



# Fraud Section Year In Review | 2022

# Foreword

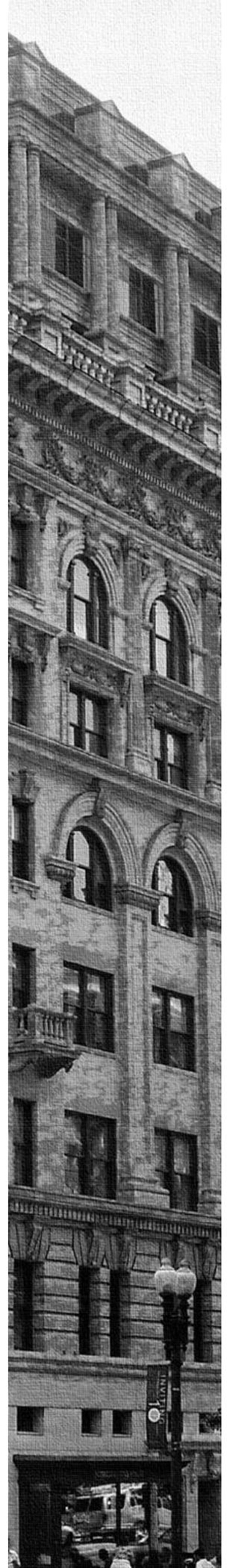
It is my privilege to present the Fraud Section's Year in Review for 2022. The Fraud Section continues to be a national leader in white collar criminal enforcement—not just in precedent-setting prosecutions, convictions, and resolutions, but also in pursuing innovative practices to continuously improve our enforcement of white-collar criminal laws and developing Division- and Department-wide policies to enhance law enforcement practices. I am consistently impressed with the hard work and commitment of Fraud Section prosecutors and support staff. The document that follows presents a snapshot of the accomplishments of these dedicated professionals, in partnership with our law enforcement and regulatory colleagues in the United States and overseas.

2022 was a banner year for the Fraud Section in many respects. Our prosecutors continued pursuing complex, righteous cases and recorded the highest number of trials and trial convictions by the Section in any year. Specifically, 78 Fraud Section attorneys (over 50% of the attorneys in the litigating units) tried 51 cases in 22 federal districts. Section attorneys tried 72 individuals and convicted 56 individuals at trial. Despite this heavy trial docket, Fraud Section attorneys also charged 280 individuals and convicted 342 individuals. The Fraud Section also entered into 7 corporate resolutions and announced two corporate enforcement policy (CEP) declinations in 2022. Additionally, the Fraud Section led crucial initiatives, such as the formation of the New England Prescription Opioid Strike Force and the Crypto Fraud National Enforcement Action.

In 2022, Fraud Section attorneys continued to play a central role in developing white-collar enforcement policy by, among other things, serving on the Deputy Attorney General's Corporate Crime Advisory Group and contributing substantial time and expertise to the development of important Department-wide corporate enforcement policies.

I am extremely grateful for the outstanding work and unwavering dedication of Fraud Section attorneys and staff over the past year, and I am proud to present this year in review to you as a brief overview of all they have accomplished in 2022.

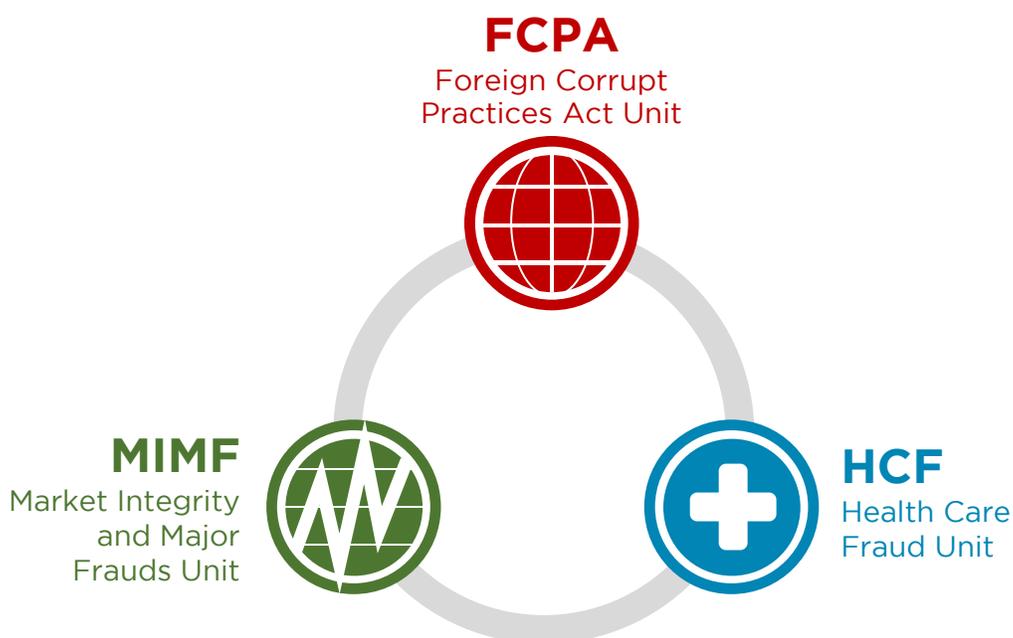
**Glenn Leon**  
Chief  
Fraud Section  
**February 2023**



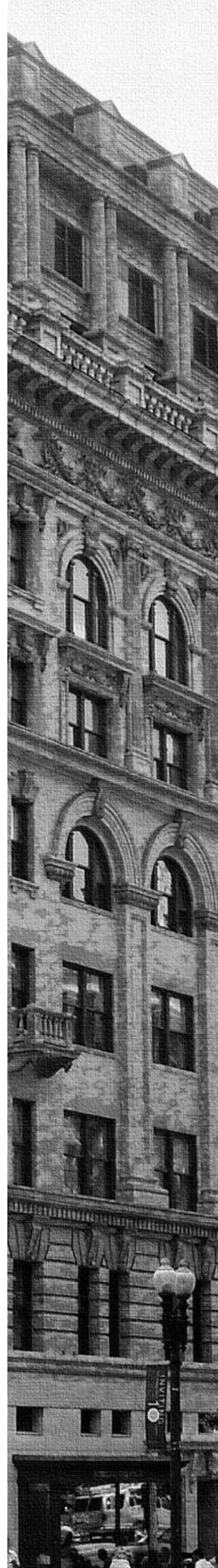
# The Fraud Section

The Fraud Section plays a unique and essential role in the Department of Justice's fight against economic crime. Fraud Section attorneys investigate and prosecute complex white-collar crime cases throughout the country, and the Fraud Section is uniquely qualified to act in that capacity, based on its vast experience with sophisticated fraud schemes, corporate criminal cases, and multi-jurisdictional investigations and prosecutions, and its ability to deploy resources effectively to address law enforcement priorities and respond to geographically shifting crime problems. Because of this expertise, the Fraud Section also plays a critical role in the development of Department policy, implementing enforcement initiatives, and advising Department leadership on matters including not only internal policies, but also legislation, crime prevention, and public education. The Fraud Section frequently coordinates interagency and multi-district investigations and international enforcement efforts, and assists prosecutors, regulators, law enforcement, and the private sector by providing training, advice, and other assistance.

The Fraud Section has three litigating units:



<http://www.justice.gov/criminal-fraud>





The **Foreign Corrupt Practices Act (FCPA) Unit** has primary jurisdiction to investigate and prosecute violations of the FCPA and works in parallel with the Securities and Exchange Commission (SEC), which has civil enforcement authority for violations of the FCPA by publicly traded companies. The FCPA Unit has brought criminal enforcement actions against individuals and companies and has focused its enforcement efforts on both the supply side and demand side of corrupt transactions. The FCPA Unit has also brought cases in parallel to the Commodity Futures Trading Commission (CFTC) and other agencies. The FCPA Unit also plays a leading role in developing policy as it relates to the FCPA, and training and assisting foreign governments in the global fight against corruption.



The **Health Care Fraud (HCF) Unit** focuses on the prosecution of complex health care fraud matters and cases involving the illegal prescription, distribution, and diversion of opioids. The HCF Unit's core mission is to protect federal health care programs, and the public fisc, from waste, fraud and abuse, and to detect, limit, and deter fraud and illegal opioid prescription, distribution, and diversion offenses resulting in patient harm. In 2022, the HCF Unit operated 15 Health Care Fraud and Prescription Opioid Strike Forces in 25 federal judicial districts across the United States.



The **Market Integrity and Major Frauds (MIMF) Unit** focuses on the prosecution of complex and sophisticated securities, commodities, corporate, investment, and cryptocurrency-related fraud cases. The MIMF Unit works in parallel with regulatory partners at the SEC, Commodity Futures Trading Commission (CFTC), and other agencies to tackle major national and international fraud schemes. The MIMF Unit also focuses on combatting a range of other major fraud schemes, including government procurement fraud, bank fraud, mortgage fraud, federal program fraud, and consumer fraud.

In addition, the Fraud Section has four units that support and enhance the missions of the three litigating units:

The **Corporate Enforcement, Compliance, and Policy (CECP) Unit** has responsibility for all aspects of the Fraud Section's corporate criminal enforcement practice, including working with and advising prosecution teams on the structural, monetary, and compliance components of corporate resolutions; evaluating corporate compliance programs and determining whether an independent compliance monitor should be imposed as part of a corporate resolution. The CECP Unit also oversees post-resolution matters, including oversight of monitors and compliance and reporting obligations and handling the Section's policy matters

The **Litigation Unit** provides litigation support, training, and assistance during pretrial, trial, and post-trial proceedings for the Fraud Section. The attorneys in the Litigation Unit work with each of the Fraud Section's three traditional litigating units to assist and provide advice in connection with trials, including trial preparation and strategy, as well as work on appellate matters. The Unit helps supervise the most complex matters in the Fraud Section and will join the trial team for certain matters. In addition, the Litigation Unit also advises the Section Chief and Front Office on matters of Departmental policy and practice.

The **Special Matters Unit (SMU)** was created in 2020 to focus on issues related to privilege and legal ethics, including evidence collection and processing, pre- and post-indictment litigation, and advising and assisting Fraud Section prosecutors on related matters. The SMU: (1) conducts filter reviews to ensure that prosecutors are not exposed to potentially privileged material; (2) litigates privilege-related issues in connection with Fraud Section cases; and (3) provides training and guidance to Fraud Section prosecutors.

The **Administration & Management Unit** provides critical support services across the Fraud Section, and routinely advises and assists management on administrative matters.

## Fraud Section Committees:

The Fraud Section **Diversity Committee** focuses on attracting, hiring, developing, mentoring, retaining, and promoting a workforce that represents the many communities we serve—including persons of varying age, ethnicity, gender, disability status, race, color, sexual orientation, gender identity, religion, national origin, political affiliation, socioeconomic and family status, and geographic region. The committee has more than 35 members, including both attorneys and staff. The committee has focused on three areas: (1) recruiting; (2) attorney development and retention; and (3) training and education.

The Fraud Section **Mentorship Committee** enables attorneys within the Units to further support each other as we work together to serve the Department's important mission. With the goals of developing key talent, enhancing employee engagement and effectiveness, and promoting diversity and inclusion, the committee has been working to create a program that both assists incoming attorneys with making a successful transition to the Fraud Section and facilitates broader professional development and advancement of attorneys at various experience levels.

# Summary of 2022 Fraud Section Individual Prosecutions<sup>3</sup>



## 280 Individuals CHARGED

FCPA



22<sup>4</sup>

HCF



158<sup>4,5</sup>

MIMF



100<sup>4,5</sup>

\$2.3 billion in alleged fraud loss



## 342 Individuals CONVICTED by Guilty Plea and at Trial

FCPA



18<sup>4</sup>

HCF



217<sup>4,5</sup>

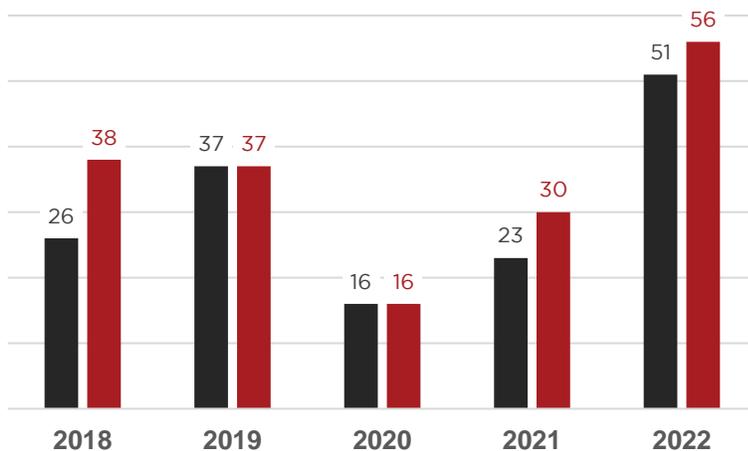
MIMF



107<sup>4,5</sup>



## 56 Individuals Convicted AT TRIAL



Trials



Trial Convictions

The 2022 cases were tried by 78 Fraud Section attorneys across 22 federal districts.

TRIALS AND TRIAL CONVICTIONS (BY YEAR)

<sup>3</sup> The summary statistics in this document exclude sealed cases. With respect to all charged individual cases referenced in this document, individual defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

<sup>4</sup> Includes certain charges brought and pleas entered under seal in 2020 and 2021 that were unsealed in 2022.

<sup>5</sup> Includes individuals charged and convicted in cases brought by both HCF and MIMF.

# Summary of 2022 Fraud Section Corporate Resolutions<sup>6</sup>

 **7 CORPORATE RESOLUTIONS**

FCPA  **5**

MIMF  **2**

Involving the Imposition of<sup>7</sup>:

Total Global Monetary Amounts of more than

**\$2.14 billion**

Total U.S. Monetary Amounts of more than

**\$1.64 billion**

Total U.S. Criminal Monetary Amounts of more than

**\$1.15 billion**

FCPA 

**\$1.36 billion**

**\$859.6 million**

**\$606.5 million**

MIMF 

**\$785 million**

**\$785 million**

**\$542.5 million**

<sup>6</sup> The summary statistics in this document provide approximate dollar amounts for all referenced corporate resolutions that were announced in calendar year 2022. Documents related to all Fraud Section corporate resolutions are available on our website at: <https://www.justice.gov/criminal-fraud>.

<sup>7</sup> As used in this document and in Fraud Section corporate resolution papers, the terms “Total Global Monetary Amount,” “Total U.S. Monetary Amount,” and “Total U.S. Criminal Monetary Amount” are defined as follows:

- **“Total Global Monetary Amounts”** are the total enforcement action amounts payable to both: (1) U.S. criminal and civil authorities; and (2) foreign criminal and civil authorities.
- **“Total U.S. Monetary Amounts”** are the total enforcement action amounts payable to U.S. criminal and civil authorities.
- **“Total U.S. Criminal Monetary Amounts”** are the total criminal enforcement amounts payable: (1) to Department of Justice; and (2) through mandatory or permissive restitution or other compensation funds, pursuant to a plea agreement, Deferred Prosecution Agreement (DPA), or Non-Prosecution Agreement (NPA). The Total U.S. Criminal Monetary Amount may include any or a combination of the following monetary components: criminal fine, criminal monetary penalty, criminal forfeiture, criminal disgorgement, restitution, and other compensation payments.

# Timeline of Fraud Section Corporate Resolutions and CEP Declinations

2022

**3.18.2022** | **Jardine Lloyd Thompson Group Holdings Ltd. (FCPA)**

- Corporate Enforcement Policy (CEP) Declination
- Disgorgement Amounts: **\$29,081,951**

**(FCPA) Stericycle, Inc. | 4.20.2022**

- DPA - (S.D. Fla.)
- Total Global Monetary Amounts: **\$84,230,000**
- Total U.S. Monetary Amounts: **\$59,000,000**
- U.S. Criminal Monetary Amounts: **\$35,000,000**

**(FCPA) Glencore International A.G. | 5.24.2022**

- Guilty Plea - (S.D.N.Y.)
- Total Global Monetary Amounts: **\$700,706,965**
- Total U.S. Monetary Amounts: **\$534,776,006**
- U.S. Criminal Monetary Amounts: **\$444,047,409**

**5.24.2022** | **Glencore Ltd. (MIMF)**

- Guilty Plea - (D. Conn.)
- Total Global Monetary Amounts: **\$485,638,885**
- Total U.S. Monetary Amounts: **\$485,638,885**
- U.S. Criminal Monetary Amounts: **\$242,819,442**

**6.3.2022** | **FCA US LLC (MIMF)**

- Guilty Plea - (E.D. Mich.)
- Total Global Monetary Amounts: **\$299,718,676**
- Total U.S. Monetary Amounts: **\$299,718,676**
- U.S. Criminal Monetary Amounts: **\$299,718,676**

**(FCPA) Gol Linhas Aéreas Inteligentes | 9.15.2022**

- DPA - (D. Md.)
- Total Global Monetary Amounts: **\$41,500,000**
- Total U.S. Monetary Amounts: **\$38,100,000**
- U.S. Criminal Monetary Amounts: **\$15,300,000**

**12.2.2022** | **ABB Ltd (FCPA)**

- DPA - (E.D. Va.)
- Total Global Monetary Amounts: **\$327,000,000**
- Total U.S. Monetary Amounts: **\$147,500,000**
- U.S. Criminal Monetary Amounts: **\$72,500,000**

**(FCPA) Honeywell UOP | 12.19.2022**

- DPA - (S.D. Tex.)
- Total Global Monetary Amounts: **\$202,700,000**
- Total U.S. Monetary Amounts: **\$80,200,427**
- U.S. Criminal Monetary Amounts: **\$39,621,375**

**(FCPA) Safran S.A. | 12.21.2022**

- Corporate Enforcement Policy (CEP) Declination
- Disgorgement Amounts: **\$17,159,753**

# 2022 Fraud Section Senior Management



## **Glenn Leon**, Fraud Section Chief

Glenn Leon re-joined the Fraud Section as Chief in September 2022 after serving as the Senior Vice President and Chief Ethics and Compliance Officer at a Fortune 500 company for seven years. Leon previously served as Acting Deputy Chief and an Assistant Chief in the Fraud Section's Securities and Financial Fraud Unit, the precursor to the Market Integrity and Major Frauds Unit, from 2011-2014. Before that, Leon served as an Assistant U.S. Attorney for the District of Columbia for 12 years where he prosecuted white collar, organized crime, and homicide cases. Leon started his career in private practice in New York, NY.

## **Lorinda Laryea**, Fraud Section Principal Deputy Chief

Lorinda Laryea joined the Fraud Section in 2014. She became the Acting Co-Principal Deputy Chief in October 2021, Acting Chief from June to September 2022, and permanent Principal Deputy Chief in December 2022. Previously, Laryea served as the Principal Assistant Deputy Chief of the FCPA Unit since April 2021 and an Assistant Chief in the FCPA Unit since 2018. Prior to joining the Department, Laryea worked in private practice for a law firm in Washington, D.C. and clerked on the U.S. District Court for the District of Columbia.

## **Allan Medina**, Fraud Section Senior Deputy Chief

Allan Medina joined the Fraud Section in 2012. He became Acting Senior Deputy Chief of the Fraud Section in May 2022 and was named permanent Senior Deputy Chief in November 2022. Medina previously served as the Chief of the HCF Unit since 2019 after serving as an Assistant Chief in the HCF Unit since 2015. Medina served as the Assistant Chief in nine different Strike Force cities. Prior to joining the Department, he worked in private practice at a law firm in Miami.

## **David Last**, FCPA Unit Chief

David Last joined the Fraud Section in 2016. Last became the Chief of the FCPA Unit in April 2021. Prior to becoming Chief of the FCPA Unit, Last served as the Principal Assistant Chief since 2019 and as an Assistant Chief in the FCPA Unit since 2017. Prior to joining the Fraud Section, Last served as an Assistant U.S. Attorney in the District of Columbia for 10 years. Last also worked in private practice in Washington, D.C.

## **Dustin Davis**, HCF Unit Chief

Dustin Davis joined the Fraud Section as a Trial Attorney in 2014. He became Acting Chief of the HCF Unit in May 2022 and permanent HCF Chief in January 2023. Previously, he served as a Co-Principal Assistant Chief of the Unit starting in September 2021, Acting Principal Assistant Chief of the HCF Unit starting in December 2020, and Assistant Chief of the Unit's Gulf Coast Strike Force since 2016. Prior to joining the Fraud Section, Davis spent six years as an Assistant U.S. Attorney in the Southern District of Florida. Davis began his career as an Assistant District Attorney in New Orleans.

## **Avi Perry**, MIMF Unit Chief

Avi Perry joined the Fraud Section in 2018. Perry became Acting Chief of the MIMF Unit in October 2021 and became permanent Chief in March 2022. Prior to becoming Acting Chief of the MIMF Unit, Perry served as Acting Principal Assistant Chief and as an Assistant Chief in the MIMF Unit. Previously, Perry served as an Assistant U.S. Attorney in the District of Connecticut from 2014 to 2018. Prior to joining the Department, he worked in private practice at a law firm in New York, NY, and clerked for judges on the U.S. Court of Appeals for the First Circuit and the U.S. District Court for the District of Massachusetts.

## **Andrew Gentin, CECP Unit Chief**

Andrew Gentin joined the Fraud Section in 2007. Gentin became Acting Chief of the CECP Unit in September 2021 and was named permanent Chief in January 2023. He previously served as an Assistant Chief in the CECP Unit and as a prosecutor in the FCPA Unit. Prior to joining the Department, Gentin worked in private practice and clerked for a judge on the District of Columbia Court of Appeals.

## **Jerrob Duffy, Litigation Unit Chief<sup>1</sup>**

Jerrob Duffy re-joined the Fraud Section in 2020, after previously serving in the Fraud Section from 2006 to 2011. Duffy was Chief of the Litigation Unit until his departure from the Department in December 2022. From 2011 to 2020, Duffy was an Assistant U.S. Attorney in the Southern District of Florida. From 2002 through 2006, he was a Trial Attorney in the Civil Rights Division, Criminal Section. Duffy previously clerked in the Southern District of Florida and worked for a law firm in New York.

## **John Kosmidis, SMU Unit Chief**

John Kosmidis joined the Fraud Section in 2019 as a Trial Attorney. In 2020, he became Assistant Chief of the Special Matters Unit, he was appointed Acting Chief in 2021, and made permanent SMU Chief in May 2022. Prior to joining the Fraud Section, John was in private practice in New York, NY, and Washington, D.C.

## **Christina Weidner, A&M Unit Chief**

Christina Weidner joined the Fraud Section in 2018 as the Chief of the Administration and Management Unit. Prior to joining the Department, she worked for the Administrative Office of the U.S. Courts in the Case Management Systems office as the Chief of the Business Support Division.

<sup>1</sup>Jerrob Duffy left the Fraud Section in December 2022. Sean Tonolli joined the Fraud Section as Litigation Unit Chief in January 2023.



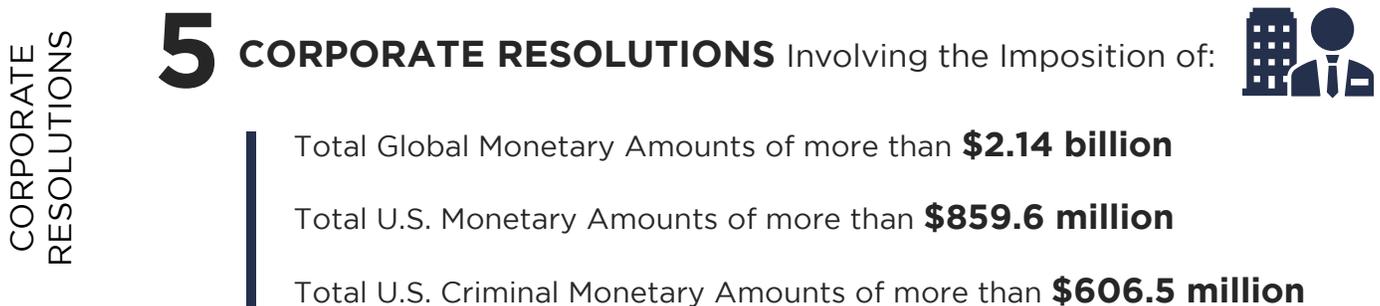
# Foreign Corrupt Practices Act Unit



The FCPA Unit's 35 prosecutors investigate and prosecute foreign bribery cases under the FCPA and related statutes. As the global leaders in the criminal enforcement of foreign bribery, our prosecutors routinely cooperate with international law enforcement partners to investigate and prosecute complex foreign bribery offenses that are committed by sophisticated actors across multiple jurisdictions throughout the world. In 2022, the FCPA Unit prosecutors once more demonstrated the effectiveness of international cooperation by coordinating several significant corporate resolutions with domestic and foreign authorities. Case in point, each of the five corporate FCPA matters that resulted in a criminal resolution was coordinated with parallel resolutions by domestic and foreign authorities. Of particular note is the criminal resolution of Glencore International A.G., the operational parent of a Swiss-based international commodities trading and mining company, which pleaded guilty in connection with a decade-long pervasive bribery scheme in seven countries. The Department's criminal resolution with three entities of ABB, the Swiss-based global technology company, saw the FCPA Unit's first coordinated enforcement action with South Africa. In addition, the two declinations in 2022 pursuant to the Corporate Enforcement Policy demonstrated the Unit's analysis of voluntary self-disclosures, including in the context of corporate acquisitions.

 <https://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act>

## FCPA Unit Statistics 2022



# Foreign Corrupt Practices Act Unit

Recognizing the critical importance of holding individuals accountable for their criminal conduct in foreign bribery schemes, the FCPA Unit continued to prosecute challenging cases against individuals in districts across the country. The defendants in these cases in 2022 included high-ranking foreign government officials, as well as bribe payers and those who facilitate and enable bribery. As described in greater detail below, FCPA Unit prosecutors, together with their law enforcement partners, prevailed at trial against a former managing director of Goldman Sachs in the Eastern District of New York and against the former national treasurer of Venezuela, as well as her husband, in the Southern District of Florida. In addition, Unit prosecutors brought charges against individuals engaged in bribery schemes in Ecuador, Venezuela, and Egypt, and obtained a guilty plea by a former senior government official of Bolivia. Numerous FCPA Unit trial attorneys also prosecuted cases outside of the foreign bribery context with the Fraud Section's Health Care Fraud Unit and various U.S. Attorney's Offices, including the "January 6 Capitol Breach" prosecutions.

For years, the FCPA Unit has been at the forefront of thought leadership in shaping the Criminal Division's corporate enforcement and advancing international efforts to combat bribery on a global scale. In doing so again in 2022, FCPA Unit prosecutors took active roles in the Deputy Attorney General's Corporate Crime Advisory Group, the recent revisions to the Criminal Division's Corporate Enforcement Policy announced by Assistant Attorney General Kenneth A. Polite, Jr., in January 2023, as well as the continued engagement of foreign authorities and law enforcement partners in multilateral and regional bodies that are central to the Biden Administration's commitment to fighting global corruption.

## *Significant Corporate Resolutions*

### ***United States v. Glencore International AG (S.D.N.Y.)***

In May 2022, Glencore International A.G. (Glencore), a Swiss-based commodities trading and mining company, pleaded guilty to conspiring to violate the FCPA in connection with bribe payments to foreign officials in seven countries. In a pervasive decade-long scheme, from 2007 until 2018, Glencore conspired to pay bribes, through intermediaries and other third parties, to foreign officials in Nigeria, the Democratic Republic of the Congo, Ivory Coast, Equatorial Guinea, Cameroon, Brazil, and Venezuela. Specifically, Glencore paid more than \$100 million to third party intermediaries, intending that a significant portion of those funds would be paid, at least in part, as bribes to foreign government officials. In resolving the investigation, Glencore agreed to plead guilty and to pay a criminal penalty and forfeiture amounting to approximately \$700 million, and also agreed to the imposition of an independent compliance monitor. The resolution with Glencore follows a guilty plea in 2021 by a former Glencore senior trader responsible for the company's West Africa desk for crude oil business to conspiracy to violate the FCPA and conspiracy to commit money laundering.

DOJ's FCPA Unit, together with the Money Laundering and Asset Recovery Section and the U.S. Attorney's Office for the Southern District of New York, coordinated the Glencore resolution with domestic and foreign authorities and credited portions of the criminal penalty and forfeiture; among these authorities are the United Kingdom's Serious Fraud Office, the Brazilian Ministério Público Federal (MPF), as well as the Commodity Futures Trading Commission (CFTC).<sup>1</sup>

---

<sup>1</sup> In a separate resolution, Glencore's U.S.-based subsidiary Glencore Ltd. pleaded guilty in the District of Connecticut to conspiracy to manipulate benchmark price assessments for fuel oil prices. See page 44 for a description of the Glencore Ltd. commodity price manipulation resolution. In total, Glencore International A.G. and Glencore Ltd. agreed to pay over \$1.1 billion to resolve the government's investigations into violations of the FCPA and the commodity price manipulation schemes.

## ***United States v. ABB Ltd. (E.D. Va.)***

In December 2022, ABB Ltd., a Swiss-based global technology company, entered into a deferred prosecution agreement (DPA) and agreed to pay more than \$315 million to resolve an investigation by the DOJ into violations of the FCPA resulting from the bribery of a high-ranking official at South Africa's state-owned energy company. The four-count information filed in the Eastern District of Virginia charged ABB Ltd. with conspiracy and substantive violations of the FCPA's anti-bribery provisions and accounting provisions. In parallel with ABB Ltd. entering into a DPA, an ABB South Africa subsidiary and a Swiss subsidiary each entered into guilty pleas in connection with the same criminal conduct.

Specifically, between 2014 and 2017, ABB paid bribes to a high-ranking official at South Africa's state-owned and controlled energy company, Eskom Holdings Limited (Eskom) to obtain business advantages in connection with the award of multiple contracts. ABB engaged multiple subcontractors associated with the South African government official and made payments to those subcontractors that were intended, at least in part, as bribes. ABB also falsely recorded payments to the subcontractors as legitimate business expenses when, in fact, a portion of the payments were intended as bribes for the South African government official.

The terms of the resolution reflected the Department's balancing of ABB's history of criminal misconduct, which included two prior FCPA resolutions in 2004 and 2010, against the company's extraordinary cooperation and extensive remediation and demonstrated intent to disclose the conduct to the Department promptly upon discovering it.

Coordinating the resolution with multiple domestic and foreign authorities, the DOJ agreed to credit up to one-half of the criminal penalty against amounts the company pays to authorities in South Africa in related proceedings, along with other credits for amounts ABB pays to resolve investigations conducted by the SEC and authorities in Switzerland and Germany. The Fraud Section partnered on this matter with the U.S. Attorney's Office for the Eastern District of Virginia.

## ***United States v. Honeywell UOP f/k/a UOP LLC (S.D. Tex.)***

In December 2022, Honeywell UOP, a wholly owned subsidiary of Honeywell International Inc. (Honeywell), a multinational conglomerate corporation headquartered in North Carolina, entered into a three-year DPA and agreed to pay a criminal penalty of more than \$79 million and forfeiture of approximately \$105.5 million to resolve criminal charges stemming from a scheme to bribe a Brazilian official to win a lucrative contract. As part of the resolution, Honeywell UOP admitted that, between 2010 and 2014, it conspired to offer a \$4 million bribe to a high-ranking official at Petrobras, Brazil's state-owned oil company. In exchange for the bribe, and after obtaining business advantages, including inside information and secret assistance, Honeywell UOP won a lucrative contract from Petrobras to design and build an oil refinery. Honeywell UOP earned approximately \$105.5 million in profits from the corruptly obtained business. Since the conclusion of the scheme in 2014, Honeywell UOP remediated and made improvements to its compliance program. The resolution was coordinated with the SEC and Brazil's Controladoria-Geral da União (CGU), Ministério Público Federal (MPF), and Advocacia-Geral de União (Attorney General's Office), and the Department agreed to credit up to 50% of the criminal penalty owed to the United States to payments Honeywell UOP makes pursuant to the resolution with Brazilian authorities. In a related civil matter with the SEC, Honeywell agreed to pay the Securities and Exchange Commission (SEC) disgorgement and prejudgment interest totaling approximately \$77.4 million relating to the conduct in Brazil. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Southern District of Texas.

---

## ***United States v. Stericycle Inc. (S.D. Fla.)***

In April 2022, Stericycle Inc., an international waste management company headquartered in Illinois, entered into a three-year DPA in connection with a two-count criminal information alleging that the company conspired to violate the FCPA's anti-bribery provisions and the FCPA's books and records provisions resulting from bribe payments to foreign officials at various government agencies and instrumentalities in Brazil, Mexico, and Argentina. As part of the scheme, the company paid hundreds of bribes totaling \$10.5 million. Most of the bribes were paid in cash through sham third parties and described by local employees through code words and euphemisms in an effort to conceal the true nature of the payments. The DPA requires the company to retain a compliance monitor for a period of two years in order to continue to enhance the company's compliance program and controls.

Stericycle agreed to pay \$52.5 million pursuant to the DOJ resolution. The Department is crediting a portion of that amount to payments the company makes within one year of the DOJ resolution pursuant to resolutions with Brazilian authorities (up to \$17.5 million, including \$9.3 million that the company has agreed to pay to resolve an investigation by Brazil's Controladoria-Geral da União (CGU) and Attorney General Office (AGU)). In addition, Stericycle resolved a related investigation by the SEC by paying disgorgement and prejudgment interest in the amount of \$28.2 million.

## ***United States v. GOL Linhas Aéreas Inteligentes S.A. (D. Md.)***

In September 2022, GOL Linhas Aéreas Inteligentes S.A. (“GOL”), an airline headquartered in São Paulo, Brazil, entered into a DPA and agreed to pay a criminal penalty of \$17 million to resolve criminal charges stemming from a scheme to pay bribes to officials in Brazil to secure the passage of two pieces of legislation. GOL’s criminal penalty was reduced to \$17 million due to its financial condition and demonstrated inability to pay the penalty calculated under the U.S. Sentencing Guidelines, and consistent with Criminal Division policy. As part of the resolution, GOL admitted that, between 2012 and 2013, it conspired to offer and pay approximately \$3.8 million in bribes to Brazilian officials in order to ensure the passage of legislation by the National Congress of Brazil and the Legislative Chamber of the Federal District of Brasilia, respectively. The legislation involved certain payroll tax and fuel tax reductions that financially benefitted GOL, along with other airlines. GOL obtained a tax savings of more than \$51 million from the corruptly obtained legislation. The resolution was coordinated with authorities in Brazil. As part of the resolution, the Department agreed to credit up to \$1,700,000 of the criminal penalty owed to the United States to payments GOL makes pursuant to its resolution with the Controladoria-Geral da União (CGU) and the Advocacia-Geral de União (Attorney General Office) in Brazil. In a related civil matter, GOL agreed to pay disgorgement and prejudgment interest to the SEC totaling approximately \$24.5 million over two years. The Fraud Section partnered on this case with the U.S. Attorney’s Office for the District of Maryland.

# Foreign Corrupt Practices Act Unit

## *CEP Declinations*

### ***Jardine Lloyd Thompson Group Holdings Ltd.***

In March 2022, the Fraud Section issued a declination letter to Jardine Lloyd Thompson Group Holdings Ltd. (“JLT”)—a reinsurance broker and risk adviser based in the United Kingdom—despite bribes paid by JLT to Ecuadorian government officials in exchange for JLT winning contracts with Ecuador’s state-owned surety company. JLT voluntarily self-disclosed the conduct to the Fraud Section, fully remediated, and fully cooperated with the Department’s investigation. To date, that investigation has resulted in charges and convictions of four individuals. JLT agreed to disgorge the profits of approximately \$29.1 million obtained from the corrupt contracts.

---

### ***Safran S.A.***

In December 2022, the Fraud Section and the U.S. Attorney’s Office for the Central District of California issued a declination letter to Safran S.A., a French multinational corporation, relating to bribe payments to a Chinese government official that were made by two Safran subsidiaries prior to Safran’s acquisition of these entities. Safran voluntarily self-disclosed the criminal conduct, which the company identified during post-acquisition due diligence, resulting in appropriate and timely remedial measures, and fully cooperated with the investigation. Safran disgorged approximately \$17.2 million in illicit profits obtained by its U.S. subsidiary, while the Department is deferring to German authorities to determine an appropriate amount owed by Safran for similar conduct by its German subsidiary.

# Foreign Corrupt Practices Act Unit

## *Significant Trials, Pleas, and Sentences*

### ***United States v. Ng Chong Hwa (aka “Roger Ng”) (E.D.N.Y.)***

In April 2022, after an eight-week trial in the Eastern District of New York, a jury convicted Roger Ng, a former managing director of various subsidiaries at Goldman Sachs, for conspiring to violate the FCPA, to circumvent internal accounting controls in violation of the FCPA, and to commit money laundering in connection with a multibillion-dollar scheme involving Malaysia’s state-owned investment and development fund, 1Malaysia Development Berhad (1MDB). During the trial, prosecutors from the FCPA Unit, the Eastern District of New York, and the Money Laundering and Asset Recovery Section presented evidence of how Ng and his co-conspirators laundered billions of dollars that were fraudulently diverted from 1MDB and paid bribes of more than \$1 billion to senior government officials in Malaysia and the United Arab Emirates to assist Goldman Sachs in winning certain lucrative bond transactions. Through emails and bank records obtained during the investigation, the government also presented evidence that Ng personally made approximately \$35 million as a result of the scheme. The trial of Roger Ng follows a guilty plea in 2018 by another former Goldman Sachs managing director, Tim Leissner, relating to the same scheme. Goldman Sachs resolved a significant FCPA enforcement action into related conduct in 2020. Ng currently awaits sentencing.

---

### ***United States v. Claudia Diaz/Adrian Velasquez (S.D. Fla.)***

In December 2022, a jury in the Southern District of Florida found Claudia Diaz, the former national treasurer of Venezuela, and her husband Adrian Velasquez, guilty of money laundering offenses in connection with a billion-dollar currency exchange, bribery, and money laundering scheme. According to the charging documents and evidence presented during the three-week trial, Diaz accepted over \$100 million in bribes from a Venezuelan billionaire businessman, who paid Diaz, through her husband, to obtain access to purchase bonds from the Venezuelan national treasurer at a favorable exchange rate. The evidence of the conspiracy included bulk cash hidden in cardboard boxes, the use of offshore shell companies and Swiss bank accounts, and international wire transfers to purchase private jets and yachts, and to fund a high-end fashion line started by the defendants in Florida. Fraud Section prosecutors tried the case together with the U.S. Attorney’s Office for the Southern District of Florida.

## *Significant Individual Indictments and Guilty Pleas*

### ***United States v. Arturo Carlos Murillo Prijic (S.D. Fla.)***

In October 2022, the former Bolivian Minister of Government, Arturo Carlos Murillo Prijic (Murillo), pleaded guilty to one count of conspiracy to commit money laundering in connection with the receipt of at least \$532,000 in bribe payments from a Florida-based company in exchange for helping that company secure a lucrative contract worth approximately \$5.6 million in 2019 to provide tear gas and other non-lethal equipment to the Bolivian Ministry of Defense. In pleading guilty, Murillo admitted that he and his co-conspirators laundered the proceeds of the bribery scheme through the U.S. financial system, including bank accounts in Miami, Florida, where Murillo received approximately \$130,000 in cash bribe payments. On January 4, 2023, Murillo was sentenced to 70 months in prison for his role in the conspiracy.

Previously, four co-conspirators—Sergio Rodrigo Mendez Mendizabal, Luis Berkman, Bryan Berkman, and Philip Lichtenfeld—pleaded guilty in September 2021 and were sentenced in June 2022. The FCPA Unit is prosecuting these cases with the U.S. Attorney’s Office for the Southern District of Florida.

---

### ***United States v. Charles Hunter Hobson (W.D. Pa.)***

In March 2022, Charles Hunter Hobson, a former executive of a Pennsylvania-based coal company, was charged by indictment with FCPA, money laundering, and wire fraud violations, for his alleged role in a scheme to pay bribes to government officials in Egypt to win contracts from an Egyptian state-owned and state-controlled company, Al Nasr Company for Coke and Chemicals (Al Nasr). According to the indictment, Hobson, as the Vice President of the Pennsylvania coal company, and others, paid bribes to Al Nasr officials in Egypt to obtain approximately \$143 million in coal contracts for the coal company. The indictment also alleges that Hobson conspired to secretly receive a portion of the commissions paid to the sales intermediary as kickbacks. Prior to the indictment against Hobson, in November 2021, another former sales manager of the Pennsylvania coal company, Frederick Cushmore, pleaded guilty to an information charging him with conspiracy to violate the FCPA in connection with the same scheme. The FCPA Unit is working these matters together the U.S. Attorney’s Office for the Western District of Pennsylvania.

## ***United States v. Margaret Cole (N.D. Ohio)***

In February 2022, Margaret Cole, the former executive director of an Ohio-based international adoption agency, pleaded guilty to defrauding U.S. and Polish authorities in connection with the adoption of a Polish child. As part of the scheme, when Cole learned that clients of the adoption agency determined they could not care for one of the two Polish children they were set to adopt, Cole—along with Debra Parris and their co-conspirators—took steps to transfer the Polish child to Parris’s relatives, who were not eligible for intercountry adoption. Cole, Parris and others agreed to defraud U.S. authorities to conceal their improper transfer of the Polish child. Following the adoption, the child was abused and hospitalized while living with Parris’s relatives. Thereafter, Cole made a false statement to the Polish authority responsible for intercountry adoptions about the transfer of the child that, among other things, concealed the role of Cole and others in arranging the transfer of the child to Parris’s relatives. Cole’s co-defendant Debra Parris previously pleaded guilty to conspiracy to defraud the United States in connection with the Poland scheme, as well as conspiracy to violate the FCPA and to commit visa fraud in connection with a scheme to corruptly and fraudulently procure adoptions of children from Uganda through bribes paid to Ugandan officials. A third co-defendant, Robin Longoria, also previously pleaded guilty to conspiring to violate the FCPA and to committing visa fraud and wire fraud relating to the Ugandan scheme. Prosecutors from the FCPA Unit worked these cases together with the U.S. Attorney’s Office for the Northern District of Ohio.

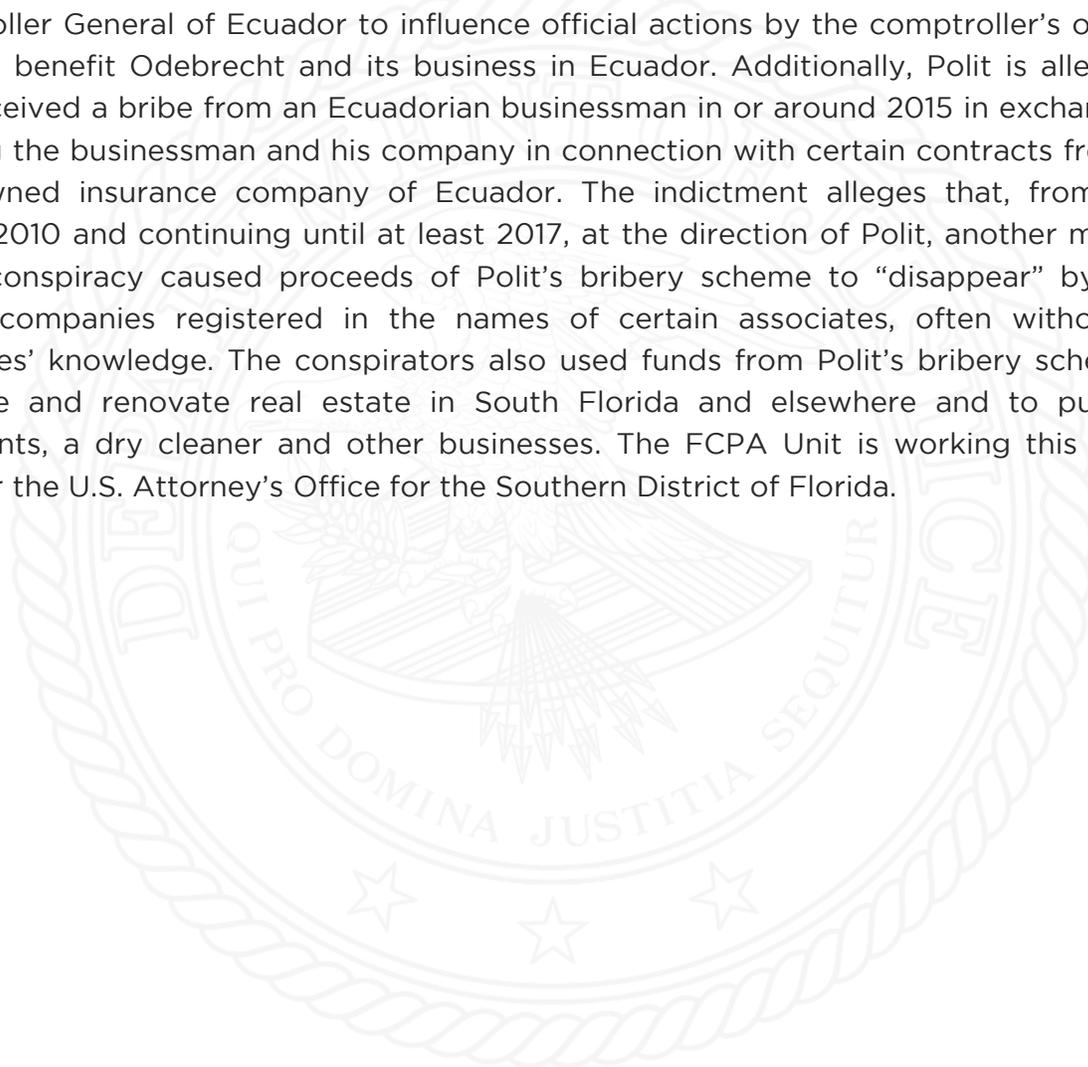
---

## ***United States v. Daniel D’Andrea Golindano and Luis Javier Sanchez Rangel (S.D. Fla.)***

In March 2022, Daniel D’Andrea Golindano and Luis Javier Sanchez Rangel, two former senior Venezuelan prosecutors, were charged by indictment with money laundering for their alleged role in a scheme to receive and launder bribes in exchange for agreeing not to pursue criminal charges against certain individuals in Venezuela. According to the indictment, D’Andrea and Sanchez, in their official roles as prosecutors within the Venezuelan Attorney General’s Office, were investigating a contractor for alleged corruption relating to contracts obtained with subsidiaries of Venezuela’s state-owned oil company (PDVSA). D’Andrea and Sanchez discussed and agreed to receive bribes of more than \$1 million in exchange for not pursuing criminal charges against the contractor and others. The FCPA Unit is working this matter together the U.S. Attorney’s Office for the Southern District of Florida.

## ***United States v. Carlos Ramon Polit Faggioni (S.D. Fla.)***

In March 2022, Carlos Ramon Polit Faggioni, the former Comptroller General of Ecuador, was charged by indictment for allegedly engaging in a scheme to use the U.S. financial system to launder money to promote and conceal an illegal bribery scheme in Ecuador. According to the indictment, between approximately 2010 and 2016, Polit allegedly solicited and received over \$10 million in bribe payments from Odebrecht S.A., the Brazil-based construction conglomerate, in exchange for using his official position as Comptroller General of Ecuador to influence official actions by the comptroller's office in order to benefit Odebrecht and its business in Ecuador. Additionally, Polit is alleged to have received a bribe from an Ecuadorian businessman in or around 2015 in exchange for assisting the businessman and his company in connection with certain contracts from the state-owned insurance company of Ecuador. The indictment alleges that, from in or around 2010 and continuing until at least 2017, at the direction of Polit, another member of the conspiracy caused proceeds of Polit's bribery scheme to "disappear" by using Florida companies registered in the names of certain associates, often without the associates' knowledge. The conspirators also used funds from Polit's bribery scheme to purchase and renovate real estate in South Florida and elsewhere and to purchase restaurants, a dry cleaner and other businesses. The FCPA Unit is working this matter together the U.S. Attorney's Office for the Southern District of Florida.





The HCF Unit's more than 70 prosecutors and cutting-edge Data Analytics Team focus solely on prosecuting individuals and entities in complex health care fraud matters and cases involving the illegal prescription, distribution, and diversion of opioids. The HCF Unit's core mission is to protect the public fisc from fraud, waste, and abuse, and to detect, limit, and deter fraud and illegal prescription, distribution, and diversion offenses resulting in patient harm.

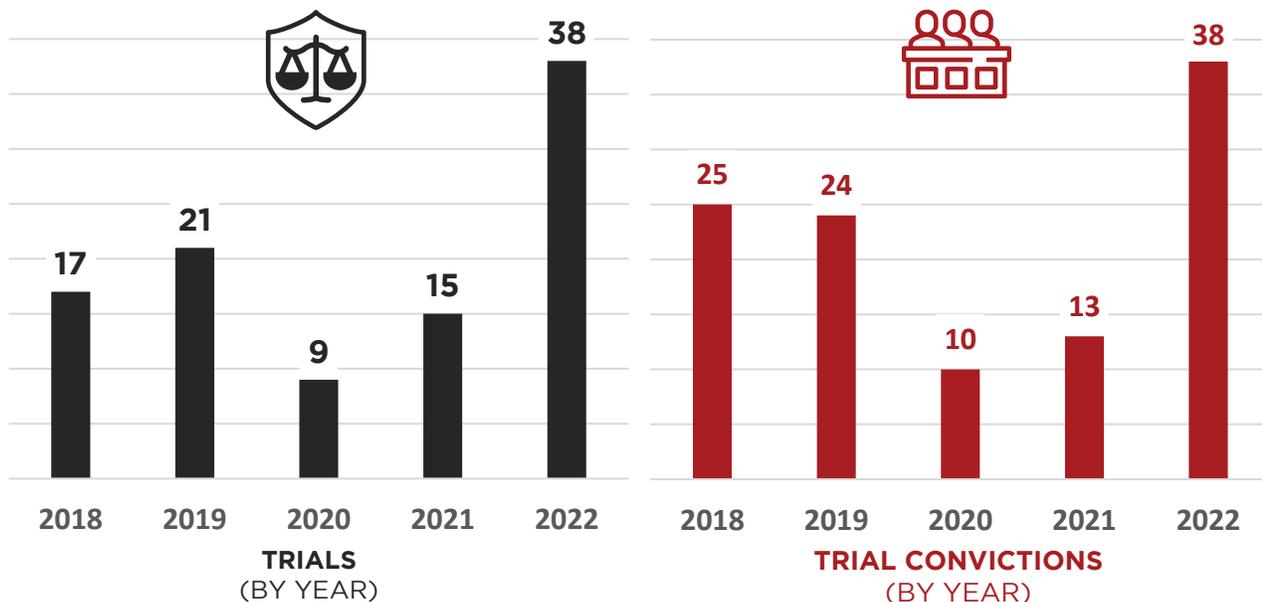
The HCF Unit is one of the most active litigating components in the Department of Justice and had a record-setting year of trial litigation in 2022, conducting 38 trials. The number of trials in 2022 was more than double the 15 trials conducted in 2021.

In addition, the HCF Unit charged 158 defendants with over \$2.27 billion in alleged loss and over 5.3 million prescribed controlled substance doses. The HCF Unit also convicted 217 defendants, with 179 guilty pleas in addition to the 38 trial convictions

The complexity, breadth, and scope of the HCF Unit's work was displayed in trial convictions ranging from those involving the owners of rural hospitals in an over \$1 billion billing fraud scheme; a Silicon Valley technology company president in one of the first white collar COVID-19 fraud cases to proceed to trial; doctors and addiction rehabilitation facility operators in three trials arising out of the Sober Homes Initiative; and a laboratory company president in a \$483 million telemedicine and genetic testing scheme.

<https://www.justice.gov/criminal-fraud/health-care-fraud-unit>

## HCF Unit Statistics





During 2022, in addition to this robust trial schedule, the HCF Unit, with its U.S. Attorneys' Office (USAO) partners, led three major national enforcement actions: the COVID-19 Health Care Fraud Enforcement Action; the Opioid Enforcement Action; and the Telemedicine, Clinical Laboratories, and Durable Medical Equipment Enforcement Action. The HCF Unit built upon the success of the Appalachian Regional Prescription Opioid (ARPO) Strike Forces by announcing the newly-created New England Prescription Opioid (NEPO) Strike Force. The NEPO Strike Force is the newest expansion of the HCF Unit's recognized and successful Strike Force Model, which centers on a cross-agency collaborative approach, bringing together the investigative and analytical resources of the Fraud Section, FBI, the U.S. Department of Health and Human Services-Office of the Inspector General (HHS-OIG), the Centers for Medicare & Medicaid Services (CMS), Drug Enforcement Administration (DEA), Defense Criminal Investigative Service (DCIS), Federal Deposit Insurance Corporation-Office of the Inspector General (FDIC-OIG), Internal Revenue Service (IRS), and other agencies, along with the prosecutorial resources of USAOs and state and local law enforcement partners, among others.



# Health Care Fraud Unit

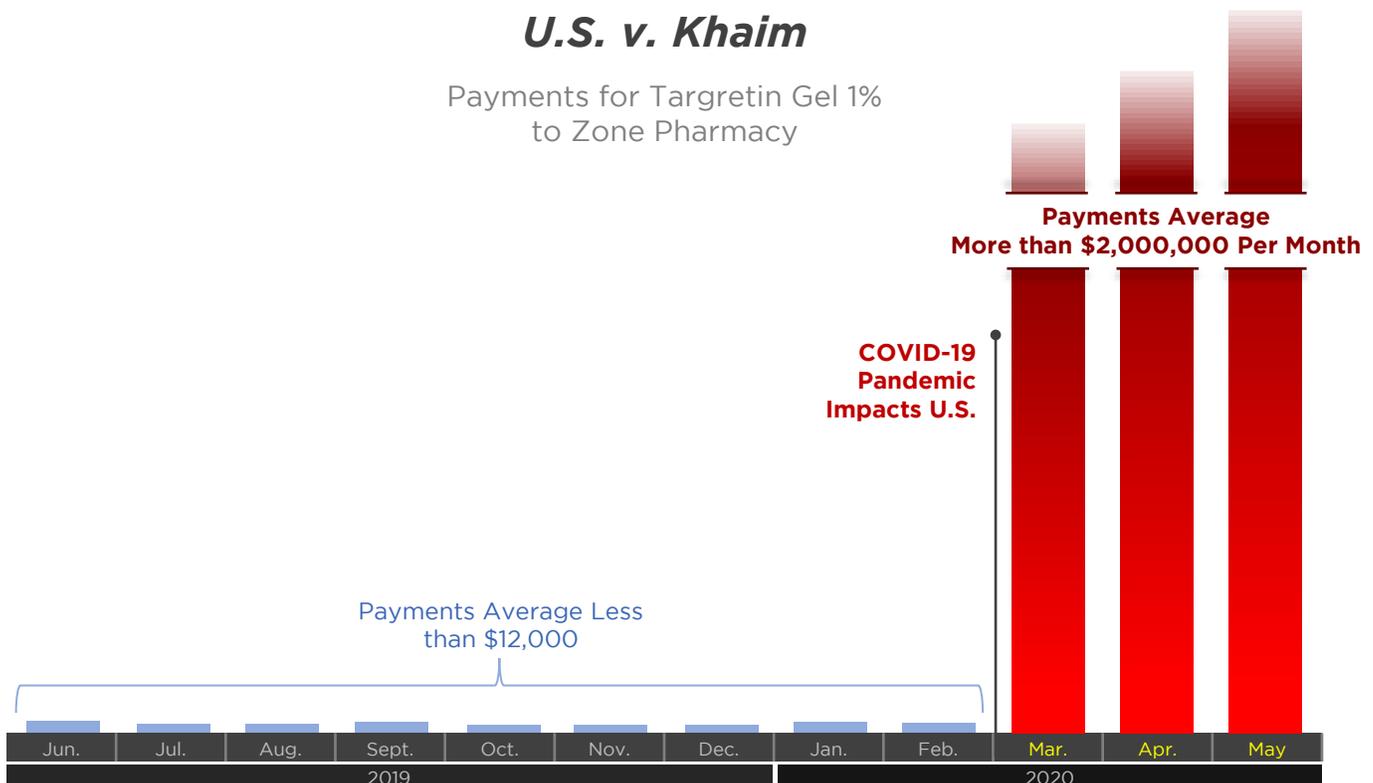
## DATA ANALYTICS TEAM

In 2022, the HCF Unit integrated the work of the in-house Data Analytics Team more closely with the Strike Forces, reconceiving the operations of the Data Analytics Team to build upon the HCF Unit’s history of successful use of data in its prosecutions. The Data Analytics Team, embedded within the HCF Unit, was established in 2018 to support the Unit and its U.S. Attorney’s Office and federal and state law enforcement partners with cutting-edge data analysis, allowing for quicker targeting of the worst actors and ensuring the government’s prosecutions have the greatest impact on protecting public safety and the public fisc. In 2022, the Data Analytics Team stitched their work closer together with the operations of the Strike Forces and agency partners, while emphasizing measurable qualitative results in the form of actionable leads that led to the commencement of investigations and prosecutions. The Data Analytics Team completed 2,594 data requests and 309 proactive investigative referrals.

In doing so, the HCF Unit sought to expand upon lessons learned in the prosecution of COVID-19 health care fraud cases, where an interagency approach and rapid deployment of data analytic models resulted in quick and successful prosecutions. For example, a spike in billing for expensive cancer medications Targretin Gel 1% and Panretin Gel 0.1% led to the opening of an investigation and rapid prosecution of defendants who exploited the COVID-19 pandemic (see the *Khaim* case discussed below). The Data Analytics Team, currently staffed with seven analysts, uses advanced techniques to identify aberrant billing levels in health care fraud and illegal opioid distribution hot spots.

### U.S. v. Khaim

Payments for Targretin Gel 1% to Zone Pharmacy



# Health Care Fraud Unit

## Significant Initiatives

### OPIOID ENFORCEMENT ACTION

On May 4, 2022, the ARPO Strike Forces charged 14 defendants in eight federal districts for their alleged involvement in crimes related to the unlawful distribution of opioids. Twelve of the defendants were medical professionals.

The Opioid Enforcement Action highlighted the ARPO Strike Forces' latest efforts in responding to the nation's opioid epidemic.

One of the cases announced charged a Kentucky dentist with unlawfully prescribing morphine, which is alleged to have resulted in the death of his 24-year-old patient. Another case charged a former nurse and clinic director in Tennessee with unlawfully obtaining opioid pain pills for personal use and further distribution by filling fraudulent prescriptions in the names of current and former hospice patients. A third case charged a Kentucky doctor with unlawfully prescribing opioids to patients whose health care treatments were paid for by taxpayer-funded programs like Medicare and Medicaid.

The announcement also highlighted the continued efforts of the ARPO Strike Forces. Over the past three years, the ARPO Strike Forces have charged 115 defendants with crimes related to the unlawful distribution of prescription opioids and other controlled substances. Together, these defendants prescribed over 115 million controlled substance dosages.

MORE THAN **14** | DEFENDANTS CHARGED



**1**

INDIVIDUAL PLEADED GUILTY



**1**

INDIVIDUAL CONVICTED AT TRIAL

MORE THAN **\$7.3 m** | of ALLEGED LOSS

## **TELEMEDICINE, CLINICAL LABORATORIES, AND DME ENFORCEMENT ACTION**

In July 2022, the Fraud Section and U.S. Attorney's Office partners charged 36 defendants for schemes totaling \$1.2 billion in false and fraudulent claims related to telemedicine, clinical laboratory, and durable medical equipment fraud. This nationwide coordinated law enforcement action included criminal charges against medical professionals, a telemedicine company executive, and owners and executives of clinical laboratories, durable medical equipment companies, and marketing organizations.

In particular, these charges include some of the first prosecutions in the nation related to fraudulent cardiovascular genetic testing, a burgeoning scheme. As alleged in court documents, medical professionals made referrals for expensive and medically unnecessary cardiovascular and cancer genetic tests, as well as durable medical equipment. For example, cardiovascular genetic testing was not a method of diagnosing whether an individual presently had a cardiac condition and was not approved by Medicare for use as a general screening test for indicating an increased risk of developing cardiovascular conditions in the future. In connection with the enforcement action, the Department seized over \$8 million in cash, luxury vehicles, and other fraud proceeds.

**MORE THAN 36 | DEFENDANTS CHARGED**

**MORE THAN 13 | JUDICIAL DISTRICTS**      **MORE THAN \$8 m | SEIZED**

**MORE THAN \$1.2 bn | of ALLEGED LOSS**

## **TELEMEDICINE FRAUD INITIATIVE**

Since 2019, the HCF Unit has led nationwide efforts to combat telemedicine fraud and ensure that needed access to care provided by this new technology is not compromised by wrongdoers. To date, the Fraud Section has led six successive enforcement actions involving over \$9 billion in alleged fraud loss in schemes that exploited the use of telemedicine. The focus on telemedicine fraud builds on the impact of the 2019 “Operation Brace Yourself” Telemedicine and Durable Medical Equipment Enforcement Action, which resulted in an estimated reduction of more than \$1.9 billion in the amount paid by Medicare for orthotic braces in the 20 months following that takedown. Subsequent enforcement actions include 2019’s Operation Double Helix, 2020’s Operation Rubber Stamp, the telemedicine component of the 2021 National Health Care Fraud Enforcement Action, and most recently the 2022 Telemedicine, Clinical Laboratory, and Durable Medical Equipment Fraud Enforcement Action.

In these telemedicine schemes, telemedicine company executives are alleged to have offered remuneration to doctors and nurse practitioners to order unnecessary durable medical equipment, genetic and other diagnostic testing, and pain medications, either without any patient interaction at all, or with only a brief telephonic conversation with patients they have never met or seen. Proceeds of these telemedicine fraud schemes are alleged to have been laundered through shell corporations and foreign banks. Prosecutions brought by the DOJ aim to provide full-spectrum accountability of actors at all levels of these conspiracies, ranging from medical professionals to marketers to corporate executives.

---

### ***United States v. Canchola (N.D. Tex.)***

In October 2022, a Texas doctor, Dr. Daniel Canchola, pleaded guilty to a conspiracy to commit wire fraud for his role in a \$54 million Medicare fraud scheme by prescribing durable medical equipment and cancer genetic testing without seeing, speaking to, or otherwise treating patients.

During his plea, Dr. Canchola admitted that between August 2018 and April 2019, he agreed to electronically sign doctors’ orders for durable medical equipment (DME) and cancer genetic testing that he knew were used to submit millions of dollars in false and fraudulent claims to Medicare. Dr. Canchola received approximately \$30 in exchange for each doctor’s order he signed authorizing DME and cancer genetic test orders that were not legitimately prescribed, not needed, or not used—totaling more than \$466,000 in kickbacks. The Medicare beneficiaries for whom Dr. Canchola prescribed DME and cancer genetic testing were targeted by telemarketing campaigns and at health fairs, and they were induced to submit to the cancer genetic testing and to receive the DME regardless of medical necessity. Dr. Canchola is scheduled to be sentenced in June 2023 and faces a maximum penalty of twenty years in prison.

## ***NEW ENGLAND PRESCRIPTION OPIOID (NEPO) STRIKE FORCE***

On June 29, the HCF Unit announced the creation of the New England Prescription Opioid (NEPO) Strike Force, a joint law enforcement effort that brings together the resources and expertise of the HCF Unit, the U.S. Attorneys' Offices for three federal districts, as well as law enforcement partners at HHS-OIG, DEA, and FBI. The NEPO Strike Force primarily targets criminal conduct by physicians, pharmacists, and other medical professionals, focusing upon both health care fraud and drug diversion offenses. The NEPO Strike Force expands and sharpens the Justice Department's response to the nation's opioid epidemic. Since 2018, some of the greatest spikes in the drug overdose death rate have occurred in New England. The NEPO Strike Force addresses one of the root causes of the epidemic: unlawful prescription and diversion of opioids.

On October 26, the first NEPO Strike Force charges were announced against a Maine doctor who was alleged to have illegally distributed opioids and other controlled substances from her clinic in Kennebunk, Maine.



## **NATIONAL RAPID RESPONSE STRIKE FORCE**

In 2022, the National Rapid Response Strike Force (NRRSF) responded to newly emerging health care fraud schemes, including cases involving telemedicine fraud, COVID-19 fraud, and business email compromise fraud targeting Medicare and state Medicaid programs. The NRRSF was created in 2020 with a mission to investigate and prosecute complex fraud cases involving individual and corporate health care providers that operate in multiple jurisdictions, including major regional health care providers operating in the Strike Force cities. NRRSF prosecutors, who are based in Washington, D.C. and in certain Strike Force locations, coordinate with USAOs and federal and state law enforcement partners around the country to prosecute these significant, multi-jurisdictional, and corporate fraud matters. The NRRSF also chairs the interagency COVID-19 health care fraud working group of law enforcement and public health agencies, and led the April 2022 National COVID-19 Health Care Fraud Enforcement Action, which involved charges against 21 defendants and over \$149 million in alleged false billings. The NRRSF also helped lead and coordinate the Department's efforts to combat telemedicine, clinical laboratory, and durable medical equipment fraud in the July 2022 enforcement action. NRRSF also has helped lead the prosecution of corporate executives for financial fraud charges arising out of the pandemic. Among other cases across the country, NRRSF prosecutors helped lead the prosecution of the *Schena*, *Perez*, *Khaim*, *Ligotti*, *Santeiro*, and *Rashid* cases (discussed further below), as well as the Business Email Compromise and Provider Relief Fund initiatives.

---

### ***United States v. Mark Schena (N.D. Cal.)***

NRRSF's purview includes health care fraud and related financial misconduct involving emerging technology companies. In September 2022, a federal jury convicted Schena, the president of a Silicon Valley-based medical technology company, of participating in a scheme to mislead investors, commit health care fraud, and pay illegal kickbacks in connection with the submission of over \$77 million in false and fraudulent claims for COVID-19 and allergy testing. This was the first COVID-19 securities fraud case charged by the DOJ, the first COVID-19 health care fraud case to go to trial, and the first conviction at trial on Eliminating Kickbacks in Recovery Act (EKRA) kickback charges outside of the addiction rehabilitation context.

Schena engaged in a scheme to defraud Silicon Valley-based medical technology company Arrayit Corporation's investors, by claiming that he had invented revolutionary technology to test for virtually any disease using only a few drops of blood. Schena also orchestrated an illegal kickback and health care fraud scheme that involved submitting fraudulent claims to Medicare and private insurance for unnecessary allergy testing. In early 2020, Schena then falsely announced that Arrayit "had a test for COVID-19" based on Arrayit's blood testing technology, before developing such a test, and orchestrating a deceptive marketing scheme that falsely claimed that Dr. Anthony Fauci and other prominent government officials had mandated testing for COVID-19 and allergies at the same time, while returning inaccurate COVID-19 test results to patients. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Northern District of California.

## **COVID-19 FRAUD INITIATIVE**

The HCF Unit has led the Department's efforts to prosecute COVID-19 related health care fraud since the first days of the pandemic in March 2020. Since then, the NRRSF has chaired a regular interagency COVID-19 fraud working group with federal law enforcement and public health agencies to combat health care fraud trends emerging during the COVID-19 crisis. These efforts have paid significant dividends, resulting in the charging of over 46 defendants with over \$624 million in false billings. The HCF Unit expects that the COVID-19 working group will continue to generate criminal prosecutions in several areas, including COVID-19 health care fraud schemes, securities fraud cases involving health care technology companies, and CARES Act Provider Relief Fund fraud.

---

## **NATIONAL COVID-19 LAW ENFORCEMENT ACTION**

The HCF Unit conducted the April 2022 National COVID-19 Health Care Fraud Enforcement Action, which involved criminal charges against 21 defendants in nine federal districts across the United States for their alleged participation in various health care fraud schemes that exploited the COVID-19 pandemic and resulted in over \$149 million in false billings. Led by the NRRSF and building on the 2021 COVID-19 enforcement action, the defendants in this action were alleged to have engaged in various health care fraud schemes designed to exploit the COVID-19 pandemic, including by defrauding the CARES Act Provider Relief Fund, exploiting regulatory waivers that were designed to encourage access to care, offering COVID-19 tests and misusing the information and samples to submit claims to Medicare for medically unnecessary, and far more expensive laboratory tests and office visits, and the manufacture and distribution of fake COVID-19 vaccination cards.

---

## **PROVIDER RELIEF FUND**

The HCF Unit has employed advanced data analytics techniques to identify medical providers who allegedly engaged in the misuse of the CARES Act Provider Relief Fund monies. The Fund set aside money to help Americans get needed medical care in a global health and economic crisis. The 12 defendants in these cases charged to date allegedly intentionally misappropriated government funds that were designed to aid medical providers in the treatment of patients suffering from COVID-19 and used them for their own personal expenses.

## **SOBER HOMES INITIATIVE**

In September 2020, the Criminal Division announced the Sober Homes Initiative, the first coordinated enforcement action in Department history focused on fraud schemes in the substance abuse treatment industry. Led by the National Rapid Response, Los Angeles and Miami Strike Forces, with the participation of the U.S. Attorneys' Offices for the Central District of California and the Southern District of Florida, the initiative focuses on schemes intended to exploit patients suffering from addiction.

Since its inception, the Sober Homes Initiative has resulted in charges and guilty pleas or convictions involving 28 criminal defendants in connection with over \$1 billion in alleged false billings for fraudulent tests and treatments for vulnerable patients seeking treatment for drug and/or alcohol addiction. Since this initiative was announced, there have been four related fraud trials in the Southern District of Florida resulting in the conviction of five defendants. In 2022, three defendants were convicted in three trials, including two doctors, and a guilty plea was obtained in the largest Sober Homes case ever charged, as discussed below.

---

### ***United States v. Michael Ligotti (S.D. Fla.)***

In October 2022, Dr. Michael J. Ligotti pleaded guilty to one count of conspiracy to commit health care fraud and wire fraud based on his conduct as medical director for various sober homes and treatment centers in South Florida. In early January 2023, Ligotti was sentenced to twenty-years imprisonment.

According to court documents, Dr. Ligotti, agreed to serve as Medical Director or authorizing physician for over 50 sober homes, substance abuse treatment facilities, and clinical testing laboratories in the Palm Beach County area, often signing standing orders for expensive, medically unnecessary urine drug tests for patients at various addiction treatment facilities. These facilities routinely sent these patients' urine specimens to clinical testing laboratories for expensive and medically unnecessary urine drug testing, including expensive confirmatory urine drug testing, authorized by Dr. Ligotti. The clinical testing laboratories then billed health care benefit programs for these unnecessary urine drug tests, often for thousands of dollars for a single test.

In exchange for Ligotti's authorization of these urine drug tests, the treatment centers required their patients to regularly visit Ligotti's clinic, Whole Health, LLC, located in Palm Beach County, for additional treatment and testing, or allowed Ligotti's staff to come to their facilities to conduct tests and treatment there. This allowed Ligotti to profit by billing patients' private health insurance plans for duplicative, medically unnecessary, and expensive urine drug tests, blood tests, and other addiction treatments. As a result of this conduct which took place over a nine-year period from 2011-2020, health care benefit programs were billed over \$746 million, and paid approximately \$127 million.

## ***United States v. Jose Santeiro (S.D. Fla.)***

In March 2022, after a three-week trial, a federal jury in the Southern District of Florida convicted Jose Santeiro—the Medical Director of two South Florida addiction treatment facilities—of conspiracy to commit health care fraud and wire fraud, and substantive counts of health care fraud, in a scheme that billed approximately \$112 million for services that were never provided or were medically unnecessary. On July 7, 2022, Santeiro was sentenced to 54 months imprisonment.

The evidence showed that Santeiro and others admitted patients for medically unnecessary detox services, the most expensive kind of treatment the facilities offered. Patient recruiters offered kickbacks to induce patients to attend the programs and then gave them illegal drugs to ensure admittance for detox. Evidence at trial also showed that Santeiro submitted false and fraudulent claims for excessive, medically unnecessary urinalysis drug tests that were never used in treatment. Santeiro and others then authorized the readmission of a core group of patients who were shuffled between the facilities to fraudulently bill for as much as possible, even though the patients did not need the expensive treatment for which they were repeatedly admitted. Santeiro also prescribed patients a so-called “Comfort Drink” to sedate them, ensure they stayed at the facility, and keep them coming back. The evidence further showed that Santeiro’s log-in was used, with his knowledge, by others to sign electronic medical files to make it appear as if Santeiro had provided treatment himself when he did not.

## ***IRS EMPLOYEE INITIATIVE***

In October 2022, the HCF Unit charged five current or former IRS employees with defrauding federal COVID-19 relief programs, including the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) Program, federal stimulus programs authorized as part of the CARES Act. The cases were brought as part of an interagency effort to combat and prevent CARES Act fraud by federal employees, led by the HCF Unit, U.S. Attorney's Offices, the Treasury Inspector General for Tax Administration, and the Small Business Administration, Office of Inspector General. According to court documents, the defendants allegedly sought over \$1 million in funds from the PPP and EIDL Program by submitting false and fraudulent loan applications, and then used the funds for unauthorized purposes including to purchase cars, luxury goods, and for personal travel, including trips to Las Vegas.

---

## ***BUSINESS EMAIL COMPROMISE INITIATIVE***

In November 2022, the HCF Unit announced charges against 10 defendants in four federal districts for their alleged participation in multiple business email compromise (BEC), money laundering, and wire fraud schemes that targeted Medicare, state Medicaid programs, private health insurers, and numerous other victims, resulting in more than \$11.1 million in total losses. Led by the NRRSF, with assistance from the U.S. Attorney's Offices for the Northern District of Georgia, the Eastern District of Virginia, the District of South Carolina, and the Northern District of Texas, the enforcement action focused on alleged schemes that fraudulently diverted payments intended for hospitals that provided medical services. As part of the schemes, fraudulent emails from accounts resembling actual hospitals were sent to health insurers directing that future reimbursements be deposited into accounts that did not belong to the hospitals. Unwittingly, several public and private health care benefit plans were deceived into making payments to bank accounts controlled by the defendants and their co-conspirators, who rapidly laundered the fraudulently obtained proceeds by withdrawing large amounts of cash, layering them through other accounts they or their co-conspirators opened in the names of false and stolen identities and shell companies, transferring them overseas, and purchasing luxury goods and exotic automobiles. In addition to Medicare, Medicaid, and private health insurers, the alleged schemes also targeted other government agencies, private companies, and individuals, including elderly romance fraud victims.

# Health Care Fraud Unit

## *Significant Trials, Pleas, and Sentences*

### ***United States v. Jorge and Ricardo Perez (M.D. Fla.)***

In June 2022, after a six-week trial, a jury convicted brothers Jorge and Ricardo Perez for their roles in a conspiracy that fraudulently billed approximately \$1.4 billion for laboratory testing services in a sophisticated pass-through billing scheme involving rural hospitals. The defendants also were convicted of conspiring to launder the proceeds of their scheme through a series of large financial transfers.

According to the trial evidence, the Perezes conspired with each other and with laboratory owners and marketers to bill for laboratory testing services that were medically unnecessary and used multiple rural hospitals as billing shells to fraudulently submit claims to private insurers for services that mostly were performed at outside laboratories. The defendants targeted and obtained control of financially distressed rural hospitals in order to take advantage of insurance contracts that provided higher reimbursement rates for laboratory testing—a common feature of rural hospital contracts designed to promote health care access in small communities. The defendants promised to save the hospitals from closure by making significant investments, but instead used them to perpetrate a years-long pass-through billing scheme in which they fraudulently represented that the rural hospitals performed laboratory testing, when in most cases it was done by outside laboratories that were controlled by co-conspirators and lacked contracts with the insurers. The evidence further showed that much of the laboratory testing billed through the rural hospitals involved medically unnecessary urine drug testing for vulnerable addiction treatment patients receiving substance abuse treatment, and that the samples often were obtained through kickbacks paid to recruiters and providers. After private insurance companies began to question the defendants' billings, they would move on to another rural hospital, leaving the hospitals they took over in the same or worse financial status as before. Three other participants in the scheme previously pleaded guilty to health care fraud and money laundering charges.

## ***United States v. Minal Patel (S.D. Fla.)***

In December 2022, after a two-week trial, a jury found Minal Patel guilty of multiple federal crimes for spearheading a kickback, fraud, and money laundering scheme involving expensive genetic tests and fraudulent telemedicine services that resulted in the submission of over \$463 million in false and fraudulent claims to Medicare, of which Medicare paid over \$187 million to Patel's company, LabSolutions LLC (LabSolutions). LabSolutions, a company that was enrolled with Medicare, performed thousands of sophisticated genetic tests that Medicare beneficiaries did not need and were procured through the payment of illegal kickbacks and bribes.

According to court documents and evidence presented at trial, Patel conspired with patient brokers, telemedicine companies, and call centers to target Medicare beneficiaries with telemarketing calls falsely stating that Medicare covered the genetic tests. The evidence further showed that after the Medicare beneficiaries agreed to take a test, Patel paid kickbacks and bribes to obtain signed doctors' orders authorizing the tests from telemedicine companies. These doctors approved the expensive testing even though they were not treating the beneficiary for cancer or symptoms of cancer, and often without speaking to the beneficiary. To conceal the kickbacks, Patel required patient brokers to sign contracts that falsely stated that they were performing legitimate advertising services for LabSolutions.

---

## ***United States v. Matthew James (E.D.N.Y.)***

In July 2022, after a four-week long trial, a federal jury in the Eastern District of New York convicted Mathew James of conspiracy to commit health care fraud, health care fraud, wire fraud, and aggravated identity theft related to his \$600 million scheme to defraud various insurance companies across the United States.

According to court documents and evidence presented at trial, James operated a medical billing company that billed for procedures that were either more serious or entirely different than those his doctor-clients performed. James directed his doctor-clients to schedule elective surgeries through the emergency room so that insurance companies would reimburse at substantially higher rates. The evidence further showed that when insurance companies denied inflated claims, James impersonated patients to demand that the insurance companies pay the outstanding balances of tens or even hundreds of thousands of dollars. James also falsified claim forms and operative reports. James received over \$63 million in fraudulent proceeds.

## ***United States v. Peter Khaim et al. (E.D.N.Y.)***

In November 2022, Peter Khaim and Arkadiy Khaimov pleaded guilty to conspiracy to commit money laundering for using several New York-area pharmacies to submit false and fraudulent claims to Medicare and then laundering over \$18 million in criminal proceeds.

According to documents, Khaim, Khaimov, and their co-conspirators used over a dozen pharmacies to submit millions of dollars in fraudulent claims to Medicare, including claims for expensive cancer medications Targretin Gel 1% and Panretin Gel 0.1%. Khaim, Khaimov, and their co-conspirators exploited the COVID-19 pandemic by using COVID-19-related “emergency override” billing codes to submit additional fraudulent claims for Targretin Gel 1%. Khaim, Khaimov, and their co-conspirators then concealed the criminal proceeds by funneling millions of dollars through several shell companies, including sham pharmacy wholesale companies that were designed to look like legitimate wholesalers. Typically, the proceeds were sent from these sham wholesale companies to Khaim, Khaimov, and their relatives, or were sent to companies in China and Uzbekistan for distribution.

---

## ***United States v. Rashid, et al. (E.D. Mich.)***

In March 2022, the Department announced that sixteen Michigan and Ohio-area defendants, including 12 physicians, had been sentenced to prison for a \$250 million health care fraud scheme that included the exploitation of patients suffering from addiction and the illegal distribution of over 6.6 million doses of medically unnecessary opioids. Five physicians were convicted in two separate trials, while 18 other defendants pleaded guilty.

According to court documents and evidence presented at trial, the scheme involved doctors refusing to provide patients with opioids unless they agreed to unnecessary back injections. Perpetrated through a multi-state network of pain clinics from 2007 to 2018, the evidence established that the clinics were pill mills frequented by patients suffering from addiction, as well as drug dealers, who sought to obtain high-dosage prescription drugs like oxycodone. The doctors working at the clinics agreed to work only a few hours a week to “stay under the radar” of the DEA, but they were among the highest prescribers of oxycodone in the State of Michigan.

To obtain prescriptions, the evidence showed that the patients had to submit to expensive, unnecessary and sometimes painful back injections, known as facet joint injections. The injections were selected because they were among the highest reimbursing procedures, rather than based on medical need. Patients largely acquiesced to these unnecessary procedures because of their addiction or desire to obtain pills to be resold on the street by drug dealers. Evidence further established that the defendant physicians repeatedly performed these unnecessary injections on patients over several years and were paid more for facet joint injections than any other medical clinic in the United States.

### ***United States v. Hau La (M.D. Tn.)***

In July 2022, after a two-week trial, a federal jury in the Middle District of Tennessee convicted Dr. Hau La of unlawfully distributing opioids from his Smyrna clinic. According to court documents and evidence presented at trial, Dr. La owned and operated Absolute Medical Care (AMC). At AMC, La purportedly provided addiction treatment as his primary practice, but nevertheless prescribed opioid pain pills to some of his patients despite red flags for addiction and abuse. AMC, which did not accept health insurance, charged patients \$200-\$350 cash, credit, or debit, per visit and was only open on Fridays. La rarely spent more than a few minutes with the patients to whom he provided unlawful opioid prescriptions.

---

### ***United States v. David Suetholz (E.D. Ky.)***

In September 2022, after a two-week trial, a federal jury in the Eastern District of Kentucky convicted former elected Kenton County Coroner Dr. David Suetholz of unlawfully distributing opioids from his Taylor Mill clinic. According to court documents and evidence presented at trial, Dr. Suetholz, 71, of Ludlow, unlawfully prescribed controlled substances to his patients outside the usual course of professional practice and not for a legitimate medical purpose. Some patients were prescribed high doses of medication and in dangerous combinations without justification. Suetholz also prescribed to patients without assessing their risks for addiction or their history of substance abuse.

---

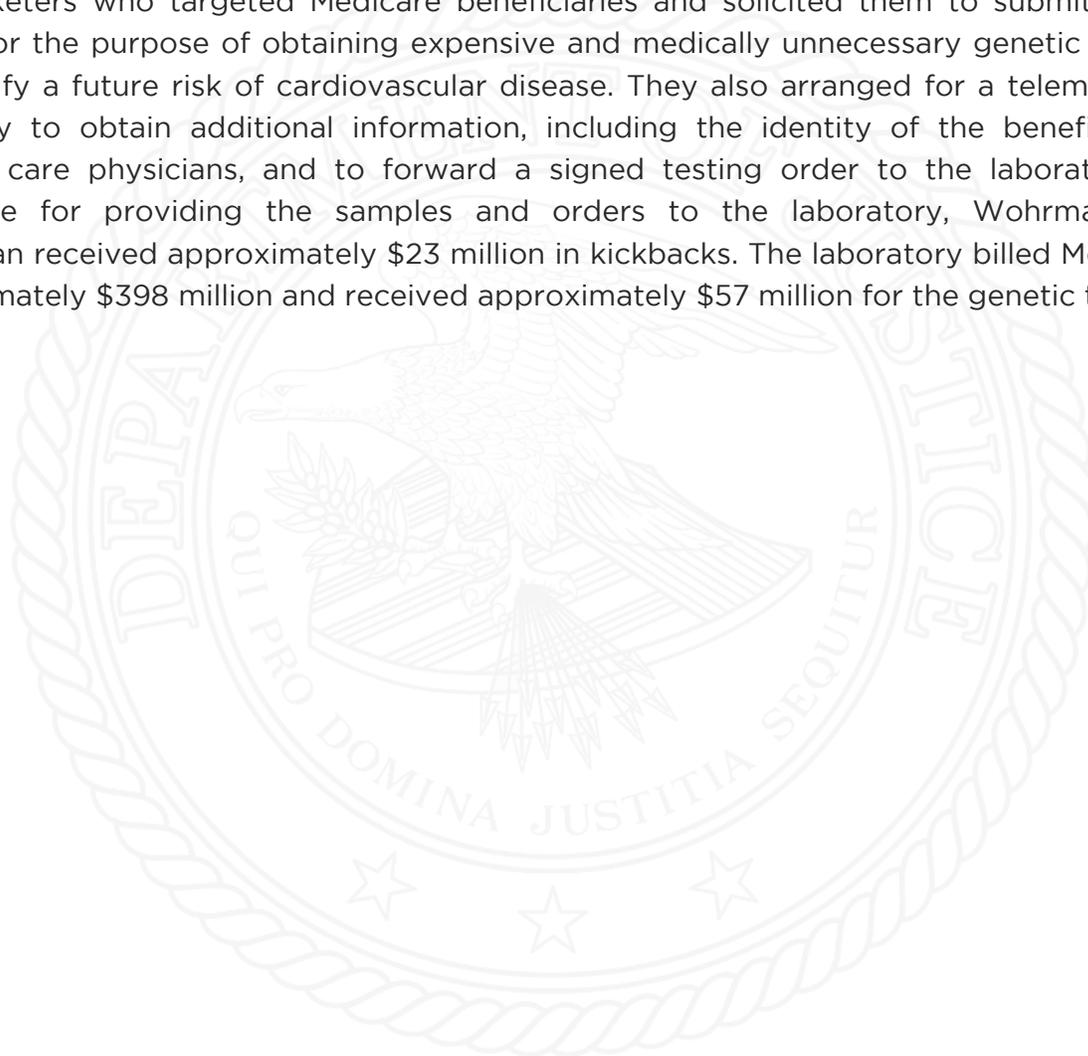
### ***United States v. Victor Kirk (M.D. La.)***

After a week-long trial in September 2022, a jury found defendant Victor Kirk guilty on all counts for his role in defrauding the Louisiana Medicaid Program of over \$1.8 million and causing false medical diagnoses of children.

According to the evidence presented at trial, Kirk was the CEO of St. Gabriel Health Clinic, Inc. (St. Gabriel), a Louisiana non-profit corporation that provided health care services to Medicaid recipients. St. Gabriel operated in local elementary and high schools to provide routine medical services. Evidence at trial showed that St. Gabriel practitioners, at Kirk's direction, also provided educational programs to entire classrooms of students during regular class periods. These educational classes taught students character traits such as respect and trustworthiness. However, evidence at trial showed that for several years, Kirk caused the fraudulent billing of these programs to Medicaid as group psychotherapy. The evidence further showed that to facilitate the fraudulent scheme, Kirk directed that St. Gabriel practitioners falsely diagnose students, including children as young as kindergartners, with serious mental health disorders, such as impulse control disorder and attention deficit disorder. At trial, an expert testified that these false diagnoses can remain in the patients' medical records and be harmful to them. From 2011 through 2015, Kirk caused over \$1.8 million in fraudulent claims to Medicaid for purported group psychotherapy services. Kirk was convicted of one count of conspiracy to commit health care fraud and five counts of health care fraud.

## ***United States v. Scott Wohrman and David Heneghan (N.D. Tex.)***

In July 2022, Scott Wohrman and David Heneghan pleaded guilty to one count of conspiracy to defraud the United States and to receive health care kickbacks, and one count of receiving health care kickbacks, in connection with a scheme to recruit Medicare beneficiaries and sell samples for genetic testing to a laboratory. According to court documents, Wohrman and Heneghan owned American Health Screening (“AHS”), a purported marketing company. Wohrman and Heneghan oversaw a network of telemarketers who targeted Medicare beneficiaries and solicited them to submit cheek swabs for the purpose of obtaining expensive and medically unnecessary genetic testing to identify a future risk of cardiovascular disease. They also arranged for a telemedicine company to obtain additional information, including the identity of the beneficiaries’ primary care physicians, and to forward a signed testing order to the laboratory. In exchange for providing the samples and orders to the laboratory, Wohrman and Heneghan received approximately \$23 million in kickbacks. The laboratory billed Medicare approximately \$398 million and received approximately \$57 million for the genetic tests.





The Market Integrity & Major Frauds (MIMF) Unit's 45 prosecutors investigate and prosecute a wide variety of complex financial fraud schemes across four distinct concentrations: (1) securities and commodities fraud; (2) cryptocurrency-related fraud; (3) consumer and investment fraud; and (4) fraud involving federal programs, including pandemic relief and government procurement fraud and bribery. Working in parallel with its regulatory partners, as well as domestic and international law enforcement agencies, the MIMF Unit handles a broad array of sophisticated fraud schemes, including market manipulation schemes, corporate accounting fraud, insider trading, cryptocurrency scams, large-scale investment frauds, and fraud in connection with the Coronavirus Aid, Relief, and Economic Security Act programs and other federal benefits programs. This year, the MIMF Unit convicted a record number of defendants, including 15 defendants who were convicted after trials.

<https://www.justice.gov/criminal-fraud/market-integrity-and-major-frauds-unit>

## MIMF Unit Statistics 2022

INDIVIDUAL PROSECUTIONS



**100** Individuals CHARGED

**107** Individuals CONVICTED

**92** Individuals PLEADED GUILTY

**15** Individuals CONVICTED AT TRIAL



CORPORATE RESOLUTIONS

**2** CORPORATE RESOLUTIONS Involving the Imposition of:



Total U.S. Monetary Amounts of more than **\$785 million**

Total U.S. Criminal Monetary Amounts of more than **\$640 million**

# Market Integrity and Major Frauds Unit

## Significant Initiatives

### COVID-19 RELIEF FRAUD

The MIMF Unit spearheaded the Department's effort to combat fraud in connection with the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program, which were created by Congress in the Coronavirus Aid, Relief, and Economic Security (CARES) Act in late March 2020 to assist American businesses that were suffering from the economic impact of the COVID-19 pandemic. MIMF prosecutors have handled a wide range of cases in this area, including matters focused on employees of financial institutions and large PPP fraud rings. The initiative is ongoing and has leveraged the Unit's expertise in data-driven investigations, an approach that also has been deployed in other areas of the Unit's work.

In 2022, Fraud Section prosecutors charged 22 individuals in CARES Act cases, alleging intended losses in excess of \$53.9 million and actual losses in excess of \$44.7 million. The MIMF Unit led five trials of PPP fraud defendants across multiple districts, yielding five convictions, and resolved a significant volume of additional cases through plea agreements. Since the program's inception, the Fraud Section and its law enforcement partners have charged more than 200 defendants in cases relating to CARES Act programs and seized approximately \$78.9 million in cash proceeds together with numerous real-estate properties and luxury items purchased with such proceeds.

### PPP and CARES Act Enforcement | 2020 - 2022

MORE THAN **200** | DEFENDANTS CHARGED

MORE THAN **\$451 MILLION** | of ATTEMPTED LOSS

MORE THAN **\$238 MILLION** | of ACTUAL LOSS

MORE THAN **\$79 MILLION** | of SEIZED / FROZEN FUNDS

## **SECURITIES AND COMMODITIES FRAUD**

In 2022, the MIMF Unit continued its emphasis on prosecuting manipulation and fraud in the commodities markets. In two high-profile trials, MIMF prosecutors convicted a former Managing Director and two former Executive Directors at JPMorgan who participated in a massive scheme to manipulate the price of gold and silver futures contracts traded on the Chicago Mercantile Exchange (CME). MIMF prosecutors also secured a fourth conviction of a banker at a global financial institution who pleaded guilty to manipulating U.S. Treasury securities prices; charged another defendant for running an illegal kickback scheme and a commodities insider-trading scheme involving natural-gas futures; and convicted an investment advisor in a \$2.6 million trading scheme in which the defendant falsely represented to her clients that she would invest their money in commodity futures and options contracts. In addition, MIMF prosecutors secured an 11-year sentence for a cattle rancher in the Eastern District of Washington who participated in a \$240 million fraud scheme to defraud Tyson Foods and another company and used the proceeds to engage in fraudulent commodities future trading for which he submitted falsified paperwork to the CME. Finally, MIMF prosecutors secured a corporate guilty plea and \$485 million in fines and forfeiture from Glencore Ltd., the U.S. arm of one of the world's largest commodities mining and trading companies, in connection with Glencore's manipulation of the benchmark price of fuel oil traded in two of the largest commercial ports in the United States.

As part of the Unit's continued focus on prosecuting securities fraud, MIMF prosecutors charged several high-level executives of public companies, including five Chief Executive Officers (CEOs), a Chief Financial Officer (CFO), and a Chief Information Officer. Specifically, MIMF prosecutors charged (1) the former CEOs of MoviePass Inc. and its parent company, Helios & Matheson Analytics Inc. (HMNY), in a scheme in which the defendants allegedly made materially false and misleading representations regarding their business and operations to artificially inflate the price of HMNY's stock and attract new investors; (2) two biotechnology CEOs in a scheme to defraud investors of CytoDyn, Inc., a publicly traded biotechnology company, relating to potential HIV and COVID-19 treatments; (3) the former CEO of a publicly traded health care company for his alleged participation in a scheme to mislead investors about the company's procurement of COVID-19 rapid test kits in the early days of the pandemic; and (4) a Chief Information Officer for his alleged role in an insider-trading scheme involving the securities of Mylan N.V., a publicly traded pharmaceutical company. MIMF prosecutors also unsealed charges against the former CFO of a publicly traded reinsurance company, IRB Brasil Resseguros SA (IRB), for fraudulently propping up its stock price by spreading false information that U.S. investment firm Berkshire Hathaway Inc. had invested in IRB, which resulted in significant investor losses when Berkshire Hathaway announced that it was never an investor. Finally, expanding their reach into novel areas of enforcement, MIMF prosecutors charged eight defendants with conspiracy to commit securities fraud for an alleged long-running, social media-based "pump and dump" scheme that resulted in illicit profits of at least \$114 million.

## **CRYPTOCURRENCY FRAUD**

The MIMF Unit prosecuted a broad array of fraud within the cryptocurrency markets. In 2022, MIMF prosecutors charged nine defendants in seven separate high-dollar and high-impact cases, including the largest-known Non-Fungible Token (NFT) scheme charged to date, a cryptocurrency commodities scheme, a global Ponzi scheme involving the sale of unregistered cryptocurrency securities, and a fraudulent initial coin offering. As part of this effort, MIMF prosecutors charged the CEOs of Mining Capital Coin and Titanium Blockchain Infrastructure Services, both purported cryptocurrency investment platforms, with orchestrating multi-million-dollar global investment fraud schemes. MIMF prosecutors also charged the founder of BitConnect, who allegedly perpetrated a \$2.4 billion global cryptocurrency Ponzi scheme, and recovered \$56 million in fraud proceeds for victims. In addition, MIMF prosecutors secured the guilty plea of the “Head Trader” for EmpiresX, a purported cryptocurrency platform, in a scheme that amassed approximately \$100 million from investors, and charged the two founders of EmpiresX in partnership with the Southern District of Florida. Consistent with the MIMF Unit’s priority to prevent and deter investor abuse, prosecutors also charged an investment manager for his alleged involvement in a cryptocurrency investment fraud scheme that raised at least \$10 million from investors. In addition, MIMF prosecutors secured a trial conviction in partnership with the District of Massachusetts of the founder of My Big Coin, a purported cryptocurrency and virtual payment services company headquartered in Las Vegas, Nevada, in a fraud scheme that resulted in millions of dollars in losses to investors worldwide.

## **FEDERAL PROGRAMS FRAUD**

The MIMF Unit continued its priority to combat federal program fraud in significant cases that resulted in substantial losses to the federal government. In 2022, MIMF prosecutors secured guilty pleas by nine defendants in three separate cases in schemes to defraud the Department of Veterans Affairs (VA) Post-9/11 GI Bill education benefits program, including the largest-known Post-9/11 GI Bill fraud case ever brought by the Department. Separately, MIMF prosecutors secured guilty pleas in partnership with the Middle District of Georgia by five defendants who conspired to defraud the Department of Education’s financial-aid programs by creating a sham university, resulting in \$12 million in losses to the federal government. One of the leaders of the Department of Education scheme was sentenced to nine years in prison. In addition, MIMF prosecutors, in partnership with the Southern District of Mississippi and Money Laundering and Asset Recovery Section, secured a guilty plea by the former Executive Director of the Mississippi Department of Human Services, who admitted to conspiring to defraud the State of Mississippi of millions of dollars in federal funds, including funds from the Temporary Assistance for Needy Families (TANF) and The Emergency Food Assistance Program (TEFAP) programs. MIMF prosecutors also charged eight individuals for conspiring to defraud the Department of Labor of tens of millions of dollars in federal funds intended for unemployment benefits. Similarly, as part of the MIMF Unit’s dedication to fighting other corruption and contracting fraud in federal government programs, MIMF prosecutors secured the trial conviction of a former senior U.S. Navy employee on bribery charges, as well as a guilty plea by a government official to theft of government property.

## **CONSUMER AND INVESTMENT FRAUD**

MIMF Unit prosecutors continued in their efforts to combat a wide range of complex investment and consumer frauds of national and international significance, including large-scale Ponzi schemes and high-yield investment scams. In 2022, MIMF prosecutors secured the trial conviction of a defendant for her role in a multimillion-dollar international advance-fee scheme in which she falsely claimed to represent BB&T Corporation. In addition, MIMF prosecutors secured the trial convictions of two defendants who ran a multi-year Ponzi scheme by fraudulently representing to victims that their investments were backed by short-term investments in cattle. MIMF prosecutors also secured 12 convictions of defendants, including both the CFO and the former President of EarthWater Limited, in connection with a multimillion-dollar, high-yield investment fraud scheme that targeted elderly victims. MIMF prosecutors also charged the owner of a group of technology companies' connection with an alleged investment scheme that defrauded more than 10,000 victims of over \$45 million. Lastly, MIMF prosecutors charged both the CEO and the President of a shipbuilding company with securities fraud for their alleged roles in a decade-long scheme that raised over \$28 million from more than 400 investors, as well as four additional defendants in an alleged \$16 million wire fraud and money laundering scheme involving fake investment offerings.



# Market Integrity and Major Frauds Unit

## *Significant Corporate Resolutions*

### ***United States v. FCA US LLC f/k/a Chrysler Group LLC Resolution (E.D. Mich.)***

In June 2022, FCA US LLC (FCA US), formerly Chrysler Group LLC, pleaded guilty in the Eastern District of Michigan to one count of conspiracy to defraud the United States, commit wire fraud, and violate the Clean Air Act and agreed to pay approximately \$300 million in criminal penalties as a result of the company's efforts to defraud U.S. regulators and customers. Pursuant to the plea agreement, FCA US admitted to making false and misleading representations about the design, calibration, and function of the emissions control systems on more than 100,000 vehicles, and about these vehicles' emission of pollutants, fuel efficiency, and compliance with U.S. emissions standards. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Eastern District of Michigan.

### ***United States v. Glencore Ltd. (D. Conn.)***

In May 2022, Glencore Ltd., part of a multi-national commodity trading and mining firm headquartered in Switzerland, pleaded guilty in the District of Connecticut, to conspiring to manipulate benchmark price assessments for fuel oil prices at two of the busiest commercial shipping ports in the U.S. As part of the plea agreement, Glencore Ltd. agreed to pay a criminal fine of over \$341 million, pay forfeiture of over \$144 million, and retain an independent compliance monitor for three years. The Department agreed to credit up to one-half of the criminal fine and forfeiture against penalties that Glencore Ltd. paid to the Commodity Futures Trading Commission in a related, parallel civil proceeding. The resolution followed the guilty plea by a former Glencore Ltd. senior fuel oil trader, Emilio Jose Heredia Collado, in connection with his trading activity related to the Platts Los Angeles 380 CST Bunker Fuel price assessment. The Fraud Section partnered on this case with the U.S. Attorney's Office for the District of Connecticut.

In a separate resolution, Glencore Ltd. parent company, Glencore International A.G. (Glencore), pleaded guilty in the Southern District of New York to conspiring to violate the FCPA in connection with bribe payments to foreign officials in seven countries. See page 12 for a description of the Glencore FCPA resolution. In total, Glencore International A.G. and Glencore Ltd. agreed to pay over \$1.1 billion to resolve the government's investigations into violations of the FCPA and the commodity price manipulation scheme.

# Market Integrity and Major Frauds Unit

## *Significant Trials, Charges, and Guilty Pleas*

### ***United States v. Mark Schena (N.D. Cal.)***

In September 2022, a federal jury convicted Mark Schena, the President of Arrayit Corporation, a Silicon Valley-based medical technology company, of participating in a scheme to mislead investors, commit health care fraud, and pay illegal kickbacks in connection with the submission of over \$77 million in false and fraudulent claims for COVID-19 and allergy testing. In connection with the securities fraud scheme investigated by MIMF prosecutors, the evidence presented at trial showed that Schena engaged in a scheme to defraud Arrayit's investors by claiming that he had invented revolutionary technology to test for virtually any disease using only a few drops of blood. In meetings with investors, Schena and his publicist falsely claimed that Schena was the "father of microarray technology" and stated that he was on the shortlist for the Nobel Prize. The evidence further showed that Schena, among other things, failed to release Arrayit's SEC-required financial disclosures and concealed that Arrayit was on the verge of bankruptcy. Schena also lulled investors who were concerned that the company was a "scam" by inviting them to private meetings and issuing false press releases and tweets stating that Arrayit had entered into lucrative partnerships with companies, government agencies, and public institutions, including a children's hospital and a major California health care provider. Schena was convicted of one count of conspiracy to commit health care fraud and conspiracy to commit wire fraud, two counts of health care fraud, one count of conspiracy to pay kickbacks, two counts of payment of kickbacks, and three counts of securities fraud. He currently awaits sentencing in the Northern District of California. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Northern District of California.

---

### ***United States v. Gregg Smith, Michael Nowak, and Christopher Jordan (N.D. Ill.)***

In August 2022, a federal jury convicted two former precious-metals traders at JPMorgan Chase & Co. (JPMorgan) of fraud, attempted price manipulation, and spoofing in a multi-year market manipulation scheme of precious-metals futures contracts that spanned over eight years and involved thousands of unlawful trading sequences. According to the evidence presented at trial, Gregg Smith was an executive director and trader on JPMorgan's precious-metals desk in New York, and Michael Nowak was a managing director and ran JPMorgan's global precious-metals desk.

The evidence at trial showed that between approximately May 2008 and August 2016, the defendants, along with other traders on the JPMorgan precious-metals desk, placed orders that they intended to cancel before execution in order to drive prices toward orders they intended to execute on the opposite side of the market. The defendants engaged in thousands of deceptive trading sequences for gold, silver, platinum, and palladium futures contracts traded through the New York Mercantile Exchange Inc. (NYMEX) and Commodity Exchange Inc. (COMEX).

In December 2022, another federal jury convicted a third former trader at JPMorgan Chase and Credit Suisse, Christopher Jordan, of fraud in connection with a scheme involving thousands of spoof orders in the gold and silver futures markets.

All three defendants currently await sentencing.

---

### ***United States v. Xavier Monroy (D.D.C.)***

In August 2022, a federal jury convicted Xavier Monroy, the former Director of Operations of the U.S. Navy’s Military Sealift Command Office in Busan, South Korea. According to the evidence presented at trial, Monroy engaged in a conspiracy to commit bribery with, among others, the owner of DK Marine, a South Korea-based company that provided services to the U.S. Navy. In exchange for Monroy steering business and providing confidential U.S. Navy information, he was paid bribes, including cash, personal travel expenses, meals and alcoholic beverages, and the services of prostitutes. During a voluntary interview in July 2019, Monroy repeatedly lied to special agents of the Defense Criminal Investigative Service (DCIS) and Naval Criminal Investigative Service (NCIS) about his conduct. Monroy was convicted of conspiracy to commit bribery, bribery, and making false statements. He was sentenced to 60 months in prison.

---

## ***Charges***

### ***United States v. Satish Kumbhani (S.D. Cal.)***

In February 2022, MIMF prosecutors charged the founder of BitConnect, Satish Kumbhani, with orchestrating a massive cryptocurrency Ponzi scheme. Kumbhani is alleged to have misled investors about BitConnect’s “Lending Program,” which Kumbhani claimed was able to generate substantial profits and guaranteed returns by using investors’ money to trade on the volatility of cryptocurrency exchange markets. As alleged in the indictment, however, BitConnect operated as a Ponzi scheme by paying earlier BitConnect investors with money from later investors. After operating for approximately one year, Kumbhani abruptly shut down the Lending Program and directed his network of promoters to manipulate the price of BitConnect’s digital currency, a commodity known as BitConnect Coin (BCC), to create the false appearance of legitimate market demand for BCC.

In total, Kumbhani and his co-conspirators obtained approximately \$2.4 billion from investors.

In connection with this case, the government sought authority to liquidate approximately \$56 million in fraud proceeds seized from Glenn Arcaro, BitConnect’s self-described “number one promoter,” who pleaded guilty in the scheme and was sentenced this year to over three years in prison.

Kumbhani remains at large.

The Fraud Section partnered on this case with the U.S. Attorney’s Office for the Southern District of California.

---

### ***United States v. Edward Constantinescu, a/k/a Constantin et al. (S.D. Tex.)***

In December 2022, MIMF prosecutors charged eight defendants with conspiracy to commit securities fraud for a long-running, social media-based “pump and dump” scheme. According to the indictment, the defendants engaged in a wide-ranging securities fraud conspiracy in which they used their extensive social media presence on Twitter and Discord to hype interest in particular securities by posting false and misleading information to “pump” the prices of those securities, while concealing their intent to later “dump” their shares by selling them at the artificially inflated prices. From in or around January 2020 to in or around April 2022, the defendants profited at least approximately \$114 million from their alleged scheme.

The defendants currently await trial.

The Fraud Section partnered on this case with the U.S. Attorney’s Office for the Southern District of Texas.

---

### ***United States v. Nader Pourhassan and Kazem Kazempour (D. Md.)***

In December 2022, MIMF prosecutors charged two CEOs for their roles in schemes to defraud investors in CytoDyn, Inc., a publicly traded biotechnology company based in Vancouver, Washington. According to the indictment, the defendants engaged in a conspiracy and schemes to defraud investors through false and misleading representations and material omissions relating to CytoDyn’s development of a potential treatment for HIV. Pourhassan was separately charged with a similar alleged scheme relating to developing the potential treatment for COVID-19 and with insider trading.

The defendants currently await trial.

The Fraud Section partnered on this case with the U.S. Attorney’s Office for the District of Maryland.

## *Guilty Pleas*

### ***Prosecution of Department of Veterans Affairs Post-9/11 GI Bill Benefits Fraud (S.D. Ga. and D.D.C.)***

MIMF prosecutors secured guilty pleas by nine defendants in three separate cases in schemes to defraud the Department of Veterans Affairs (VA) Post-9/11 GI Bill education benefits program, including the largest-known Post-9/11 GI Bill fraud case ever brought by the Department. These efforts included guilty pleas in the District of Columbia by, among others, a CEO and director-level employee of a VA-approved educational institution who defrauded the federal government of more than \$100 million. The cases arose from the MIMF Unit's efforts to generate data-driven leads and involved fraud at three different VA-approved, not-for-profit technical schools, including the California Technical Academy, Scooba Shack, and Diver's Den, in which School Certifying Officials (SCOs) made false representations to the VA regarding, among other things, veterans' enrollment in approved courses of study, class attendance, and grades in separate schemes.

MIMF prosecutors secured sentences in several of these cases, including a 54-month sentence for Kenneth Meers for his role in orchestrating the scheme to defraud the VA at Scooba Shack and Diver's Den. Other defendants currently await sentencing.

The Fraud Section partnered with the U.S. Attorney's Office for the Southern District of Georgia for the cases prosecuted in that district.

---

### ***United States v. Patrick Gallagher and Michael Dion (S.D. Fla.)***

In September 2022, two defendants pleaded guilty for their roles in perpetrating a foreign-exchange trading scheme to steal \$30 million from victim investors. To conceal the theft, the defendants fabricated massive trading losses for their clients and then routed the stolen money through shell companies the defendants had set up all over the world.

The defendants currently await sentencing.

# Corporate Enforcement, Compliance & Policy Unit

The Corporate Enforcement, Compliance & Policy (CECP) Unit has responsibility for all aspects of the Fraud Section's corporate criminal enforcement practice, including working with and advising prosecution teams on the structural, monetary, and compliance components of corporate resolutions; evaluating corporate compliance programs; determining whether an independent compliance monitor should be imposed as part of a corporate resolution; and overseeing post-resolution matters, including the selection and oversight of monitors and compliance and reporting obligations. The CECP Unit also: (1) provides advice and assists in drafting and revising the Fraud Section's, Criminal Division's, and Department's corporate criminal enforcement policies; (2) oversees data analytics initiatives for the Fraud Section; (3) responds to and proactively develops legislative and regulatory proposals; (4) participates in global anticorruption bodies; (5) provides crime victim assistance to the litigating units; and (6) handles FOIA matters for the Section.



[Corporate Enforcement, Compliance, and Policy Unit \(justice.gov\)](https://www.justice.gov/cecp)

---

## *Corporate Criminal Enforcement Practice*

The CECP Unit works closely with litigating unit attorneys during all stages of the corporate criminal resolution process. CECP takes the lead role in evaluating a company's compliance program and internal controls and works closely with litigating unit attorneys in formulating an appropriate offer, obtaining approval, negotiating the corporate resolution, and finalizing the resolution papers.

---

## *Compliance and Monitorship Matters*

Since the hiring of its first compliance attorney in 2015, the CECP Unit has enhanced the Fraud Section's expertise in compliance and monitorship matters. The CECP Unit has dedicated compliance and monitorship experts who work closely together with Fraud Section prosecutors in evaluating companies' compliance programs and determining whether an independent compliance monitor should be imposed as part of a corporate resolution or what level of compliance reporting obligations should be imposed on the company.

The CECP Unit advises prosecution teams on post-resolution matters, including the selection and oversight of monitors and compliance and reporting obligations. The CECP Unit also provides training on compliance and monitorship matters to prosecutors within and outside the Fraud Section and educates the business community on these topics through speaking engagements and policy guidance.

# Corporate Enforcement, Compliance, & Policy Unit

## White Collar & Corporate Criminal Enforcement Policy

The CECP Unit has responsibility for responding to a high volume of incoming legislative and other proposals, and proactively developing the Section's legislative and regulatory proposals. Over the past several years, Fraud Section and CECP Unit representatives have worked with Criminal Division and Department leadership to develop, revise, and implement corporate enforcement policies aimed at providing greater transparency concerning the Department's approach to corporate criminal enforcement, such as the Corporate Enforcement Policy, the Evaluation of Corporate Compliance Programs guidance, and the Anti-Piling On Policy. The goal of these policies is to provide incentives and clear guidance to help responsible companies invest in compliance and understand that if they respond appropriately to misconduct, including by self-disclosing, remediating, and cooperating, the Department will treat them fairly and consistently.



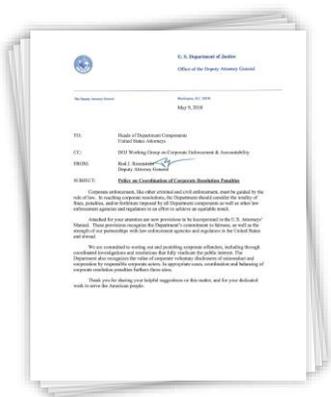
## Corporate Enforcement Policy

In November 2017, the FCPA Corporate Enforcement Policy was formally adopted and incorporated into the DOJ's Justice Manual, and updated in November 2019. (JM 9-47.120). Criminal Division leadership announced in 2019 that the Policy applies to all corporate cases in the Criminal Division. In September 2022, Department leadership announced that that all Department components must have a policy addressing voluntary self-disclosure. In January 2023, Criminal Division leadership issued a revised Corporate Enforcement Policy (CEP) to incorporate additional incentives for voluntary self-disclosure.

➔ <https://www.justice.gov/jm/jm-9-47000-foreign-corrupt-practices-act-1977#9-47.120>

CEP declinations announced by the Fraud Section can be found on Section's website.

➔ <https://www.justice.gov/criminal-fraud/pilot-program/declinations>



## "Anti-Piling On" Policy

In May 2018, the Deputy Attorney General announced a new Department policy regarding coordination of corporate resolution penalties in parallel and/or joint investigations and proceedings arising from the same misconduct. This policy, which has come to be known as the "Anti-Piling On" Policy, was formally adopted and incorporated into the DOJ's Justice Manual (JM 1-12.100) and was developed with the input and assistance of the Fraud Section.

➔ <https://www.justice.gov/opa/speech/file/1061186/download>



# Evaluation of Corporate Compliance Programs Guidance (ECCP)

The Fraud Section first published the ECCP in 2017 and revised and reissued it with Criminal Division leadership in 2019 and again in 2020. The ECCP sets forth a framework of three topic questions for evaluating corporate compliance programs.

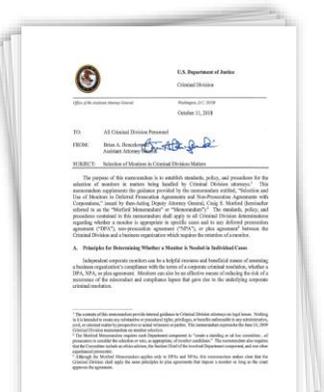
<https://www.justice.gov/criminal-fraud/page/file/937501/download>



# Memorandum on Revisions to Corporate Criminal Enforcement Policies

In September 2022, the Deputy Attorney General issued a Memorandum outlining revisions to the Department's corporate criminal enforcement policies. The revisions address individual accountability for corporate crime, the Criminal Division's evaluation of corporate accountability, and the implementation of monitors in Criminal Division cases.

[Further Revisions to Corporate Criminal Enforcement Policies Following Discussions with Corporate Crime Advisory Group \(justice.gov\)](https://www.justice.gov/opa/speech/file/1100531/download)



# Monitors in Criminal Division Matters

In October 2018, the Assistant Attorney General for the Criminal Division issued a Memorandum on the Selection of Monitors in Criminal Division Matters, which sets forth principles for monitor selection and the Criminal Division's monitor selection process. The Deputy Attorney General's September 2022 Memorandum (discussed above) also addresses the factors the Criminal Division considers in evaluating whether a monitor is appropriate.

<https://www.justice.gov/opa/speech/file/1100531/download>



# Memorandum on Evaluating a Business Organization's Inability to Pay a Criminal Fine or Criminal Monetary Penalty

In October 2019, the Assistant Attorney General for the Criminal Division issued a Memorandum on Evaluating a Business Organization's Inability to Pay a Criminal Fine or Criminal Monetary Penalty.

<https://www.justice.gov/opa/speech/file/1207576/download>

## *Participation in Global Anti-Corruption Bodies*

The United States is a party to several international anti-corruption conventions, including the OECD Anti-Bribery Convention, the United Nations Convention Against Corruption, and the Inter-American Convention Against Corruption. Under these conventions, member countries undertake commitments to adopt a range of preventive and criminal law enforcement measures to combat corruption. The conventions incorporate review processes that permit other parties to monitor the United States' anti-corruption laws and enforcement to ensure that such enforcement and legal frameworks are consistent with the United States' treaty obligations.

The Fraud Section, and the CECP Unit and FCPA Unit in particular, play an integral role in working with the State Department and other U.S. agencies to ensure that the United States is meeting its treaty obligations. Aside from participating in meetings related to foreign bribery and corruption hosted by the OECD, the United Nations, and other intergovernmental bodies and liaising with these bodies throughout the year on anti-corruption matters, the Fraud Section has actively participated in the reviews of other countries pursuant to the anti-bribery conventions. The Fraud Section also has taken a leading role in the OECD Working Group on Bribery's Law Enforcement Officials (LEO) Group meetings, where prosecutors discuss best practices with law enforcement authorities from around the world. The Chief of the CECP Unit is currently the Chair of the LEO Group.

The CECP Unit also collaborates with United Kingdom enforcement authorities. The Fraud Section has detailed a prosecutor to the United Kingdom's Serious Fraud Office (SFO) and Financial Conduct Authority (FCA) to further develop and expand the close collaboration and cooperation between those agencies and the Department; the Fraud Section began this program with a prior detailee to the SFO and FCA from 2017 to 2020. Deployed from and overseen by the CECP Unit, this unique position reflects the Department's commitment to international cooperation in the fight against sophisticated cross-border economic crime. The Fraud Section's detailee participates in FCA and SFO investigations, advises DOJ, FCA, SFO and other UK regulatory and law enforcement personnel on effective interagency coordination, and otherwise serves as a liaison between the Fraud Section and some of its most critical overseas law enforcement and regulatory partners.

---

## *Crime Victim and Witness Assistance and FOIA Requests*

The CECP Unit also oversees the Fraud Section's crime victim and witness assistance program and handles all incoming FOIA requests to the Fraud Section.

# Litigation Unit

The Litigation Unit provides litigation support, training, and assistance during pretrial, trial, and post-trial proceedings for the Fraud Section. The attorneys in the Litigation Unit work with each of the Fraud Section's three traditional litigating units to assist and provide advice in connection with trials, including trial preparation and strategy. The Unit helps supervise the most complex matters in the Fraud Section and will join the trial team for certain matters. In addition, the Litigation Unit also advises the Section Chief and Front Office on matters of Departmental policy and practice.

## Appellate Litigation

The Litigation Unit is responsible for managing the Fraud Section's appellate docket, defending the convictions secured by the Section's litigating units on appeal. In 2022, the appellate attorneys in the Litigation Unit, in coordination with the Appellate Section of the Criminal Division, oversaw over 100 separate criminal appeals pending in eleven separate Courts of Appeals across the country, with 52 new notices of appeals filed. Over the course of the year, Fraud Section prosecutors filed 8 appellate merits briefs and 2 substantive motions to dismiss or affirm and presented oral argument in 5 different appeals.

**2022**



**Total Appeals Pending**

**109**



**New Appeals Filed**

**52**



**Appellate Merits Briefs Filed**

**8**



**Substantive Motions to Dismiss or Affirm**

**2**

## Training

The Litigation Unit coordinates with Fraud Section management to plan and execute training for Section prosecutors, including annual Section-wide training and periodic smaller group training on a range of topics. In addition to Fraud Section training, the Litigation Unit, together with the litigating units, conducts training for other components within the Department.