



Department of Justice

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BUSINESSMAN PLEADS GUILTY TO NATIONWIDE FRAUD SCHEME

McLain Admits Targeting Christian Audiences Using Religion-Based Pitch

Atlanta, GA - JEFFREY W. McLAIN, 52, of Marietta, Georgia, pleaded guilty today in federal district court to a charge of wire fraud in connection with a nationwide scheme selling fraudulent business opportunities. He was indicted on the charge in January 2009.

United States Attorney David E. Nahmias said, "This defendant advertised on Christian radio and used religious themes to sell a so-called 'guaranteed' business opportunity. He told victims his so-called system would make them rich, and that it was not only legitimate but had a tone of religious approval. This defendant's only true mission was making money by ripping off his customers. For that he will soon be facing federal prison."

Martin D. Phanco, Inspector in Charge, Atlanta Division, United States Postal Inspection Service, said, "For years, the U.S. Postal Inspection Service has cautiously warned consumers about get-rich quick schemes. Because of defendants like this, people are still being victimized; therefore, our consumer outreach efforts to educate the American public must continue. This case is a prime example of the reason Postal Inspectors are dedicated to investigating individuals who use the U.S. Mail to defraud innocent victims."

According to United States Attorney Nahmias and information presented in court: From June 2005 through July 2006, McLAIN operated "Prophet 3H, LLC," "Prophet 3H, Inc.," "Georgia Home Health Care License and Certification Institute, Inc." (GHLCI), and "Healthcare State License and Certification Institute, Inc." (HLCI) (collectively "HLCI"), all located at 1395 Marietta Parkway, Suites 115 and 105, in Marietta, Georgia. McLAIN advertised the businesses to potential customers, claiming they would become millionaires in one year or less by accessing "guaranteed" Medicaid clients.

McLAIN's advertisements invited prospective customers to learn about his "guaranteed" money-making system at conferences he organized at major hotels and convention centers nationwide. The conferences were typically promoted through advertisements on Christian radio stations with a large minority audience. Home Healthcare charged up to \$85 for attendance, and up to \$2,400 for the kit that would supposedly enable

anyone to implement the system. At the conferences, McLAIN delivered an approximately three-hour motivational speech with religious overtones including comments such as “praise the Lord” and “the Lord taught me business strategy models...and within a year or two years, they became multi-million dollar businesses.”

Today McLAIN admitted that victims were lured by fraudulent claims. In one instance, a radio advertisement in Nashville, Tennessee, featured a testimonial in which the speaker said, “I never would have believed that I could make over \$40,000 a month in my healthcare agency,” and “The most rewarding thing about going into healthcare isn't just the \$1.3 million we billed for last year, but serving those who are less fortunate.” McLAIN also claimed that “a \$2,400 investment would turn into 15 million dollars, in just five years,” and that participants who agreed to pay his fee would learn how to “[r]etire in 2 to 5 years with an income of \$45,000 plus, a month.”

These and other claims were false, because the so-called “opportunity” that McLAIN ultimately presented after receiving his customers' fees was bogus. The “opportunity” began with the suggestion that a customer incorporate two corporations: a healthcare company such as a home healthcare services provider for which the participant would seek Medicaid licensing approval, and a separate non-profit charitable organization. The purpose of the non-profit was to lure Medicaid beneficiaries to divulge their personal identification information, by offering small “donations” in exchange for this information. McLAIN then suggested that the customer would profit either by selling this Medicaid information to McLAIN's “network,” or by using it to solicit the beneficiary to receive services from the customer's for-profit health care company.

McLAIN admitted that he purposely omitted material facts, including the key fact that this “opportunity” was in fact illegal in the use of non-profit corporations and the conduct of healthcare agencies. Because of McLAIN's fraudulent representations and omissions, the purchasers who made substantial investments to pursue this purported legitimate business opportunity could neither establish a business, nor realize the wealth as promised by McLAIN. There were more than 15 victims, and the total loss amount was approximately \$200,000.

McLAIN faces a maximum sentence of 20 years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing is scheduled for October 6, 2009, at 9:30 a.m., before United States District Judge Richard W. Story.

This case is being investigated by Postal Inspectors with the United States Postal Inspection Service.

Assistant United States Attorneys Bernita Malloy and Jamila Hall are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.