never conducted any legitimate business activities, and never has been eligible to bill for No-Fault Benefits. Active Life exists for purposes of racketeering activity inasmuch as acts of mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

223. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$164,386.22 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through Active Life.

224. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A FOURTH CAUSE OF ACTION**

**Active Life Enterprise**

**Against Vavikova and the John Doe Defendants “1”- “10”**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

225. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

226. Active Life is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

227. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were “persons” employed by and/or associated with Active Life within the meaning of 18 U.S.C § 1961(3).

228. Vavikova and the John Doe Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of Active Life’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Active Life knowing that they were not reimbursable under the No-fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.

- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

229. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

230. Vavikova and the John Doe Defendants knew of, agreed to, and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

231. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$164,386.22 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through Active Life.

232. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A FIFTH CAUSE OF ACTION**

**Against Vavikova and Active Life**

**(Common Law Fraud)**

233. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

234. As described herein, Vavikova and Active Life, schemed to defraud and defrauded Allstate by intentionally and knowingly making material misrepresentations of fact and concealing material facts from Allstate in the submissions of hundreds of fraudulent claims on behalf of Active Life, in which they seek payment for the Fraudulent Services.

235. These fraudulent and material misrepresentations of fact and acts of concealment, starting no later than July 2019, include, but are not limited to misrepresenting in virtually every claim that: (i) Vavikova performed the ultrasound procedure, when in fact she virtually never did; (ii) the services billed for by Active Life, were medically necessary and warranted by the condition of the Allstate insured, when in fact the Fraudulent Services were excessive, not medically necessary, and were rendered pursuant to predetermined treatment protocols designed to unjustly enrich Vavikova and Active Life; (iii) the Fraudulent Services were coded and charged in accordance with the Fee Schedule, when in fact the charges were unbundled, inflated, overcharged, and did not accurately reflect the underlying services rendered to the Allstate insureds; (iv) Active Life obtained its patients in a legitimate manner, when in fact, patients were steered to it as part of an illegal financial arrangement; (v) the Fraudulent Services were actually provided, when in fact they were not; and (vi) Active Life was otherwise in compliance with pertinent laws and regulations and therefore eligible to collect No-Fault Benefits, when in fact it was not.

236. Vavikova and Active Life intentionally and knowingly made the above-referenced material misrepresentations and concealed material facts in a contrived, calculated effort to give the services a false appearance of validity when they knew the services were not reimbursable under the No-Fault Laws. Vavikova's and Active Life's conduct induced Allstate to pay charges submitted by, or on behalf of Active Life that they were never entitled to receive.

237. Allstate did in fact reasonably and justifiably rely, to its detriment, upon the facially valid claims submissions by Active Life. As a proximate result of the false and fraudulent claim submissions submitted by Active Life, Allstate has been injured in its business and property, in that it has paid at least \$164,386.22.

238. Allstate would not have issued payment, or have been obligated to issue payment, to Active Life for the Fraudulent Services but for the concealment and intentional and material misrepresentations made by Vavikova, and Active Life.

239. Vavikova and Active Life's extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

240. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief the Court deems just and proper.

**AS AND FOR A SIXTH CAUSE OF ACTION**

**Against Vavikova and Active Life**

**(Unjust Enrichment)**

241. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

242. As set forth above, Vavikova and Active Life have engaged in unjust, improper, and/or unlawful acts, all to the detriment and harm of Allstate.

243. When Allstate reimbursed Active Life, by paying the bills and charges submitted by or on behalf of Active Life, it reasonably believed that it was legally obligated to make such payments based on the unjust, improper and/or unlawful acts of Vavikova and Active Life.

244. Vavikova's and Active Life's retention of Allstate's payments violates the fundamental principles of justice, equity, and good conscience.

245. By reason of the acts described above, Vavikova and Active Life have been unjustly enriched in the amount to be determined at trial, but at a minimum, the sum of \$164,386.22.

**AS AND FOR A SEVENTH CAUSE OF ACTION**

**Against John Doe Defendants “1”- “10”**

**(Aiding and Abetting Fraud)**

246. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

247. The John Doe Defendants knowingly aided and abetted the Fraudulent Scheme that was perpetrated on Allstate by Vavikova and Active Life.

248. The acts of the John Doe Defendants which furthered the Fraudulent Scheme included, among other things, knowingly establishing and profiting from illegal kickback arrangements that steered Allstate insureds to Active Life. The John Doe Defendants knowingly participated and assisted in subjecting Allstate insureds to predetermined and fraudulent protocols to maximize profits without regard to patient care.

249. The conduct of the John Doe Defendants to further the Fraudulent Scheme was significant and material. The conduct of the John Doe Defendants was a necessary part of and was critical to the success of the Fraudulent Scheme because, without their actions, there would have been no opportunity for Vavikova and Active Life to obtain payment from Allstate.

250. The John Doe Defendants aided and abetted the Fraudulent Scheme in a calculated effort to induce Allstate into paying charges to Vavikova and Active Life for medically unnecessary, illusory, and otherwise non-reimbursable Fraudulent Services because they sought to continue profiting through the Fraudulent Scheme.

251. The conduct of the John Doe Defendants caused Allstate to pay more than \$164,386.22 pursuant to the fraudulent bills submitted through Active Life.

252. This extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

253. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief that the Court deems just and proper.

**AS AND FOR AN EIGHTH CAUSE OF ACTION**

**21 Century Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

254. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

255. 21 Century is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

256. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with 21 Century within the meaning of 18 U.S.C § 1961(3).

257. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of 21 Century’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, thousands of fraudulent claims to Allstate seeking payments for services on behalf of 21 Century knowing that it was not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.

- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

258. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

259. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

260. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as 21 Century continues to attempt collection on the fraudulent billing submitted through them until the present day. 21 Century never performed any legitimate medical treatments, never conducted any legitimate business activities, and never has been eligible to bill for No-Fault Benefits. 21 Century exists for purposes of racketeering activity inasmuch as acts of mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

261. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$171,415.95 pursuant to the fraudulent bills submitted by Vavikova through 21 Century.

262. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A NINTH CAUSE OF ACTION**

**21 Century Enterprise**

**Against Vavikova and the John Doe Defendants "1"- "10"**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

263. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

264. 21 Century is an ongoing "enterprise," as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

265. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were "persons" employed by and/or associated with 21 Century within the meaning of 18 U.S.C § 1961(3).

266. Vavikova and the John Doe Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of 21 Century's affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of 21 Century knowing that they were not reimbursable under the No- Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.

- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

267. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

268. Vavikova and the John Doe Defendants knew of, agreed to and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

269. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$171,415.95 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through 21 Century.

270. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A TENTH CAUSE OF ACTION**

**Against Vavikova and 21 Century**

**(Common Law Fraud)**

271. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

272. As described herein, Vavikova and 21 Century, schemed to defraud and defrauded Allstate by intentionally and knowingly making material misrepresentations of fact and concealing material facts from Allstate in the submissions of hundreds of fraudulent claims on behalf of 21 Century, in which they seek payment for the Fraudulent Services.

273. These fraudulent and material misrepresentations of fact and acts of concealment include, but are not limited to misrepresenting in virtually every claim that: (i) Vavikova performed the ultrasound procedure, when in fact she virtually never did; (ii) the services billed for by 21 Century, were medically necessary and warranted by the condition of the Allstate insured, when in fact the Fraudulent Services were excessive, not medically necessary, and were rendered pursuant to predetermined treatment protocols designed to unjustly enrich Vavikova and 21 Century; (iii) the Fraudulent Services were coded and charged in accordance with the Fee Schedule, when in fact the charges were unbundled, inflated, overcharged, and did not accurately reflect the underlying services rendered to the Allstate insureds; (iv) 21 Century obtained its patients in a legitimate manner, when in fact, patients were steered to it as part of an illegal financial arrangement; (v) the Fraudulent Services were actually provided, when in fact they were not; and (vi) 21 Century was otherwise in compliance with pertinent laws and regulations and therefore eligible to collect No-Fault Benefits, when in fact it was not.

274. Vavikova and 21 Century intentionally and knowingly made the above-referenced material misrepresentations and concealed material facts in a contrived, calculated effort to give the services a false appearance of validity when they knew the services were not reimbursable under the No-Fault Laws. Vavikova's and 21 Century's conduct induced Allstate to pay charges submitted by, or on behalf of 21 Century that they were never entitled to receive.

275. Allstate did in fact reasonably and justifiably rely, to its detriment, upon the facially valid claims submissions by 21 Century. As a proximate result of the false and fraudulent claim submissions submitted by 21 Century, Allstate has been injured in its business and property, in that it has paid at least \$171,415.95.

276. Allstate would not have issued payment, or have been obligated to issue payment, to 21 Century for the Fraudulent Services but for the concealment and intentional and material misrepresentations made by Vavikova and 21 Century.

277. Vavikova and 21 Century's extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

278. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief the Court deems just and proper.

**AS AND FOR AN ELEVENTH CAUSE OF ACTION**

**Against Vavikova and 21 Century**

**(Unjust Enrichment)**

279. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

280. As set forth above, Vavikova and 21 Century have engaged in unjust, improper, and/or unlawful acts, all to the detriment and harm of Allstate.

281. When Allstate reimbursed 21 Century, by paying the bills and charges submitted by or on behalf of 21 Century, it reasonably believed that it was legally obligated to make such payments based on the unjust, improper and/or unlawful acts of Vavikova and 21 Century.

282. Vavikova's and 21 Century's retention of Allstate's payments violates the fundamental principles of justice, equity, and good conscience.

283. By reason of the acts described above, Vavikova and 21 Century have been unjustly enriched in the amount to be determined at trial, but at a minimum, the sum of \$171,415.95.

**AS AND FOR A TWELFTH CAUSE OF ACTION**

**Against John Doe Defendants “1”- “10”**

**(Aiding and Abetting Fraud)**

284. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

285. The John Doe Defendants knowingly aided and abetted the Fraudulent Scheme that was perpetrated on Allstate by Vavikova and 21 Century.

286. The acts of the John Doe Defendants which furthered the Fraudulent Scheme included, among other things, knowingly establishing and profiting from illegal kickback arrangements that steered Allstate insureds to 21 Century. The John Doe Defendants knowingly participated and assisted in subjecting Allstate insureds to predetermined and fraudulent protocols to maximize profits without regard to patient care.

287. The conduct of the John Doe Defendants to further the Fraudulent Scheme was significant and material. The conduct of the John Doe Defendants was a necessary part of and was critical to the success of the Fraudulent Scheme because, without their actions, there would have been no opportunity for Vavikova and 21 Century to obtain payment from Allstate.

288. The John Doe Defendants aided and abetted the Fraudulent Scheme in a calculated effort to induce Allstate into paying charges to Vavikova and 21 Century for medically unnecessary, illusory, and otherwise non-reimbursable Fraudulent Services because they sought to continue profiting through the Fraudulent Scheme.

289. The conduct of the John Doe Defendants caused Allstate to pay more than \$171,415.95 pursuant to the fraudulent bills submitted through 21 Century.

290. This extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

291. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief that the Court deems just and proper.

**AS AND FOR A THIRTEENTH CAUSE OF ACTION**

**Star Chiro Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

292. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

293. Star Chiro is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

294. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with Star Chiro within the meaning of 18 U.S.C § 1961(3).

295. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of Star Chiro’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Star Chiro knowing that it was not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.

- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

296. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

297. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

298. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as Star Chiro continues to attempt collection on the fraudulent billing submitted through them until the present day. Star Chiro never performed any legitimate medical treatments, never conducted any legitimate business activities, and never has been eligible to bill for No-Fault Benefits. Star Chiro exists for purposes of racketeering activity inasmuch as acts of mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

299. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$37,231.92 pursuant to the fraudulent bills submitted by Vavikova through Star Chiro.

300. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A FOURTEENTH CAUSE OF ACTION**

**Star Chiro Enterprise**

**Against Vavikova and the John Doe Defendants "1"- "10"**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

301. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

302. Star Chiro is an ongoing "enterprise," as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

303. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were "persons" employed by and/or associated with Star Chiro within the meaning of 18 U.S.C § 1961(3).

304. Vavikova and the John Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of Star Chiro's affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Star Chiro knowing that they were not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.

- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

305. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

306. Vavikova and the John Doe Defendants knew of, agreed to and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

307. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$37,231.92 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through Star Chiro.

308. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A FIFTEENTH CAUSE OF ACTION**

**Against Vavikova and Star Chiro**

**(Common Law Fraud)**

309. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

310. As described herein, Vavikova and Star Chiro, schemed to defraud and defrauded Allstate by intentionally and knowingly making material misrepresentations of fact and concealing material facts from Allstate in the submissions of hundreds of fraudulent claims on behalf of Star Chiro, in which they seek payment for the Fraudulent Services.

311. These fraudulent and material misrepresentations of fact and acts of concealment include, but are not limited to misrepresenting in virtually every claim that: (i) Vavikova performed the ultrasound procedure, when in fact she virtually never did; (ii) the services billed for by Star Chiro, were medically necessary and warranted by the condition of the Allstate insured, when in fact the Fraudulent Services were excessive, not medically necessary, and were rendered pursuant to predetermined treatment protocols designed to unjustly enrich Vavikova and Star Chiro; (iii) the Fraudulent Services were coded and charged in accordance with the Fee Schedule, when in fact the charges were unbundled, inflated, overcharged, and did not accurately reflect the underlying services rendered to the Allstate insureds; (iv) Star Chiro obtained its patients in a legitimate manner, when in fact, patients were steered to it as part of an illegal financial arrangement; (v) the Fraudulent Services were actually provided, when in fact they were not; and (vi) Star Chiro was otherwise in compliance with pertinent laws and regulations and therefore eligible to collect No-Fault Benefits, when it fact it was not.

312. Vavikova and Star Chiro intentionally and knowingly made the above-referenced material misrepresentations and concealed material facts in a contrived, calculated effort to give the services a false appearance of validity when they knew the services were not reimbursable under the No-Fault Laws. Vavikova's and Star Chiro's conduct induced Allstate to pay charges submitted by, or on behalf of Star Chiro, that they were never entitled to receive.

313. Allstate did in fact reasonably and justifiably rely, to its detriment, upon the facially valid claims submissions by Star Chiro. As a proximate result of the false and fraudulent claim submissions submitted by Star Chiro, Allstate has been injured in its business and property, in that it has paid at least \$37,231.92.

314. Allstate would not have issued payment, or have been obligated to issue payment, to Star Chiro for the Fraudulent Services but for the concealment and intentional and material misrepresentations made by Vavikova, and Star Chiro.

315. Vavikova and Star Chiro's extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

316. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief the Court deems just and proper.

**AS AND FOR A SIXTEENTH CAUSE OF ACTION**

**Against Vavikova and Star Chiro**

**(Unjust Enrichment)**

317. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

318. As set forth above, Vavikova and Star Chiro have engaged in unjust, improper, and/or unlawful acts, all to the detriment and harm of Allstate.

319. When Allstate reimbursed Star Chiro, by paying the bills and charges submitted by or on behalf of Star Chiro, it reasonably believed that it was legally obligated to make such payments based on the unjust, improper and/or unlawful acts of Vavikova and Star Chiro.

320. Vavikova's and Star Chiro's retention of Allstate's payments violates the fundamental principles of justice, equity, and good conscience.

321. By reason of the acts described above, Vavikova and Star Chiro have been unjustly enriched in the amount to be determined at trial, but at a minimum, the sum of \$37,231.92.

**AS AND FOR A SEVENTEENTH CAUSE OF ACTION**

**Against John Doe Defendants “1”- “10”**

**(Aiding and Abetting Fraud)**

322. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

323. The John Doe Defendants knowingly aided and abetted the Fraudulent Scheme that was perpetrated on Allstate by Vavikova and Star Chiro.

324. The acts of the John Doe Defendants which furthered the Fraudulent Scheme included, among other things, knowingly establishing and profiting from illegal kickback arrangements that steered Allstate insureds to Star Chiro. The John Doe Defendants knowingly participated and assisted in subjecting Allstate insureds to predetermined and fraudulent protocols to maximize profits without regard to patient care.

325. The conduct of the John Doe Defendants to further the Fraudulent Scheme was significant and material. The conduct of the John Doe Defendants was a necessary part of and was critical to the success of the Fraudulent Scheme because, without their actions, there would have been no opportunity for Vavikova and Star Chiro to obtain payment from Allstate.

326. The John Doe Defendants aided and abetted the Fraudulent Scheme in a calculated effort to induce Allstate into paying charges to Vavikova and Star Chiro for medically unnecessary, illusory, and otherwise non-reimbursable Fraudulent Services because they sought to continue profiting through the Fraudulent Scheme.

327. The conduct of the John Doe Defendants caused Allstate to pay more than \$37,231.92 pursuant to the fraudulent bills submitted through Star Chiro.

328. This extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

329. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief that the Court deems just and proper.

**AS AND FOR AN EIGHTEENTH CAUSE OF ACTION**

**Future Chiro Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

330. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

331. Future Chiro is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

332. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with Future Chiro within the meaning of 18 U.S.C § 1961(3).

333. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of Future Chiro’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Future Chiro knowing that it was not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.

- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

334. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

335. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

336. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as Future Chiro continues to attempt collection on the fraudulent billing submitted through them until the present day. Future Chiro never performed any legitimate medical treatments, never conducted any legitimate business activities, and never has been eligible to bill for No-Fault Benefits. Future Chiro exists for purposes of racketeering activity inasmuch as acts of mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

337. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$22,599.16 pursuant to the fraudulent bills submitted by Vavikova through Future Chiro.

338. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A NINETEENTH CAUSE OF ACTION**

**Future Chiro Enterprise**

**Against Vavikova and John Doe Defendants "1"- "10"**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

339. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

340. Future Chiro is an ongoing "enterprise," as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

341. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were "persons" employed by and/or associated with Future Chiro within the meaning of 18 U.S.C § 1961(3).

342. Vavikova and the John Doe Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of Future Chiro's affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of Future Chiro knowing that they were not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

343. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

344. Vavikova and the John Doe Defendants knew of, agreed to and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

345. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$22,599.16 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through Future Chiro.

346. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A TWENTIETH CAUSE OF ACTION**

**Against Vavikova and Future Chiro**

**(Common Law Fraud)**

347. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

348. As described herein, Vavikova and Future Chiro, schemed to defraud and defrauded Allstate by intentionally and knowingly making material misrepresentations of fact and concealing material facts from Allstate in the submissions of hundreds of fraudulent claims on behalf of Future Chiro, in which they seek payment for the Fraudulent Services.

349. These fraudulent and material misrepresentations of fact and acts of concealment include, but are not limited to misrepresenting in virtually every claim that: (i) Vavikova performed the ultrasound procedure, when in fact she virtually never did; (ii) the services billed for by Star Chiro, were medically necessary and warranted by the condition of the Allstate insured, when in fact the Fraudulent Services were excessive, not medically necessary, and were rendered pursuant to predetermined treatment protocols designed to unjustly enrich Vavikova and Star Chiro; (iii) the Fraudulent Services were coded and charged in accordance with the Fee Schedule, when in fact the charges were unbundled, inflated, overcharged, and did not accurately reflect the underlying services rendered to the Allstate insureds; (iv) Star Chiro obtained its patients in a legitimate manner, when in fact, patients were steered to it as part of an illegal financial arrangement; (v) the Fraudulent Services were actually provided, when in fact they were not; and (vi) Star Chiro was otherwise in compliance with pertinent laws and regulations and therefore eligible to collect No-Fault Benefits, when in fact it was not.

350. Vavikova and Future Chiro intentionally and knowingly made the above-referenced material misrepresentations and concealed material facts in a contrived, calculated effort to give

the services a false appearance of validity when they knew the services were not reimbursable under the No-Fault Laws. Vavikova's and Future Chiro's conduct induced Allstate to pay charges submitted by, or on behalf of Future Chiro, that they were never entitled to receive.

351. Allstate did in fact reasonably and justifiably rely, to its detriment, upon the facially valid claims submissions by Future Chiro. As a proximate result of the false and fraudulent claim submissions submitted by Future Chiro, Allstate has been injured in its business and property, in that it has paid at least \$22,599.16.

352. Allstate would not have issued payment, or have been obligated to issue payment, to Future Chiro for the Fraudulent Services but for the concealment and intentional and material misrepresentations made by Vavikova and Future Chiro.

353. Vavikova and Future Chiro's extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

354. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief the Court deems just and proper.

**AS AND FOR A TWENTY-FIRST CAUSE OF ACTION**

**Against Vavikova and Future Chiro**

**(Unjust Enrichment)**

355. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

356. As set forth above, Vavikova and Future Chiro have engaged in unjust, improper, and/or unlawful acts, all to the detriment and harm of Allstate.

357. When Allstate reimbursed Future Chiro, by paying the bills and charges submitted by or on behalf of Future Chiro, it reasonably believed that it was legally obligated to make such payments based on the unjust, improper and/or unlawful acts of Vavikova and Future Chiro.

358. Vavikova's and Future Chiro's retention of Allstate's payments violates the fundamental principles of justice, equity, and good conscience.

359. By reason of the acts described above, Vavikova and Future Chiro have been unjustly enriched in the amount to be determined at trial, but at a minimum, the sum of \$22,599.16.

**AS AND FOR A TWENTY-SECOND CAUSE OF ACTION**

**Against John Doe Defendants "1"- "10"**

**(Aiding and Abetting Fraud)**

360. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

361. The John Doe Defendants knowingly aided and abetted the Fraudulent Scheme that was perpetrated on Allstate by Vavikova and Future Chiro.

362. The acts of the John Doe Defendants which furthered the Fraudulent Scheme included, among other things, knowingly establishing and profiting from illegal kickback arrangements that steered Allstate insureds to Future Chiro. The John Doe Defendants knowingly participated and assisted in subjecting Allstate insureds to predetermined and fraudulent protocols to maximize profits without regard to patient care.

363. The conduct of the John Doe Defendants to further the Fraudulent Scheme was significant and material. The conduct of the John Doe Defendants was a necessary part of and was critical to the success of the Fraudulent Scheme because, without their actions, there would have been no opportunity for Vavikova and Future Chiro to obtain payment from Allstate.

364. The John Doe Defendants aided and abetted the Fraudulent Scheme in a calculated effort to induce Allstate into paying charges to Vavikova and Future Chiro for medically unnecessary, illusory, and otherwise non-reimbursable Fraudulent Services because they sought to continue profiting through the Fraudulent Scheme.

365. The conduct of the John Doe Defendants caused Allstate to pay more than \$22,599.16 pursuant to the fraudulent bills submitted through Future Chiro.

366. This extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

367. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief that the Court deems just and proper.

**AS AND FOR A TWENTY-THIRD CAUSE OF ACTION**

**NY Rehab Enterprise**

**Against Vavikova**

**(Violation of RICO, 18 U.S.C. § 1962(c))**

368. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

369. NY Rehab is an ongoing “enterprise,” as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

370. At all times relevant to this Complaint, Vavikova was a “person” employed by and/or associated with NY Rehab within the meaning of 18 U.S.C § 1961(3).

371. Vavikova knowingly conducted and/or participated, directly or indirectly, in the conduct of NY Rehab’s affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by

submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for services on behalf of NY Rehab knowing that it was not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

372. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*. All of the fraudulent charges identified in *Exhibit 1* were submitted to Allstate through the U.S. Mail.

373. Vavikova knew that two or more mailings would be sent to demand and receive payment from Allstate on certain dates, including, but not limited to those mailings identified in the chart annexed hereto as *Exhibit 2*.

374. The pattern of racketeering activity poses a specific threat of repetition extending indefinitely into the future as NY Rehab continues to attempt collection on the fraudulent billing submitted through them until the present day. NY Rehab never performed any legitimate medical treatments, never conducted any legitimate business activities, and never has been eligible to bill for No-Fault Benefits. NY Rehab exists for purposes of racketeering activity inasmuch as acts of

mail fraud are essential for it to function. Furthermore, the intricate planning required to carry out and conceal the predicate acts of mail fraud implies a threat of continued criminal activity.

375. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$18,393.04 pursuant to the fraudulent bills submitted by Vavikova through NY Rehab.

376. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A TWENTY-FOURTH CAUSE OF ACTION**

**NY Rehab Enterprise**

**Against Vavikova and the John Doe Defendants "1"- "10"**

**(Violation of RICO, 18 U.S.C. § 1962(d))**

377. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

378. NY Rehab is an ongoing "enterprise," as defined by 18 U.S.C. § 1961(4), which engages in activities that affect interstate commerce.

379. At all times relevant to this Complaint, Vavikova and the John Doe Defendants were "persons" employed by and/or associated with NY Rehab within the meaning of 18 U.S.C. § 1961(3).

380. Vavikova and the John Doe Defendants knowingly have agreed, combined, and conspired to conduct and/or participate, directly or indirectly, in the conduct of NY Rehab's affairs through a pattern of racketeering activity as defined in 18 U.S.C. § 1962(c) consisting of repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341, by submitting, or causing to be submitted, through the U.S. Mail, hundreds of fraudulent claims to Allstate seeking payments for

services on behalf of NY Rehab knowing that they were not reimbursable under the No-Fault Laws because:

- (i) The billed for services were medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The billed for services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The claim submissions for the Fraudulent Services misrepresented that Vavikova performed the services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The claim submissions seeking payment for the Fraudulent Services misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

381. A representative sample of the fraudulent charges submitted to Allstate that comprise, in part, the pattern of racketeering activities identified through the date of this Complaint are described, in part, in the chart annexed hereto as *Exhibit 1*.

382. Vavikova and the John Doe Defendants knew of, agreed to, and acted in furtherance of the common overall objective (i.e., to defraud Allstate and other insurers of money) by submitting or facilitating the submission of fraudulent charges to Allstate.

383. Allstate has been injured in its business and property by reason of the above-described conduct in that it has paid at least \$18,393.04 pursuant to the fraudulent bills submitted by Vavikova and the John Doe Defendants through NY Rehab.

384. By reason of its injury, Allstate is entitled to treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c), and any other relief the Court deems just and proper.

**AS AND FOR A TWENTY-FIFTH CAUSE OF ACTION**

**Against Vavikova and NY Rehab**

**(Common Law Fraud)**

385. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

386. As described herein, Vavikova and NY Rehab schemed to defraud and defrauded Allstate by intentionally and knowingly making material misrepresentations of fact and concealing material facts from Allstate in the submissions of hundreds of fraudulent claims on behalf of NY Rehab, in which they seek payment for the Fraudulent Services.

387. These fraudulent and material misrepresentations of fact and acts of concealment include, but are not limited to misrepresenting in virtually every claim that: (i) Vavikova performed the ultrasound procedure, when in fact she virtually never did; (ii) the services billed for by NY Rehab, were medically necessary and warranted by the condition of the Allstate insured, when in fact the Fraudulent Services were excessive, not medically necessary, and were rendered pursuant to predetermined treatment protocols designed to unjustly enrich Vavikova and NY Rehab; (iii) the Fraudulent Services were coded and charged in accordance with the Fee Schedule, when in fact the charges were unbundled, inflated, overcharged, and did not accurately reflect the underlying services rendered to the Allstate insureds; (iv) NY Rehab obtained its patients in a legitimate manner, when in fact, patients were steered to it as part of an illegal financial arrangement; (v) the Fraudulent Services were actually provided, when in fact they were not; and (vi) NY Rehab was otherwise in compliance with pertinent laws and regulations and therefore eligible to collect No-Fault Benefits, when in fact it was not.

388. Vavikova and NY Rehab intentionally and knowingly made the above-referenced material misrepresentations and concealed material facts in a contrived, calculated effort to give

the services a false appearance of validity when they knew the services were not reimbursable under the No-Fault Laws. Vavikova's and NY Rehab's conduct induced Allstate to pay charges submitted by, or on behalf of NY Rehab, that they were never entitled to receive.

389. Allstate did in fact reasonably and justifiably rely, to its detriment, upon the facially valid claims submissions by NY Rehab. As a proximate result of the false and fraudulent claim submissions submitted by NY Rehab, Allstate has been injured in its business and property, in that it has paid at least \$18,393.04.

390. Allstate would not have issued payment, or have been obligated to issue payment, to NY Rehab for the Fraudulent Services but for the concealment and intentional and material misrepresentations made by Vavikova, and NY Rehab.

391. Vavikova's and NY Rehab's extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

392. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief the Court deems just and proper.

**AS AND FOR A TWENTY-SIXTH CAUSE OF ACTION**

**Against Vavikova and NY Rehab**

**(Unjust Enrichment)**

393. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

394. As set forth above, Vavikova and NY Rehab have engaged in unjust, improper, and/or unlawful acts, all to the detriment and harm of Allstate.

395. When Allstate reimbursed NY Rehab, by paying the bills and charges submitted by or on behalf of NY Rehab, it reasonably believed that it was legally obligated to make such payments based on the unjust, improper and/or unlawful acts of Vavikova and NY Rehab.

396. Vavikova's and NY Rehab's retention of Allstate's payments violates the fundamental principles of justice, equity, and good conscience.

397. By reason of the acts described above, Vavikova and NY Rehab have been unjustly enriched in the amount to be determined at trial, but at a minimum, the sum of \$18,393.04.

**AS AND FOR A TWENTY-SEVENTH CAUSE OF ACTION**

**Against John Doe Defendants "1"- "10"**

**(Aiding and Abetting Fraud)**

398. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

399. The John Doe Defendants knowingly aided and abetted the Fraudulent Scheme that was perpetrated on Allstate by Vavikova and NY Rehab.

400. The acts of the John Doe Defendants which furthered the Fraudulent Scheme included, among other things, knowingly establishing and profiting from illegal kickback arrangements that steered Allstate insureds to NY Rehab. The John Doe Defendants knowingly participated and assisted in subjecting Allstate insureds to predetermined and fraudulent protocols to maximize profits without regard to patient care.

401. The conduct of the John Doe Defendants to further the Fraudulent Scheme was significant and material. The conduct of the John Doe Defendants was a necessary part of and was critical to the success of the Fraudulent Scheme because, without their actions, there would have been no opportunity for Vavikova and NY Rehab to obtain payment from Allstate.

402. The John Doe Defendants aided and abetted the Fraudulent Scheme in a calculated effort to induce Allstate into paying charges to Vavikova and NY Rehab for medically unnecessary, illusory, and otherwise non-reimbursable Fraudulent Services because they sought to continue profiting through the Fraudulent Scheme.

403. The conduct of the John Doe Defendants caused Allstate to pay more than \$18,393.04 pursuant to the fraudulent bills submitted through NY Rehab.

404. This extensive fraudulent conduct demonstrates a high degree of moral turpitude and wanton dishonesty that entitles Allstate to recover punitive damages.

405. Accordingly, by virtue of the foregoing, Allstate is entitled to compensatory and punitive damages, together with interest and costs, and any other relief that the Court deems just and proper.

**AS AND FOR A TWENTY-EIGHTH CAUSE OF ACTION**

**Against Vavikova, Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab  
(New York Public Health Law § 238-a)**

406. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

407. In order to profit from the Fraudulent Scheme, it was imperative that the Vavikova PCs have access to a steady stream of patients. In order to gain access to that patient base, Vavikova and the Vavikova PCs agreed to pay kickbacks or other forms of financial considerations to unlicensed laypersons and/or healthcare professionals who “brokered” or “controlled” access to Allstate Insureds who treated, or purported to be treated, at the No-Fault Clinics.

408. The unlawful kickback payments were guised, in part, as space lease agreements between the Vavikova PCs and the alleged healthcare practitioners that purported to refer Allstate Insureds to the Vavikova PCs for the Fraudulent Services that were billed to Allstate.

409. Section 238-a of the New York Public Health Law provide, in relevant part:

1(a) A practitioner authorized to order clinical laboratory services, pharmacy services, radiation therapy services, physical therapy services or x-ray or imaging services may not make a referral for such services to a health care provider authorized to provide such services where such practitioner or immediate family member of such practitioner has a financial relationship with such health care provider.

(1)(b) A health care provider or a referring practitioner may not present or cause to be presented to any individual or third-party payor or other entity a claim, bill, or other demand for payment for clinical laboratory services, pharmacy services, radiation therapy services, physical therapy services or x-ray or imaging services furnished pursuant to a referral prohibited by this subdivision.

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7. If a referring practitioner or a health care provider furnishing clinical laboratory services, pharmacy services, radiation therapy services, physical therapy services or x-ray or imaging services or any other person or entity collects any amounts that were billed in violation of this section, such referring practitioner and health care provider and other person, or entity shall be jointly and severally liable to the payor for any amounts so collected.

410. Vavikova and the Vavikova PCs represented and/or alleged in their Claims Submissions to Allstate that Fraudulent Services were referred by “practitioners” as that term is defined under Section 238(11) of the New York Public Health Law.

411. Vavikova and the Vavikova PCs are each “health care providers” as that term is defined under Section 238(6) of the New York Public Health Law.

412. Ultrasounds are “X-ray or imaging” services as that term is defined under Section 238(13) of the New York Public Health Law.

413. Vavikova and the Vavikova PCs had “financial relationships” with the referring practitioners as that term is defined under Section 238(3) of the New York Public Health Law.

414. The alleged referrals by the practitioners to Vavikova and the Vavikova PCs violated Sections 238-a(1) and (9) of the New York Public Health Law.

415. In violation of Section 238-a(1)(b) of the New York Public Health Law, Vavikova and the Vavikova PCs have each presented or caused to be presented to Allstate claims for payment of x-ray or imaging services furnished pursuant to prohibited referrals.

416. Allstate has paid substantial amounts to Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab for ultrasounds services billed in violation of Section 238-a of the Public Health Law. Pursuant to Section 238-a(7) of the Public Health Law, Allstate is entitled to recover from Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab who are each separately liable to Allstate for payments made to their respective entities. Further, Vavikova individually is jointly and severally liable with each respective Vavikova PC to Allstate for the amounts received in violation of the Public Health Law Section 238(a), in the amount of \$414,026.29, the exact amount to be determined at trial.

**AS AND FOR A TWENTY-NINTH CAUSE OF ACTION**

**Against Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab  
(Declaratory Judgment- 28 U.S.C. §§2201 and 2202)**

417. Allstate re-alleges, re-pleads and incorporates by reference, each and every allegation in the paragraphs above, as if set forth fully herein.

418. To be eligible to receive assigned No-Fault Benefits, an assignee provider must adhere to all applicable New York laws that grant them the authority to provide health care services in New York. Healthcare professionals are not eligible to bill or to collect No-Fault Benefits, if they fail to meet any New York State or local licensing requirements necessary to provide the underlying services.

419. Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab were ineligible for No-Fault Benefits and have no right to receive payment from Allstate on the unpaid billing because:

- (i) The Defendants intentionally and knowingly schemed to and did subject Insureds to medically unnecessary and unproven service(s) designed for no other purpose other than to defraud Allstate and other insurers.
- (ii) The Fraudulent Services were provided pursuant to the dictates of laypersons not licensed to render healthcare services and through the use of unlawful referral arrangements.
- (iii) The Defendants intentionally and knowingly misrepresented that Vavikova performed the Fraudulent Services when in fact, to the extent they were provided, they were performed by unlicensed individuals.
- (iv) The Defendants misrepresented and exaggerated the level and types of services purportedly provided, in order to use billing codes that would inflate the charges submitted to Allstate.

420. There is an actual and justifiable case and controversy between Allstate and Defendants Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab, in the total amount of \$1,169,970.11, of unpaid billing for the Fraudulent Services that were submitted to Allstate by the Defendants.

421. Active Life, 21 Century, Star Chiro, Future Chiro, and NY Rehab continue to challenge Allstate's prior denials of its claims.

422. Active Life, 21 Century, Star Chiro, Future Chiro, and NY Rehab continue to commence litigation in New York Civil Courts, as well as continue to file arbitrations with the American Arbitration Association, against Allstate, seeking payment for No-Fault Benefits allegedly due and owing.

423. Accordingly, Allstate requests a judgment pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, declaring that Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab have no right to receive payment for any pending bills and charges submitted to Allstate.

**DEMAND FOR RELIEF**

424. Pursuant to Federal Rule of Civil Procedure 38(b), Allstate demands a trial by jury.

**WHEREFORE**, Plaintiffs, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property & Casualty Insurance Company and Allstate Fire and Casualty Insurance Company (collectively, “Allstate”), respectfully ask that a Judgment be entered in their favor and against the Defendants, as follows:

A. On the First Cause of Action against Defendant Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$414,026.29, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

B. On the Second Cause of Action against Defendant Vavikova and the John Doe Defendants:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$414,026.29, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

C. On the Third Cause of Action against Defendants Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$164,386.22, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

D. On the Fourth Cause of Action against Defendants Vavikova and the John Doe Defendants “1”- “10”:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$164,386.22, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

E. On the Fifth Cause of Action against Defendants Vavikova and Active Life:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$164,386.22, together with punitive damages, costs and interest; and
- (ii) GRANT all other relief this Court deems just.

F. On the Sixth Cause of Action against Defendants Vavikova and Active Life:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$164,386.22, together with costs and interest; and
- (ii) GRANT all other relief this Court deems just.

G. On the Seventh Cause of Action against the John Doe Defendants "1"- "10":

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$164,386.22, together with punitive damages, costs, interest and such other and further relief as this Court deems just and proper.

H. On the Eighth Cause of Action against Defendant Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$171,415.95, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

I. On the Ninth Cause of Action against Defendants Vavikova and the John Doe Defendants "1"- "10":

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$171,415.95, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

J. On the Tenth Cause of Action against Defendants Vavikova and 21 Century:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$171,415.95, together with punitive damages, costs and interest; and
- (ii) GRANT all other relief this Court deems just.

K. On the Eleventh Cause of Action against Defendant Vavikova and 21 Century:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$171,415.95, together with costs and interest; and
- (ii) GRANT all other relief this Court deems just.

L. On the Twelfth Cause of Action against the John Doe Defendants "1"- "10":

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$171,415.95, together with punitive damages, costs, interest and such other and further relief as this Court deems just and proper.

M. On the Thirteenth Cause of Action against Defendant Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$37,231.92, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

N. On the Fourteenth Cause of Action against Defendants Vavikova and the John Doe Defendants "1"- "10":

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$37,231.92, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

O. On the Fifteenth Cause of Action against Defendants Vavikova and Star Chiro:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$37,231.92, together with punitive damages, costs and interest; and
- (ii) GRANT all other relief this Court deems just.

P. On the Sixteenth Cause of Action against Defendant Vavikova and Star Chiro:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$37,231.92, together with costs and interest; and
- (ii) GRANT all other relief this Court deems just.

Q. On the Seventeenth Cause of Action against the John Doe Defendants "1"-  
"10":

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$37,231.92, together with punitive damages, costs, interest and such other and further relief as this Court deems just and proper.

R. On the Eighteenth Cause of Action against Defendant Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$22,599.16, together with treble damages, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

S. On the Nineteenth Cause of Action against Defendant Vavikova and the John Doe Defendants “1”- “10”:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$22,599.16, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

T. On the Twentieth Cause of Action against Defendants Vavikova and Future Chiro:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$22,599.16, together with punitive damages, costs and interest; and
- (ii) GRANT all other relief this Court deems just.

U. On the Twenty-First Cause of Action against Defendants Vavikova and Future Chiro:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$22,599.16, together with costs and interest; and
- (ii) GRANT all other relief this Court deems just.

V. On the Twenty-Second Cause of Action against the John Doe Defendants “1”- “10”:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$22,599.16, together with punitive damages, costs, interest and such other and further relief as this Court deems just and proper.

W. On the Twenty-Third Cause of Action against Defendant Vavikova:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$18,393.04, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and

- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

X. On the Twenty-Fourth Cause of Action against Defendants Vavikova and the John Doe Defendants “1”- “10”:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$18,393.04, together with treble damages, costs, and reasonable attorneys’ fees pursuant to 18 U.S.C. § 1964(c) plus interest; and
- (ii) GRANT injunctive relief enjoining the defendants from engaging in the wrongful conduct alleged in the Complaint; and
- (iii) GRANT all other relief this Court deems just.

Y. On the Twenty-Fifth Cause of Action against Defendants Vavikova and NY Rehab:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$18,393.04, together with punitive damages, costs and interest; and
- (ii) GRANT all other relief this Court deems just.

Z. On the Twenty-Sixth Cause of Action against Defendants Vavikova and NY Rehab:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$18,393.04, together with costs and interest; and
- (ii) GRANT all other relief this Court deems just.

AA. On the Twenty-Seventh Cause of Action against Defendants the John Doe Defendants “1”- “10”:

- (i) AWARD compensatory damages in favor of Allstate in an amount to be determined at trial but in excess of \$18,393.04, together with punitive damages, costs, interest and such other and further relief as this Court deems just and proper.

BB. On the Twenty-Eighth Cause of Action against Vavikova, Active Life, 21 Century, Star Chiro, Future Chiro, and NY Rehab:

- (i) AWARD damages that Plaintiffs have sustained as a result of the Defendants' conduct, the exact amount to be determined at trial, but in excess of \$414,026.29.

CC. On the Twenty-Ninth Cause of Action against Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab:

- (i) DECLARE, pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, that Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab, at all relevant times, has been unlawfully organized, controlled, and/or operated by at least one unlicensed layperson, and otherwise operated in violation of at least one New York state and/or local licensing requirement necessary to provide professional physician services in New York; and
- (ii) DELCARE that Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab's activities are unlawful; and
- (iii) DECLARE that Allstate has no obligation to pay any pending, previously denied and/or future No-Fault insurance claims submitted by Active Life, 21 Century, Star Chiro, Future Chiro and NY Rehab; and
- (iv) GRANT all other relief this Court deems just.

Dated: Uniondale, New York  
January 30, 2025

Law Offices of Camille Nanni

By: /s/ Komal Keluskar

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## **INDEX OF EXHIBITS**

**EXHIBIT 1: REPRESENTATIVE SAMPLE OF FRAUDULENT CHARGES  
SUBMITTED TO ALLSTATE**

**EXHIBIT 2 REPRESENTATIVE SAMPLE OF MAILED FRAUDULENT CLAIMS**