



Department of Justice

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Northern District of Georgia

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BUSINESSMAN PLEADS GUILTY TO NATIONWIDE FRAUD SCHEME

McLain Sentenced to Three Years in Prison for Targeting Christian Audiences Using Religion-based Pitch

ATLANTA, GA - JEFFREY W. McLAIN, 52, of Alpharetta, Georgia, was sentenced today by United States District Judge Richard W. Story to serve three years in federal prison on a charge of wire fraud in connection with a nationwide scheme selling fraudulent business opportunities.

Acting United States Attorney Sally Quillian Yates said, "This defendant utilized a religious gambit to secure the interest and trust of his victims. McLain told victims that the Lord blessed him with the gift of teaching others how to achieve significant wealth. He marketed his so-called 'guaranteed' business opportunity as the means to make his victims rich. This defendant's only true mission was making money by ripping off his customers. For that he will spend the next three years in federal prison."

Martin D. Phanco, U.S. Postal Inspector in Charge of the Atlanta Division said, "The U.S. Postal Inspection Service is very pleased with today's sentencing of this defendant. The defendant preyed upon the vulnerability of his victims using religion. One of his biggest mistakes was using the U.S. Mail. Postal Inspectors have protected the U.S. mail for over 240 years. We will continue to protect the U.S. mail as long as there are people like the defendant on the prowl."

McLAIN was sentenced to three years in prison to be followed by three years of supervised release. McLAIN pleaded guilty to the charge on August 10, 2009.

According to Acting United States Attorney Yates, the charges and other 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." (GHLICI), and "Healthcare State License and Certification Institute, Inc." (HLICI) (collectively "HLICI"), 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. HLCI 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.”

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 nonprofit 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.

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

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

For further information please contact Sally Q. Yates, Acting 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.