

# \$3.5 BILLION Medicare Scheme EXPOSED In LA



Los Angeles has become the epicenter of a staggering \$3.5 billion Medicare hospice fraud epidemic orchestrated by organized crime networks, draining taxpayer dollars while your hard-earned money gets siphoned into criminal coffers instead of legitimate care for dying Americans.

## Story Snapshot

- Juan Carlos Esparza pleaded guilty to defrauding Medicare of nearly \$16 million through four sham hospices operating between 2019 and 2023
- California revoked 280 hospice licenses as investigators uncovered an estimated \$3.5 billion fraud scheme linked to Russian-Armenian organized crime

- Recruiters target vulnerable seniors at malls, bribing them with walkers and cash to steal Medicare numbers sold for up to \$3,000 each
- Van Nuys has become “ground zero” with 210 hospices crammed into one square mile, including 112 in a single unmarked building

## Valley Village Man Admits to \$16 Million Hospice Scam

Juan Carlos Esparza, 33, of Valley Village, pleaded guilty to healthcare fraud and money laundering charges for operating four fraudulent hospice companies that billed Medicare approximately \$16 million. From July 2019 through January 2023, Esparza controlled House of Angels Hospice and related entities, submitting claims for unnecessary or completely fabricated end-of-life services. He laundered the proceeds through shell companies and used fake foreign owner identities to mask his control, purchasing luxury items including a \$90,000 vehicle. Esparza faces a maximum sentence of 20 years in federal prison at his October 6 sentencing hearing.

## Organized Crime Networks Exploit Medicare System

The Los Angeles hospice fraud crisis traces its roots to Russian-Armenian organized crime networks that have systematically corrupted the Medicare system. Dr. Mehmet Oz, head of the Centers for Medicare and Medicaid Services, identified 42 hospice facilities operating within just four city blocks in Los Angeles, calling it clear evidence of fraudulent activity. California Attorney General Rob Bonta described the situation as an “epidemic in greater LA,” driven by criminal enterprises that enroll “ghost patients”—often healthy seniors—through kickback schemes. These operations have grown sevenfold in five years, with recruiters prowling shopping malls offering bribes like walkers and cash payments in exchange for Medicare numbers.

## Van Nuys Becomes Fraud Central with License Flipping

The San Fernando Valley, particularly Van Nuys, has emerged as the undisputed epicenter of hospice fraud in America. Investigators discovered 210 hospice facilities operating within a single square mile, with 112 licenses registered to one unmarked office building. Advocate Sheila Clark identified a Van Nuys plaza as “ground zero,” housing 89 separate hospice operations. Criminal organizations exploit “license flipping”—rapidly buying and selling licenses to evade regulators—while shuffling patients like “trading cards” to avoid audit triggers. Los Angeles County hospice patients average stays exceeding three months,

compared to the national median of under 18 days, a statistical red flag screaming fraud.

## Co-Conspirators Face Prison and Deportation

Esparza's co-defendant Petros Fichidzhyan received a 12-year prison sentence in May for his role in the conspiracy. Three additional conspirators entered guilty pleas recently: Mihran Panosyan admitted to money laundering, while Karpis Srapyan and Susanna Harutyunyan await sentencing on October 6 and November 17 respectively.

Harutyunyan faces potential deportation following her sentence. The DOJ Fraud Section, working with FBI and HHS Office of Inspector General investigators, continues prosecuting dozens of similar cases as California regulators revoked 280 hospice licenses in early 2026. These enforcement actions represent a fraction of the estimated \$3.5 billion stolen from Medicare in Los Angeles alone.

## Taxpayers Fund Criminal Enterprise While Seniors Suffer

This fraud epidemic diverts billions from Americans who genuinely need end-of-life care, weakening Medicare's solvency while enriching criminal networks. Vulnerable seniors become unwitting pawns, enrolled without consent in fake hospice programs that provide zero services while billing taxpayers thousands. The scam operates through corrupted doctors who

certify healthy individuals as terminally ill, with recruiters paying \$1,000 to \$3,000 per Medicare number. Your tax dollars fund this criminal enterprise instead of supporting legitimate healthcare or reducing the deficit. Federal oversight has proven inadequate despite past prosecutions of Armenian crime rings that stole over \$100 million through phantom medical clinics a decade ago, allowing the current crisis to metastasize unchecked.