

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

UNITED STATES OF AMERICA

v.

STEPHEN KASH (01)

§
§
§
§
§

No. 6:22-CR-

JUDGE

UNDER SEAL

INDICTMENT

THE UNITED STATES GRAND JURY CHARGES:

General Allegations

At all times relevant to this Indictment:

The Defendant and Associated Companies and Individuals

1. **Stephen Kash** resided in or around Beaumont, Texas, and Winnie, Texas.
2. Tigerlily LLC was a Texas company. Formed on December 9, 2016, the company is currently active. The Tigerlily Irrevocable Trust was the managing member.
3. The Tigerlily Irrevocable Trust was a Texas trust created on December 28, 2016. **Peter J. Bennett** was the settlor and trustee. **Peter J. Bennett** and Individual 1 were the beneficiaries of the trust.
4. Robert O'Neal resided in or around Beaumont, Texas.
5. Individual 1 resided in or around Lumberton, Texas.
6. Ascend Professional Consulting, Inc. (APC), was a Texas company.

Formed on August 21, 2015, the company is currently inactive. The company began to operate as Ascend Professional Management, Inc. (APM) on October 9, 2015. APM is

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Clerk, U.S. District Court
Texas Eastern

also currently inactive. Individual 1 was a principal of both companies. The companies were operated from Beaumont, Texas, in the Eastern District of Texas.

7. BenefitPro Consulting, LLC (BenefitPro), was a Texas limited liability company. Formed on April 28, 2016, the company is currently inactive. APM was the Managing Member. The company was operated from Beaumont, Texas, in the Eastern District of Texas.

8. Peter J. Bennett resided in or around Houston, Texas.

9. Peter J. Bennett, P.C., was a Texas company. Formed on December 28, 2012, the company is currently active.

10. Tree Pool, LLC (Tree Pool), was a Texas company. Formed on April 4, 2016, the company is currently active. The Water Buffalo Irrevocable Trust was the managing member.

11. The Water Buffalo Irrevocable Trust was a Texas trust created on April 5, 2016. Peter J. Bennett was the settlor and trustee. Peter J. Bennett and Individual 1 were the beneficiaries of the trust.

Financial Institutions

12. JPMorgan Chase Bank, N.A. (JPMorgan) was a “financial institution,” as defined by Title 18, United States Code, Section 1956. It was based in New York, New York, within the Southern District of New York.

13. First Financial Bank, N.A. (First Financial) was a “financial institution,” as defined by Title 18, United States Code, Section 1956. It was based in Abilene, Texas, within the Northern District of Texas.

COUNT 1

Violation: 18 U.S.C. § 1956(h)
(Conspiracy to Commit Money
Laundering)

1. The General Allegations sections of this Indictment are realleged and incorporated by reference as though fully set forth herein.
2. From on or about July 6, 2016, and continuing through on or about October 23, 2018, the exact dates being unknown, in the Eastern District of Texas, and elsewhere, the defendant, **Stephen Kash**, did knowingly and willfully combine, conspire, and agree with Robert O'Neal and others, both known and unknown to the Grand Jury, to commit offenses against the United States in violation of 18 U.S.C. §§ 1956 and 1957, that is:
 - a. to knowingly conduct and attempt to conduct financial transactions affecting interstate commerce and foreign commerce, which transactions involved the proceeds of specified unlawful activity, that is illegal remunerations, a violation of 42 U.S.C. § 1320a-7b(b), and conspiracy to commit illegal remunerations, a violation of 18 U.S.C. § 371, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i); and

- b. to knowingly engage and attempt to engage, in monetary transactions by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, and such property having been derived from a specified unlawful activity, that is, illegal remunerations, a violation of 42 U.S.C. § 1320a-7b(b), and conspiracy to commit illegal remunerations, a violation of 18 U.S.C. § 371, in violation of 18 U.S.C. § 1957.

Manner and Means of the Conspiracy

The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

3. **Stephen Kash** and Robert O’Neal obtained proceeds and property derived from specified unlawful activity, namely a health care kickback conspiracy through which physicians were incentivized to make referrals to critical access hospitals in exchange for kickbacks which were disguised as investment returns; and in which marketers were incentivized to order, arrange for, or recommend the ordering of services from critical access hospitals and affiliated labs in violation of the Anti-Kickback Statute.
4. Peter J. Bennett laundered proceeds and property derived from specified unlawful activity on behalf of **Stephen Kash** and Robert O’Neal.
5. Peter J. Bennett created sham trusts and shell corporations through which he laundered the proceeds and property derived from specified unlawful activity (hereinafter “kickback proceeds”).

6. On or about the following date, Individual 1 wired kickback proceeds from APC (First Financial account ending in 4469) to Tigerlilly Irrevocable Trust (JPMorgan account ending in 1265):

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct</u>
12/29/16	\$191,334.00	First Financial/4469	JPMorgan/1265

7. On or about the following dates, Individual 1 wired kickback proceeds from BenefitPro (First Financial account ending in 7031) to Tigerlilly Irrevocable Trust:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct</u>
12/29/16	\$248,000.00	First Financial/7031	JPMorgan/1265
12/26/17	\$360,439.70	First Financial/7031	JPMorgan/1265

8. On or about the following dates, Individual 1 wired kickback proceeds from APC (First Financial account ending in 4469) to Tree Pool (JPMorgan account ending in 8678):

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct</u>
10/14/16	\$200,000.00	First Financial/4469	JPMorgan/8678
11/7/16	\$200,000.00	First Financial/4469	JPMorgan/8678
11/14/16	\$30,000.00	First Financial/4469	JPMorgan/8678
12/29/16	\$1,008,666.00	First Financial/4469	JPMorgan/8678

9. On or about the following dates, Individual 1 wired kickback proceeds from BenefitPro (First Financial account ending in 7031) to Tree Pool:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct</u>
12/26/17	\$360,439.66	First Financial/7031	JPMorgan/8678
12/29/17	\$62,600.00	First Financial/7031	JPMorgan/8678

10. On or about the following dates, Peter J. Bennett transferred kickback proceeds from Tree Pool to the Water Buffalo Irrevocable Trust (JPMorgan account ending in 2321):

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct</u>
10/21/16	\$200,000.00	JPMorgan/8678	JPMorgan/2321
11/15/16	\$200,000.00	JPMorgan/8678	JPMorgan/2321
12/29/16	\$1,009,666.00	JPMorgan/8678	JPMorgan/2321
1/2/18	\$150,000.00	JPMorgan/8678	JPMorgan/2321

11. Peter J. Bennett transferred kickback proceeds for the benefit of Robert O'Neal, as follows:

- a. From on or about November 22, 2016, and continuing through on or about July 27, 2017, Peter J. Bennett wrote checks and authorized wire transfers totaling \$310,281.38 from the Water Buffalo Irrevocable Trust account to Company 1, a custom home builder in Beaumont, Texas, for renovations on Robert O'Neal's home, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Transaction Type</u>
11/22/16	\$54,549.00	JPMorgan/2321	Wire
1/12/17	\$80,027.17	JPMorgan/2321	Check #1002
2/8/17	\$17,748.77	JPMorgan/2321	Wire
3/9/17	\$81,015.41	JPMorgan/2321	Wire
5/10/17	\$66,035.31	JPMorgan/2321	Wire
7/27/17	\$10,905.72	JPMorgan/2321	Check #1011

- b. On or about May 17, 2017, Peter J. Bennett wrote a check to himself from the Water Buffalo Irrevocable Trust account, deposited the check into his Peter J. Bennett, P.C. account (JPMorgan account ending in 3670), and then wrote a check in the same amount payable to Company 1 from his PC account, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct or Destination</u>
5/17/17	\$3,893.00	JPMorgan/2321	JPMorgan/3670
5/17/17	\$3,893.00	JPMorgan/3670	Check #5788

- c. On or about February 8, 2017, Peter J. Bennett withdrew funds from the Water Buffalo Irrevocable Trust account to purchase a cashier's check from JPMorgan payable to Company 2, a luxury automobile dealership in Houston, Texas, for the purchase of a 2014 Mercedes E350 titled in the name of Robert O'Neal, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct or Destination</u>
2/8/17	\$32,027.28	JPMorgan/2321	JPMorgan CC#9534508392
2/8/17	\$32,027.28	JPMorgan CC#9534508392	Company 2

- d. On or about December 6, 2017, Peter J. Bennett transferred kickback proceeds from the Water Buffalo Irrevocable Trust account and from the Tigerlilly Irrevocable Trust account through other financial accounts, including his personal bank account (JPMorgan account ending in 5563) and his Peter J. Bennett, P.C. account, to Company 3, a company based in The Woodlands, Texas, in order to pay a settlement for the benefit of Robert O'Neal, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct or Destination</u>
12/6/17	\$55,000.00	JPMorgan/2321	JPMorgan/5563
12/6/17	\$120,000.00	JPMorgan/1265	JPMorgan/5563
12/6/17	\$150,000.00	JPMorgan/5563	JPMorgan/3670
12/6/17	\$150,000.00	JPMorgan/3670	Wire to Company 3

- e. On or about May 8, 2018, Peter J. Bennett transferred kickback proceeds from the Water Buffalo Trust account and from the Tigerlilly Irrevocable Trust account through other financial accounts, including his personal bank account and his Peter J. Bennett, P.C. IOLTA trust account (JPMorgan account ending in 4037), to Company 3, in order to pay a settlement for the benefit of Robert O'Neal, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Depositing Bank/Acct or Destination</u>
5/8/18	\$50,000.00	JPMorgan/2321	JPMorgan/5563
5/8/18	\$100,000.00	JPMorgan/1265	JPMorgan/5563
5/8/18	\$150,000.00	JPMorgan/5563	JPMorgan/4037
5/8/18	\$150,000.00	JPMorgan/4037	Wire to Company 3

12. Peter J. Bennett transferred kickback proceeds for the benefit of **Stephen**

Kash, as follows:

- a. On or about December 30, 2016, and on or about December 29, 2017, Peter J. Bennett wrote checks totaling \$130,000.00 from the Tigerlilly Irrevocable Trust account to Entity 1, a church in Beaumont, Texas, as follows:

<u>Date</u>	<u>Amount</u>	<u>Originating Bank/Acct</u>	<u>Transaction Type</u>
12/30/16	\$66,000.00	JPMorgan/1265	Check #9991
12/29/17	\$64,000.00	JPMorgan/1265	Check #104

- b. On or about April 30, 2018, Peter J. Bennett withdrew \$99,064.02 from the Tigerlilly Irrevocable Trust account in order to purchase a cashier's check payable to Company 4 for the purchase of 525 5th Street, Winnie, Texas 77665.

All in violation of 18 U.S.C. § 1956(h).

NOTICE OF INTENT TO SEEK CRIMINAL FORFEITURE

Pursuant to 18 U.S.C. § 982(a)(1)

1. The allegations contained in Count 1 this Indictment are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture to the United States of America of certain property in which the defendant has an interest.

2. Upon conviction of any violation of 18 U.S.C. §§ 1956 or 1957, the defendant, **Stephen Kash**, shall forfeit to the United States any property, real or personal, involved in such offense, or any property traceable to such property, pursuant to 18 U.S.C. § 982(a)(1).

3. The property which is subject to forfeiture, includes but is not limited to the following:

A sum of money equal to \$779,773.70 in United States currency, representing the amount of property involved in the offense alleged in the indictment, for which the defendant is personally liable.

4. Pursuant to 21 U.S.C. § 853(p), as incorporated by reference by 18 U.S.C. § 982(b), if any of the forfeitable property, or any portion thereof, as a result of any act or omission of the defendant:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred, or sold to, or deposited with a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States to seek the forfeiture of other property of the defendant up to the value of the above-described forfeitable properties, including, but not limited to, any identifiable property in the name of the defendant, **Stephen Kash**.

5. By virtue of the commission of the offenses alleged in this indictment, any and all interest the defendant has in the above-described property is vested in the United States and hereby forfeited to the United States pursuant to 18 U.S.C. § 982(a)(1).

All pursuant to 18 U.S.C. § 982(a)(1) and the procedures set forth at 21 U.S.C. § 853, as made applicable through 18 U.S.C. § 982(b)(1).

A TRUE BILL

7/13/22
Date


GRAND JURY FOREPERSON

BRIT FEATHERSTON
UNITED STATES ATTORNEY


NATHANIEL C. KUMMERFELD
ASSISTANT UNITED STATES ATTORNEY

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NOTICE OF PENALTY

COUNT 1

VIOLATION: 18 U.S.C. § 1956(h)
Conspiracy to Commit Money Laundering

PENALTY: Imprisonment of not more than twenty (20) years; the greater of a fine not to exceed \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer, whichever is greater, or both such imprisonment and fine; and a term of supervised release of not more than three (3) years.

SPECIAL ASSESSMENT: \$100.00