

Fraud Section Year In Review | 2021

Foreword

I am honored to present the Fraud Section's Year in Review for 2021. Over the past year, the Fraud Section has continued its role as a national leader in white-collar criminal enforcement. In this document, you will read about the accomplishments of Fraud Section prosecutors and support staff, in partnership with our law enforcement and regulatory colleagues in the United States and overseas.

In 2021, the Fraud Section continued to investigate and prosecute important and impactful cases. Despite the ongoing challenges caused by the pandemic, 42 Fraud Section prosecutors tried 23 cases in 18 federal districts and secured convictions of 30 individuals at trial. In sum, in 2021 we charged and convicted over 300 individuals and entered into 8 corporate resolutions. Our MIMF Unit convicted a record number of individual defendants, and our FCPA Unit continued to enter into significant coordinated corporate resolutions with our foreign and domestic partners. The HCF Unit's 15 trials in 2021 included the first case to go to trial from the 2019 Telemedicine and Durable Medical Equipment Enforcement Action and a seven-week trial that resulted in convictions on charges relating to addiction treatment fraud and Paycheck Protection Program loan fraud.

We also continued to grow and promote the talent within the Fraud Section. In 2021, we hired 34 new attorneys and 3 staff. We promoted 17 attorneys to Assistant Chief positions, 4 attorneys to Principal Assistant Chief positions, 2 attorneys to Principal Deputy Chief positions, and 5 attorneys to Deputy Chief positions.¹

I am extremely grateful to the women and men of the Fraud Section for their outstanding work and unwavering dedication 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 2021.

Joseph Beemsterboer

Acting Chief
Fraud Section

February 2022

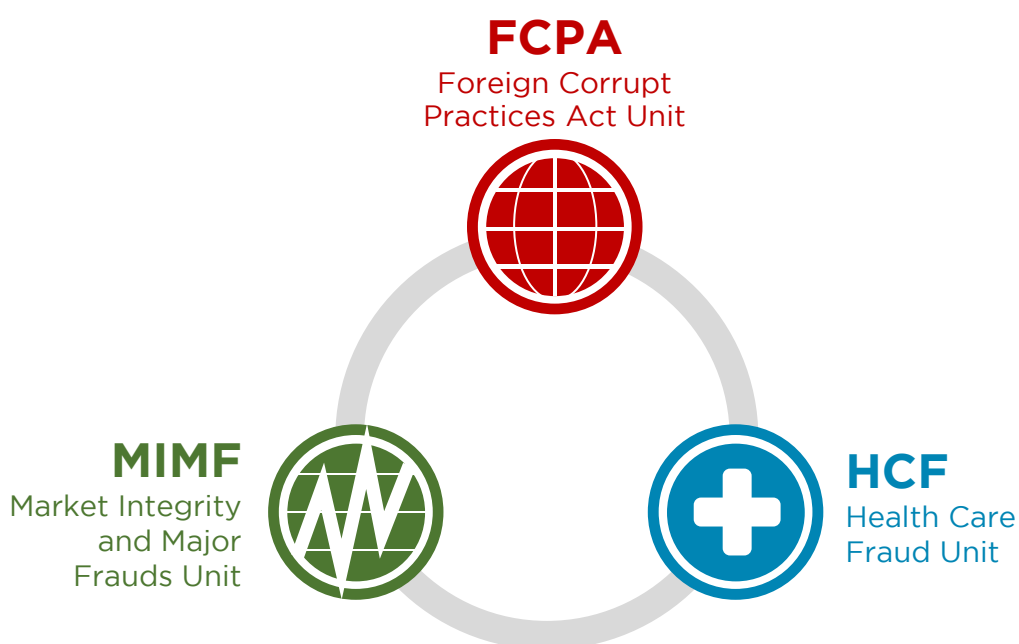
¹ Numbers include attorneys in acting roles.



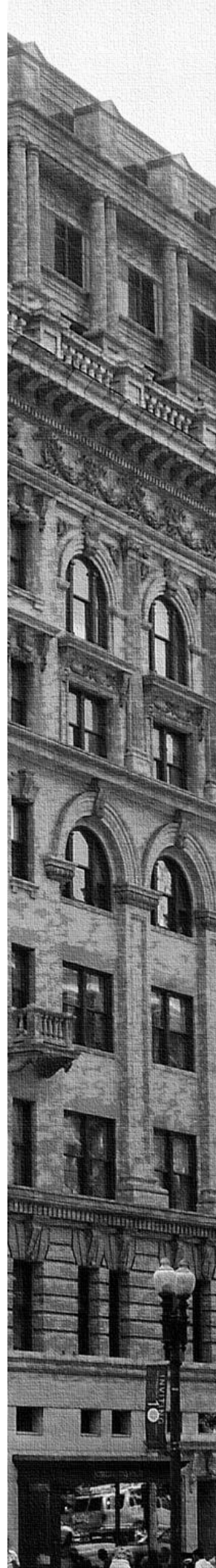
The Fraud Section

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 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 2021, the HCF Unit operated 15 Health Care Fraud and Prescription Opioid Strike Forces in 24 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)² 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** was significantly expanded in 2021 to provide litigation support, training, and assistance during pretrial, trial, and post-trial proceedings for the Fraud Section. The Litigation Unit helps supervise the most complex matters in the Fraud Section and will join the trial team for certain matters. The Unit is also responsible for managing the Fraud Section's appellate docket, defending the convictions secured by the Section's litigating units on appeal.

² The previous Strategy, Policy, and Training (SPT) Unit was renamed as the CECP Unit in November 2021 in order to describe the mandate and focus of the Unit more precisely.

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.

Summary of 2021 Fraud Section Individual Prosecutions³



333 Individuals CHARGED

FCPA



26⁴

HCF



202⁵

\$1.76 billion in
alleged fraud loss

MIMF



105⁵



329 Individuals CONVICTED by Guilty Plea and at Trial

FCPA



19⁴

HCF



205⁵

MIMF



105⁵



30 Trial CONVICTIONS

FCPA



0

HCF



13⁵

MIMF



17⁵

In 2021, the Fraud Section tried 23 cases to verdict in 18 federal districts resulting in 30 convictions. These cases were tried by 42 Fraud Section attorneys.

³ 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.

⁴ Includes charges brought and pleas entered under seal in 2019 and 2020 that were unsealed in 2021.

⁵ Includes individuals charged and convicted in cases brought by both HCF and MIMF.

Summary of 2021 Fraud Section Corporate Resolutions⁶



8⁷ CORPORATE RESOLUTIONS

FCPA



3⁷

MIMF



6⁷

Involving the Imposition of⁸:

Total Global Monetary Amounts of more than

\$3.3 billion

Total U.S. Monetary Amounts of more than

\$3.1 billion

Total U.S. Criminal Monetary Amounts of more than

\$2.9 billion

FCPA



\$649 million

\$422.8 million

\$262.3 million

MIMF



\$2.82 billion

\$2.82 billion

\$2.73 billion

⁶ The summary statistics in this document provide approximate dollar amounts for all referenced corporate resolutions that were announced in calendar year 2021. Documents related to all Fraud Section corporate resolutions are available on our website at: <https://www.justice.gov/criminal-fraud>.

⁷ Includes a joint corporate resolution between MIMF and FCPA.

⁸ 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

2021

(FCPA) (MIMF) Deutsche Bank Aktiengesellschaft | 1.8.2021

- DPA – (E.D.N.Y.)
- Total Global Monetary Amounts: **\$130,421,046**
- Total U.S. Monetary Amounts: **\$130,421,046**
- U.S. Criminal Monetary Amounts: **\$79,561,206**

(FCPA) Amec Foster Wheeler Energy Limited | 6.25.2021

- DPA – (E.D.N.Y.)
- Total Global Monetary Amounts: **\$43,400,721.34**
- Total U.S. Monetary Amounts: **\$17,783,561.80**
- U.S. Criminal Monetary Amounts: **\$7,656,250**

(FCPA) Credit Suisse | 10.19.2021

- DPA – (E.D.N.Y.)
- Total Global Monetary Amounts: **\$475,200,000**
- Total U.S. Monetary Amounts: **\$274,600,000**
- U.S. Criminal Monetary Amounts: **\$175,068,000**

1.7.2021 | The Boeing Company (MIMF)

- DPA – (N.D. Tex.)
- Total Global Monetary Amounts: **\$2,513,600,000**
- Total U.S. Monetary Amounts: **\$2,513,600,000**
- U.S. Criminal Monetary Amounts: **\$2,513,600,000**

2.10.2021 | United Airlines (MIMF)

- NPA – (N.D. Ill.)
- Total Global Monetary Amounts: **\$49,458,102**
- Total U.S. Monetary Amounts: **\$49,458,102**
- U.S. Criminal Monetary Amounts: **\$17,271,415**

7.7.2021 | Avanos Medical Inc. (MIMF)

- DPA (N.D. Tex.)
- Total Global Monetary Amounts: **\$22,228,000**
- Total U.S. Monetary Amounts: **\$22,228,000**
- U.S. Criminal Monetary Amounts: **\$22,228,000**

12.21.2021 | NatWest Markets Plc (MIMF)

- Plea – (D. Conn.)
- Total Global Monetary Amounts: **\$34,803,335**
- Total U.S. Monetary Amounts: **\$34,803,335**
- U.S. Criminal Monetary Amounts: **\$34,803,335**

12.22.2021 | Balfour Beatty Communities (“BBC”) (MIMF)

- Plea – (D.D.C.)
- Total Global Monetary Amounts: **\$65,532,209**
- Total U.S. Monetary Amounts: **\$65,532,209**
- U.S. Criminal Monetary Amounts: **\$65,532,209**

2021 Fraud Section Senior Management



Joseph Beemsterboer, Fraud Section Acting Chief

Joseph Beemsterboer joined the Fraud Section in 2010. Beemsterboer became the Fraud Section Acting Chief in June 2021. Previously, Beemsterboer served as the Principal Deputy Chief of the Fraud Section beginning September 2020, and the Senior Deputy Chief beginning July 2019. Beemsterboer was the Chief of the HCF Unit from July 2016 until July 2019 and was an Assistant Chief in the HCF Unit from 2013 to 2016. Beemsterboer previously worked in private practice at a law firm in Washington, D.C.

Lorinda Laryea, Fraud Section Acting Co-Principal Deputy Chief

Lorinda Laryea joined the Fraud Section in 2014. She became the Acting Co-Principal Deputy Chief in October 2021. 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 District Court for the District of Columbia.

Brent Wible, Fraud Section Acting Co-Principal Deputy Chief

Brent Wible became the Acting Co-Principal Deputy Chief of the Fraud Section in October 2021, after serving as the Acting Senior Deputy Chief of the Fraud Section since June 2021, and prior to that as an Assistant Chief in the FCPA Unit since May 2020. Wible previously served in the Fraud Section as an Assistant Chief in the Securities and Financial Fraud Unit (now the MIMF Unit) from 2014-2015. Before joining the Fraud Section, from 2006-2014, Wible served as an Assistant U.S. Attorney in the Southern District of New York, including as Deputy Chief of Appeals for their Criminal Division. Wible also previously served in the White House Counsel's office, worked in private practice, and clerked for judges on the Second Circuit Court of Appeals and the U.S. District Court for the Eastern District of New York.

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.

Allan Medina, HCF Unit Chief

Allan Medina joined the Fraud Section in 2012. Medina became the Chief of the HCF Unit in 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, Florida.

Avi Perry, MIMF Unit Acting Chief

Avi Perry joined the Fraud Section in 2018. Perry became Acting Chief of the MIMF Unit in October 2021, following the promotion of MIMF Unit Chief Lisa Miller to Deputy Assistant Attorney General. 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, and clerked for judges on the First Circuit Court of Appeals and the U.S. District Court for the District of Massachusetts.

Andrew Gentin, CECP Unit Acting Chief

Andrew Gentin joined the Fraud Section in 2007. Gentin became the Acting Chief of the CECP Unit in 2021, after serving as an Assistant Chief in the Unit for two years. Gentin was previously a Senior Litigation Counsel in the FCPA Unit. Prior to joining the Fraud Section, Gentin worked in private practice and clerked for a judge on the District of Columbia Court of Appeals.

Jerrob Duffy, Litigation Unit Chief

Jerrob Duffy re-joined the Fraud Section in 2020, after previously serving in the Fraud Section from 2006 to 2011. 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 Acting Chief

John Kosmidis joined the Fraud Section in 2019 as a Trial Attorney. In 2020, he became Assistant Chief of the SMU and was appointed Acting Chief in 2021. Prior to joining the Fraud Section, John was in private practice in New York 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.



Foreign Corrupt Practices Act Unit



The FCPA Unit's 39 prosecutors investigate and prosecute cases under the FCPA and related statutes. Given the global nature of our economy, corruption abroad poses a serious threat to American citizens and companies that are trying to compete in a fair and transparent marketplace. Transnational corruption also empowers corrupt regimes and leads to destabilization of foreign governments, which can result in significant threats to America's national security. Our prosecutors cooperate with international law enforcement partners to investigate and prosecute foreign bribery offenses committed by both U.S. and foreign individuals and companies and have achieved significant coordinated corporate resolutions with foreign law enforcement partners over the past several years. Our prosecutors train foreign law enforcement authorities to help them more effectively combat transnational corruption. The FCPA Unit also plays an integral role in working with other U.S. agencies to ensure that the United States is meeting its anti-corruption treaty obligations, including under the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention. In 2021, FCPA and CECP Unit attorneys actively participated in the meetings of numerous anti-corruption global bodies, including the OECD, United Nations Convention against Corruption (UNCAC), and Asia-Pacific Economic Cooperation network (APEC), and played an active role in drafting the 2021 OECD Anti-Bribery Recommendation. In December 2021, the Biden-Harris Administration released the United States Strategy on Countering Corruption, which reflects the U.S. government's continued commitment to the fight against corruption.

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

FCPA Unit Statistics 2021

INDIVIDUAL
PROSECUTIONS


26⁹ INDIVIDUALS
CHARGED


19⁹ INDIVIDUALS
CONVICTED

CORPORATE
RESOLUTIONS

3 CORPORATE RESOLUTIONS Involving the Imposition of:



Total Global Monetary Amount: **\$649 Million**

Total U.S. Monetary Amount: **\$422.8 Million**

U.S. Criminal Penalties (Realized): **\$262.6 Million**

⁹ Includes charges brought and pleas entered under seal in 2019 and 2020 that were unsealed in 2021.

Foreign Corrupt Practices Act Unit

Significant Corporate Resolutions

Deutsche Bank (E.D.N.Y.)

In January 2021, Deutsche Bank A.G., a multinational financial services company headquartered in Frankfurt, Germany, entered into a DPA and agreed to pay a criminal penalty of more than \$85 million to resolve charges related to FCPA violations and a separate investigation by the MIMF Unit into a commodities fraud scheme. The charges arose out of a scheme to conceal corrupt payments and bribes by falsely recording them in Deutsche Bank's books and records, as well as related internal accounting control violations, and a separate scheme to engage in fraudulent and manipulative commodities trading practices involving publicly-traded precious metals futures contracts. As part of the FCPA matter, Deutsche Bank admitted that, between 2009 and 2016, it conspired to maintain false books, records, and accounts to conceal, among other things, payments to a business development consultant (BDC) who was acting as a proxy for a foreign official and payments to a second BDC that were actually bribes for the benefit of a decisionmaker for a client in order to obtain lucrative business for the bank. By agreeing to misrepresent the purpose and nature of payments to BDCs, Deutsche Bank employees conspired to falsify Deutsche Bank's books, records, and accounts, in violation of the FCPA. Additionally, Deutsche Bank employees conspired to fail to implement internal accounting controls in violation of the FCPA by, among other things, failing to conduct meaningful due diligence regarding BDCs, making payments to certain BDCs who did not have a contract with Deutsche Bank at the time, and making payments to certain BDCs without invoices or adequate documentation.

As part of the coordinated resolution, Deutsche Bank also agreed to pay \$43 million in disgorgement and prejudgment interest to the SEC. The Company also agreed to pay \$681,480 in criminal disgorgement and \$1.2 million in victim compensation payments in connection with the commodities fraud scheme.

Amec Foster Wheeler Energy Limited (E.D.N.Y.)

In June 2021, Amec Foster Wheeler Energy Limited ("Amec"), a subsidiary of John Wood Group Plc, a United Kingdom-based global engineering company, entered into a DPA and agreed to pay a criminal penalty of more than \$18 million to resolve criminal charges stemming from a scheme to pay bribes to officials in Brazil in exchange for an

approximately \$190 million contract to design a gas-to-chemicals complex. As part of the resolution, Amec admitted that, between 2011 and 2014, it conspired with others, including an Italian sales agent affiliated with a Monaco-based intermediary company, to pay bribes to Brazilian officials in order to win the contract. Amec, through certain of its employees and agents, took acts in furtherance of the scheme while located in New York and Texas, and earned at least \$12.9 million in profits from the corruptly obtained business. The resolution was coordinated with authorities in Brazil and the United Kingdom.

As part of the resolution, the Department agreed to credit up to 25% of the criminal penalty owed to the United States to payments Amec makes pursuant to its resolution with the United Kingdom's Serious Fraud Office and up to 33% of the criminal penalty owed to the United States to payments Amec makes pursuant to the resolution with Brazilian authorities. In a related civil matter with the SEC, a subsidiary of John Wood Group Plc agreed to pay the SEC disgorgement and prejudgment interest totaling approximately \$22.7 million relating to the conduct in Brazil.

Credit Suisse (E.D.N.Y.)

Credit Suisse Group AG, a Switzerland-based global financial institution, and its U.K.-based subsidiary, Credit Suisse Securities (Europe) Ltd. (together, "Credit Suisse"), admitted to conspiring to commit wire fraud in connection with an \$850 million loan for a state-sponsored tuna fishing project in Mozambique. The parent company, Credit Suisse Group AG, entered into a three-year DPA, and the U.K. subsidiary pleaded guilty in the Eastern District of New York. The conspiracy involved misrepresentations to investors and potential investors concerning the use of loan proceeds, a portion of which were misappropriated by the conspirators, including to pay large kickbacks to three then-Credit Suisse bankers at the U.K. subsidiary, who separately each pleaded guilty to their involvement in the scheme. Moreover, Credit Suisse ignored red flags relating to a significant risk of bribery involving a key third-party contractor that supplied boats and equipment for the project during the due diligence process. Over the course of the loan, Credit Suisse learned of additional concerns about the misappropriation of funds but did not disclose this information to investors. When the fraud was ultimately revealed in 2016, investors suffered losses as a result of the drop in the price of the security. The resolution was coordinated with the SEC and the U.K.'s Financial Conduct Authority (FCA). Switzerland's Financial Market Supervisory Authority (FINMA) also brought an enforcement action.

In total, Credit Suisse paid approximately \$475 million in penalties, fines, and disgorgement. The U.S. criminal penalty was \$247.6 million, of which the Department credited \$47 million to Credit Suisse's payment to the SEC and \$24.7 million to Credit Suisse's payment to the FCA. The resolution also included enhanced reporting requirements for Credit Suisse, aimed at improving compliance and controls functions within the bank.

In related cases, in the Eastern District of New York, three former Credit Suisse bankers were separately charged. Andrew Pearse, a former managing director of Credit Suisse Securities (Europe) Limited (CSSEL), pleaded guilty to conspiracy to commit wire fraud. Surjan Singh, a former managing director of CSSEL, and Detelina Subeva, a former vice president of CSSEL, pleaded guilty to conspiracy to commit money laundering.

Foreign Corrupt Practices Act Unit

Significant Individual Indictments and Guilty Pleas

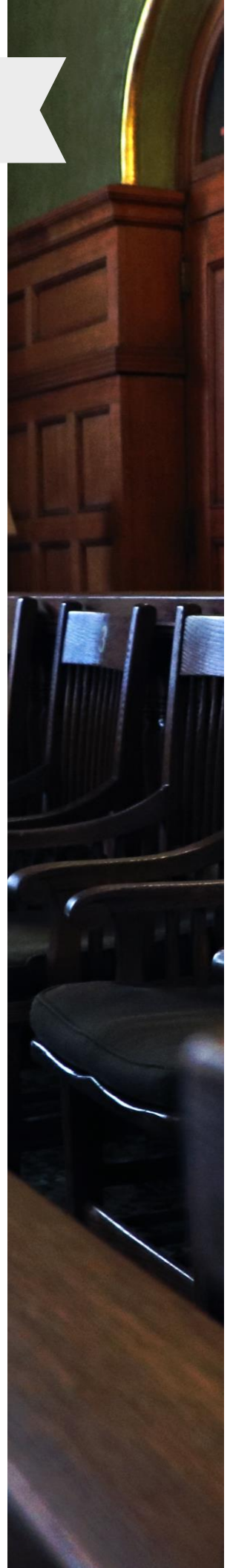
United States v. Jose Carlos Grubisich (E.D.N.Y.)

In April 2021, Jose Carlos Grubisich, the former Chief Executive Officer of Braskem S.A., a publicly traded Brazilian petrochemical company, pleaded guilty to conspiring to divert hundreds of millions of dollars from Braskem into a secret slush fund and to pay bribes to government officials, political parties, and others in Brazil to obtain and retain business. Grubisich admitted that, while CEO of Braskem, he agreed to pay bribes to Brazilian government officials to ensure Braskem's retention of a contract for a significant petrochemical project from Petroleo Brasileiro S.A. (Petrobras), Brazil's state-owned and state-controlled oil company. As part of the scheme, Grubisich and his co-conspirators also diverted approximately \$250 million from Braskem into a secret slush fund, which Grubisich and others had generated through fraudulent contracts and offshore shell companies secretly controlled by Braskem. Grubisich also admitted that, as Braskem's CEO, he falsified Braskem's books and records by falsely recording the payments to Braskem's offshore shell companies as payments for legitimate services. Grubisich also signed false Sarbanes-Oxley certifications submitted to the U.S. Securities and Exchange Commission.

Grubisich was subsequently sentenced to 20 months in prison.

United States v. Sergio Rodrigo Mendez Mendizabal, et al. (S.D. Fla.)

In September 2021, Sergio Rodrigo Mendez Mendizabal, Luis Berkman, Bryan Berkman, and Philip Lichtenfeld pleaded guilty in connection with a bribery and money laundering scheme involving bribes paid to the former Minister of Government of Bolivia, Arturo Murillo Prijić. Berkman, the owner of a Florida-based tactical equipment company, and his father won a \$5.65 million contract from the Bolivian Ministry of Defense to serve as an intermediary for the purchase of tear gas and other non-lethal riot gear equipment. In exchange for the contract, Berkman and Lichtenfeld, an associate, paid approximately \$1 million in bribes to Bolivian government officials, including Murillo and Murillo's Chief of Staff, Mendez, using bank accounts in Florida. In December 2021, a federal grand jury in the Southern District of Florida returned an eight-count indictment charging Murillo with conspiracy to commit money laundering and money laundering.



United States v. Ricardo Martinelli Linares and Luis Martinelli Linares (E.D.N.Y.)

In December 2021, Ricardo Martinelli Linares and Luis Martinelli Linares each pleaded guilty to laundering \$28 million in a massive bribery and money laundering scheme involving Odebrecht S.A., a Brazil-based global construction conglomerate. Both defendants admitted to conspiring to establish offshore bank accounts in the names of shell companies to receive and disguise bribe proceeds from Odebrecht for the benefit of their close relative, a high-ranking public official in Panama, and to using funds wired into, and out of, the United States.

Both defendants were extradited to the United States from Guatemala, following their arrest in July 2020.

United States v. Jose Luis De Jongh Atencio (S.D. Tex.)

In March 2021, Jose Luis De Jongh Atencio, a former official at Citgo Petroleum Corporation, a Houston-based subsidiary of Venezuela's state-owned and state-controlled energy company Petróleos de Venezuela S.A. (PDVSA), pleaded guilty in connection with his role in laundering millions of dollars in bribes and corruptly providing business advantages to multiple individuals who obtained contracts with Citgo and PDVSA. De Jongh, a former procurement officer and manager in Citgo's Special Projects Group, accepted more than \$7 million in bribe payments from businessmen including Jose Manuel Gonzalez Testino, a dual U.S.-Venezuelan citizen, Tulio Anibal Farias Perez, a Venezuelan national and Houston resident, and others in exchange for assisting the businessmen and related companies in procuring contracts with Citgo, and providing them with other business advantages.

Both Gonzalez and Farias previously pleaded guilty.

United States v. Alvaro Pulido Vargas, et al. (S.D. Fla.)

In October 2021, Alvaro Pulido Vargas, Jose Gregorio Vielma-Mora, Emmanuel Enrique Rubio Gonzalez, Carlos Rolando Lizcano Manrique, and Ana Guillermo Luis were charged in an indictment for their alleged roles in laundering the proceeds of a bribery scheme to obtain and retain inflated contracts through the Comité Local de Abastecimiento y Producción (CLAP), a Venezuelan state-owned and state-controlled food and medicine distribution program for the people of Venezuela. According to the indictment, Pulido, Vielma-Mora, Rubio, Lizcano, Guillermo and others obtained contracts with Venezuelan governmental entities to import and distribute boxes of food and medicine in Venezuela through CLAP by paying bribes to Venezuelan government officials, including Vielma-Mora.

Health Care Fraud Unit



The HCF Unit's 76 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, with its recognized and successful Strike Force Model for effectively and efficiently prosecuting health care fraud and illegal prescription opioid cases across the United States, was ideally positioned to meet the challenges presented by the COVID-19 pandemic and the health care fraud schemes that emerged in its wake. During 2021, despite the challenges presented by COVID-19, HCF Unit prosecutors, currently operating in 15 Health Care Fraud and Appalachian Regional Prescription Opioid (ARPO) Strike Forces across 24 judicial districts, conducted fifteen trials and convicted more than 200 individuals and entities involved in health care fraud and opioid related offenses. The Strike Force Model 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 U.S. Attorneys' Offices and state and local law enforcement partners. In 2021, the HCF Unit again led a National Health Care Fraud Enforcement action, and targeted fraud schemes involving COVID-19, addiction treatment, telemedicine, and the unlawful prescribing and dispensing of opioids, among others.

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

HCF Unit Statistics 2021



202 Individuals
CHARGED

54 Medical professionals
CHARGED

24 for illegal opioid
prescriptions

\$1.75 billion in
alleged **LOSS**

**MORE
THAN**

50 million prescribed
OPIOID DOSES involved



205 Individuals
CONVICTED

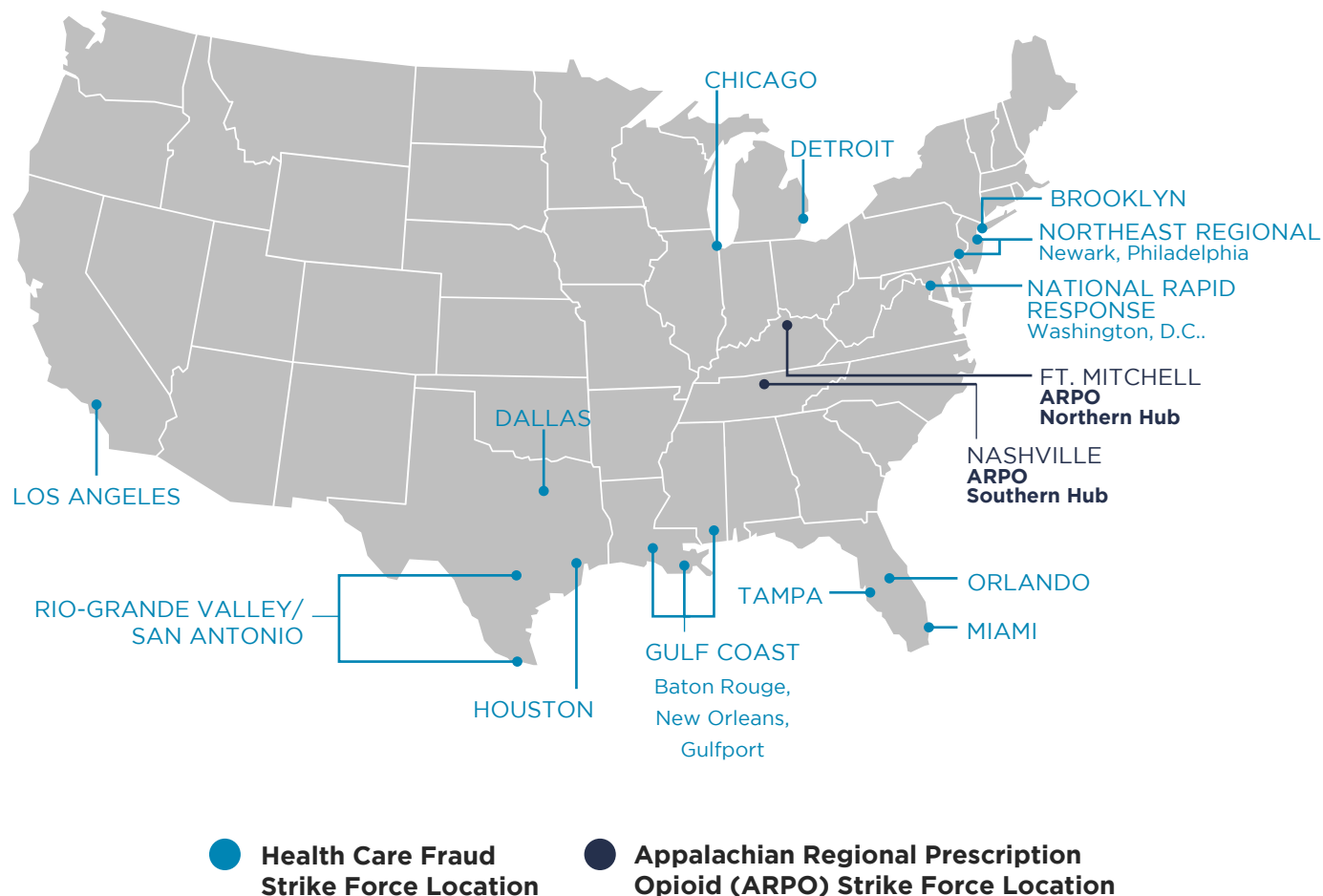
15 **TRIALS**

192 Individuals
PLEADED GUILTY

13 Individuals
CONVICTED AT TRIAL



Health Care Fraud and Appalachian Regional Prescription Opioid (ARPO) Strike Force Map



HCF Unit Statistics | 2018 - 2021

\$11.44 bn
in Alleged LOSS
between 2018 and 2021

1,022
Individuals CHARGED
between 2018 and 2021

Health Care Fraud Unit

DATA ANALYTICS TEAM

In 2018, the HCF Unit formed its own in-house Data Analytics Team, building upon the HCF Unit's history of successful use of data in its prosecutions. The Data Analytics Team, embedded within the HCF Unit, supports the Unit and its U.S. Attorneys' Office (USAO) 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, as well as the public fisc. The Data Analytics Team, currently staffed with 7 analysts, uses advanced techniques to identify aberrant billing levels in health care fraud and illegal opioid distribution "hot spots"—cities with high levels of fraud—combined with traditional investigative techniques to target suspicious billing patterns, emerging schemes, and fraudulent practices that migrate from one community to another. Based on its analyses, the Data Analytics Team makes appropriate referrals to the HCF Unit Strike Forces or its USAO partners. Additionally, the Data Analytics Team supports the HCF Unit by scheduling financial records, tracing assets, and providing monthly trainings on a wide array of topics to ensure that the HCF Unit and others are familiar with their latest analytic techniques.

Data Analytics Team Statistics | 2021

5,327 COMPLETED DATA REQUESTS



385 PROACTIVE INVESTIGATIVE REFERRALS

Health Care Fraud Unit

Significant Initiatives

2021 NATIONAL HEALTH CARE FRAUD ENFORCEMENT ACTION

On September 17, 2021, the HCF Unit coordinated the National Health Care Fraud Enforcement Action, in collaboration with USAOs, HHS-OIG, FBI, DEA, and other federal and state partners across the United States. The Department announced criminal charges against 138 defendants, including 42 doctors, nurses, and other licensed medical professionals, charged between August 1 and September 17, 2021, in 31 federal districts for their alleged participation in various health care fraud and illegal opioid distribution schemes that resulted in a combined total of approximately \$1.4 billion in alleged losses. The charges targeted approximately \$1.1 billion in alleged fraud committed using telemedicine (the use of telecommunications technology to provide health care services remotely), \$29 million in COVID-19 health care fraud, \$133 million connected to substance abuse treatment facilities, or “sober homes,” and \$160 million connected to other health care fraud and illegal opioid distribution schemes across the country. The charges announced as part of the 2021 National Enforcement Action sent a clear deterrent message about the Department’s ongoing commitment to ensuring the safety of patients and the integrity of health care benefit programs.

MORE THAN **138** | DEFENDANTS CHARGED

MORE THAN **\$1.4 bn** | of ALLEGED LOSS

MORE THAN **42** | LICENSED MEDICAL PROFESSIONALS CHARGED

MORE THAN **12 m** | PRESCRIBED OPIOID DOSES



38 INDIVIDUALS
PLEADED GUILTY

APPALACHIAN REGIONAL PRESCRIPTION OPIOID (ARPO) STRIKE FORCE

In October 2018, the Strike Force Program expanded to Appalachia forming the ARPO Strike Force, a joint effort between the Fraud Section, USAOs, FBI, HHS-OIG, DEA, and state and local law enforcement to combat health care fraud and the opioid epidemic in parts of the country that have been particularly harmed by addiction. Similar to traditional Health Care Fraud Strike Forces, the ARPO Strike Force relies on a model of cross-agency collaboration and data analytics.

ARPO focuses on prosecutions of medical professionals and others involved in the illegal prescription, diversion, and distribution of opioids, and operates out of two hubs: ARPO North in Ft. Mitchell, Kentucky, and ARPO South in Nashville, Tennessee.¹⁰ Since 2019, the ARPO Strike Force has charged 101 defendants, including 76 licensed medical professionals and 60 prescribers (including 52 doctors and 8 nurse practitioners), and its casework has targeted the alleged distribution of more than 110 million controlled substance pills. These efforts have resulted in 61 convictions (including 57 pleas and 4 trial convictions) as of the end of 2021. A few examples include:

United States v. Darrel Rinehart (M.D. Tenn.)

In June 2021, Dr. Darrel Rinehart, a physician licensed in Tennessee and Indiana, was sentenced to 36 months in prison for unlawfully prescribing opioids to four patients; all four patients eventually overdosed and died after receiving opioid prescriptions from Dr. Rinehart. As part of his guilty plea, Dr. Rinehart admitted to knowingly distributing hydrocodone, a Schedule II controlled substance, to a patient who did not have any significant underlying health issues justifying such a prescription. From May 26, 2015, to November 1, 2018, Dr. Rinehart distributed over 500,000 pills associated with the charges.

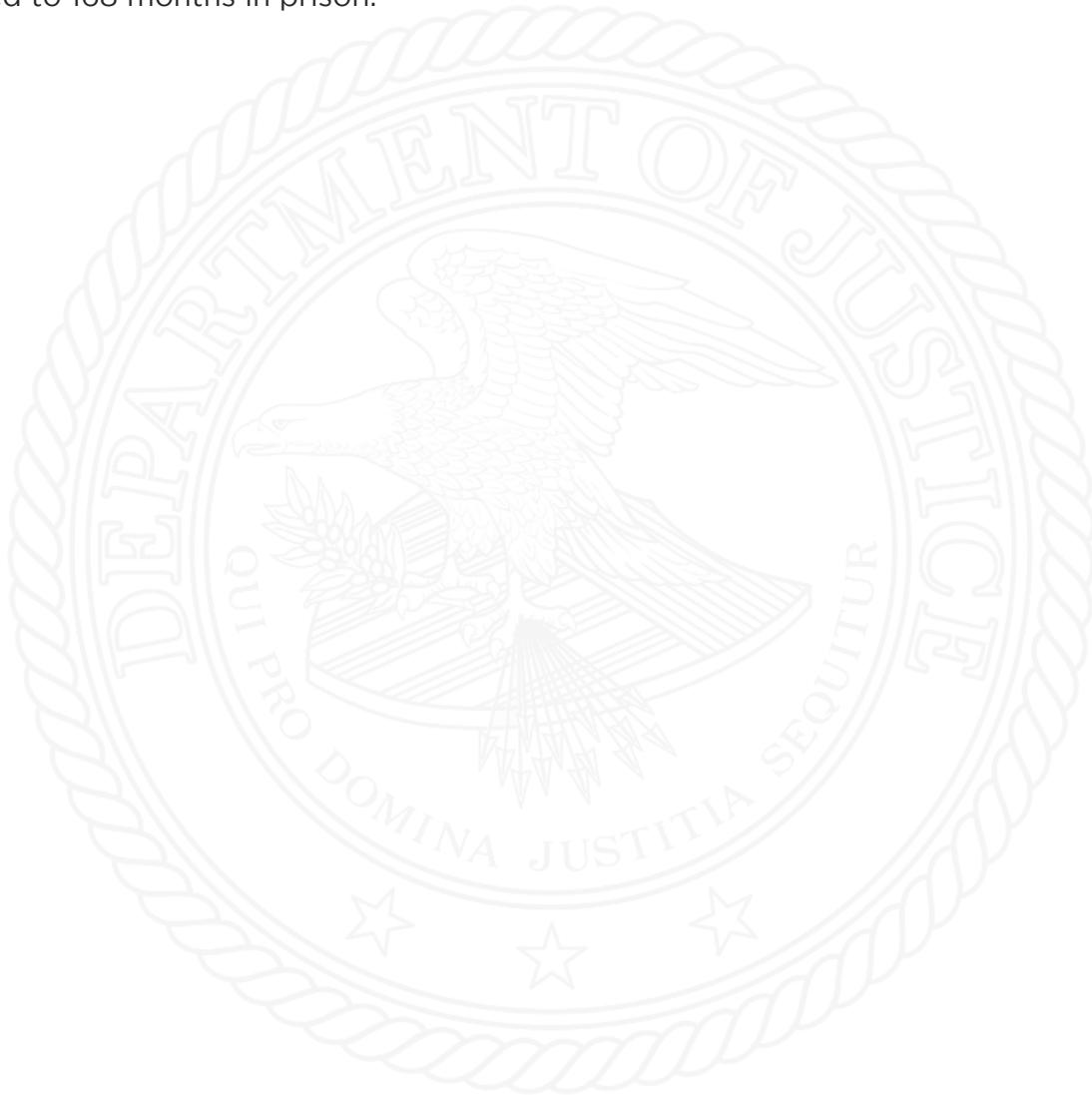
United States v. Thomas K. Ballard III (W.D. Tenn.)

In June 2021, Dr. Thomas Ballard entered a guilty plea to unlawfully distributing hydrocodone to a patient, outside the scope of professional practice and without a legitimate medical purpose, for several months. As a result of the defendant's unlawful prescriptions, the patient died of an overdose shortly after Dr. Ballard wrote the patient's last prescriptions in May 2015. In October 2021, Dr. Ballard was sentenced to 20 years in prison.

¹⁰ To date, 10 U.S. Attorneys' Offices have partnered with the ARPO Strike Force: the Southern District of Ohio; the Eastern and Western Districts of Kentucky; the Eastern, Middle and Western Districts of Tennessee; the Northern District of Alabama; the Northern and Southern Districts of West Virginia; and the Western District of Virginia. The ARPO Strike Force also works with public health officials, including the Centers for Disease Control, to provide resources to patients that could be impacted by the ARPO Strike Force's law enforcement activities in order to ensure continuity of care.

United States v. Mark Daniel Allen (E.D. Tenn.)

On September 1, 2021, following a three-day trial, former nurse practitioner and Tennessee clinic owner Mark Allen was convicted of unlawfully distributing opioids and maintaining a drug-involved premises. The government presented evidence at trial that he engaged in sexual relationships with three opioid-addicted female patients, and also prescribed opioids to a male patient who later died. In January 2022, Mark Allen was sentenced to 168 months in prison.



NATIONAL RAPID RESPONSE STRIKE FORCE

In 2021, the National Rapid Response Strike Force (NRRSF) increased its staffing with additional prosecutors and responded to newly emerging health care fraud schemes, including cases involving telemedicine fraud, COVID-19 fraud, and addiction rehabilitation (sober homes) fraud. The NRRSF was created in 2020 with a mission to investigate and prosecute fraud cases involving major 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 existing Strike Force locations, coordinate with U.S. Attorneys' Offices 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 May 2021 COVID-19 Law Enforcement Action, which involved over 14 defendants and over \$143 million in allegedly false billings. The NRRSF also helped lead and coordinate the Department's efforts to combat telemedicine and addiction rehabilitation fraud in the 2021 National Health Care Fraud Enforcement Action, which involved charges against 138 defendants for their alleged participation in various health care fraud schemes that resulted in approximately \$1.4 billion in alleged losses. Among other cases across the country, NRRSF prosecutors led the prosecution of the Stein, Harry, Schena, Mazi, and Markovich cases discussed in these sections.

United States v. Michael Stein, et al. (S.D. Fla.)

NRRSF's purview includes the telemedicine and COVID-19 fraud initiatives, including cases such as *United States v. Michael Stein, et al.*, a nationwide \$90 million COVID-19 and telemedicine billing fraud scheme involving medically unnecessary laboratory testing. In this case, Michael Stein, the owner of a purported telemedicine company, allegedly exploited temporary waivers of telehealth restrictions enacted during the pandemic by offering telehealth providers access to Medicare beneficiaries for whom they could bill purported telehealth consultations. Pursuant to the COVID-19 emergency declaration, telehealth regulations and rules had been broadened so that Medicare beneficiaries could receive a wider range of services from their doctors without having to travel to a medical facility. This case involved first-in-the-nation charges for allegedly exploiting these expanded policies by submitting false and fraudulent claims to Medicare for sham encounters that did not occur.

In exchange for the opportunity to bill for telehealth encounters, these providers agreed to refer beneficiaries to the laboratories specified by the telemedicine company for expensive and medically unnecessary cancer and cardiovascular genetic testing. The telemedicine company owner, Stein, solicited illegal kickbacks and bribes from the owners of multiple genetic testing laboratories in exchange for the orders. One of the defendants has pled guilty and was sentenced to 82 months' imprisonment; Stein and another defendant are awaiting trial.

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 five successive enforcement actions involving over \$8 billion in alleged fraud loss in schemes that exploited the use of telemedicine. Most recently, in connection with the September 2021 National Health Care Fraud Enforcement Action, the Fraud Section and USAO partners charged 43 defendants for schemes totaling \$1.1 billion in false and fraudulent claims related to 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.

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.

United States v. Michael and Leah Hagen (N.D. Tex.)

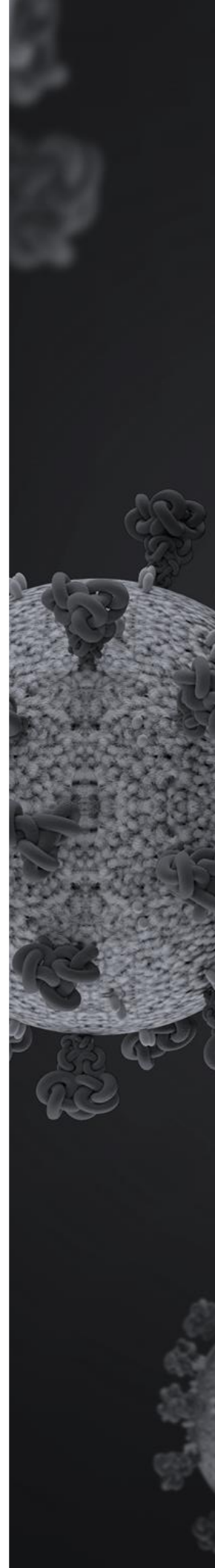
In the first case to go to trial from the 2019 Telemedicine and Durable Medical Equipment Enforcement Action, a federal jury in July 2021 convicted Michael and Leah Hagen, two Dallas area owners and operators of durable medical equipment companies, for an illegal kickback and money laundering conspiracy in connection with the submission of over \$59 million in claims to Medicare Parts B and C. The evidence at trial showed that the defendants paid illegal bribes and kickbacks by wiring money to their co-conspirator’s call center in the Philippines, which in turn provided signed doctors’ orders for orthotic braces to the Hagens that they then billed to Medicare. Through this scheme, the defendants were paid approximately \$27 million and wired millions of proceeds into their personal bank accounts, both in the U.S. and overseas. On December 15, 2021, the Hagens were each sentenced to 168 months in prison.

COVID-19 FRAUD INITIATIVE

The HCF Unit chairs an 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. This has involved coordinating and training other Criminal Division and U.S. Attorney's Office prosecutors and offering support to their investigations and cases, including data analytics support. 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 May 2021 National COVID-19 Health Care Fraud Enforcement Action, which involved criminal charges against 14 defendants in seven 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 \$143 million in false billings. The defendants 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, and offering COVID-19 tests and misusing the information and samples to submit claims to Medicare for medically unnecessary, and far more expensive laboratory tests.



VACCINATION CARD FRAUD

The HCF Unit has led efforts across the country to prosecute misuse of COVID-19 vaccination record cards. In *U.S. v. Tangtang Zhao* (N.D. Ill.), the HCF Unit charged a licensed pharmacist with crimes related to his alleged theft and sale of authentic Centers for Disease Control and Prevention (CDC) vaccination cards on eBay. In *U.S. v. Juli Mazi* (N.D. Cal.), the HCF Unit and the U.S. Attorney's Office for the Northern District of California charged a California-licensed naturopathic doctor for her alleged scheme to sell homeoprophylaxis immunization pellets and to falsify COVID-19 vaccination cards by making it appear that customers had received the U.S. Food and Drug Administration (FDA)-authorized Moderna vaccine. The Mazi case was the first federal criminal fraud prosecution related to fake vaccination cards.

PROVIDER RELIEF FUND FRAUD

The HCF Unit has brought criminal charges against nine defendants across the country who allegedly engaged in the misuse of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund monies. The Provider Relief Fund was intended to provide relief to health care providers and maintain the access to medical care during the pandemic. The Fund set aside money to help Americans get needed medical care in a global health and economic crisis. The defendants in these cases 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, including for gambling debts at a Las Vegas casino and payments to a luxury car dealership. Provider Relief Fund fraud remains a top enforcement priority for the Fraud Section.



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.

The alleged schemes involve substance abuse treatment facilities paying illegal kickbacks and bribes to patient recruiters in exchange for their recruitment of addicted patients whose care can be billed to private insurance for treatment. The recruiters in turn arrange for the transportation of the patients to the geographic area and pay kickbacks to the patients in exchange for entering treatment at a specific facility. In addition, recruiters often provide opioids, benzodiazepines, and other drugs to the addicted patients before admission to the facility in order to guarantee that the patients qualify for a higher-reimbursing level of treatment. Once patients are brought to an addiction treatment facility through this corrupt system, the facility's owners and operators bill the patients' insurers for millions of dollars for excessive and unnecessary urinalysis tests and other services. Examples of these prosecutions include:

United States v. Jonathan and Daniel Markovich (S.D. Fla.)

In November 2021, after a seven-week trial, a federal jury in the Southern District of Florida convicted Jonathan and Daniel Markovich, operators of two South Florida addiction treatment facilities, for fraudulently billing approximately \$112 million for services that were never provided or were medically unnecessary, and for paying kickbacks to patients through patient recruiters, and receiving kickbacks from testing laboratories. Jonathan Markovich, was also convicted of money laundering, and of separate charges of bank fraud connected to Paycheck Protection Program (PPP) loans.

The evidence showed that the defendants obtained patients through patient recruiters who offered illegal kickbacks to patients (such as free airline tickets, illegal drugs, and cash payments). The defendants then shuffled a core group of patients between their two facilities to maximize fraudulent billing. Patient recruiters gave patients illegal drugs prior to admission to ensure admittance for detox, which was the most expensive kind of treatment offered by the defendants' facilities. Once admitted, therapy sessions were billed for but not regularly provided or attended, and excessive, medically unnecessary urinalysis drug tests were ordered. Patients were given a so-called "Comfort Drink," which consisted of sedating over the counter medications, to sedate them, and to keep them coming back. Patients were also given large and potentially harmful amounts of controlled substances, in addition to the "Comfort Drink," to keep them compliant and docile, and to ensure they stayed at the facility.

United States v. Casey Mahoney & Joseph Parkinson (C.D. Cal.)

On October 6, 2021, Casey Mahoney, who controlled two addiction treatment facilities in Orange County, California, and Joseph Parkinson, a patient broker, were charged for their roles in a multimillion-dollar addiction treatment kickback scheme. Mahoney was charged with conspiracy to violate the Eliminating Kickbacks in Recovery Act (“EKRA”), paying kickbacks for referrals to clinical treatment facilities, and money laundering. Parkinson was charged with EKRA conspiracy, receiving kickbacks for referrals to clinical treatment facilities, currency structuring, and possession with intent to distribute fentanyl.

According to the indictment, Mahoney controlled Healing Path Detox LLC and Get Real Recovery, Inc., two addiction treatment facilities in Orange County, California, and paid at least approximately \$2.7 million in kickbacks to Parkinson and other patient recruiters to induce referrals of patients to Mahoney’s treatment facilities. Mahoney allegedly hid the arrangement of these illegal kickbacks through sham contracts, because he knew that the passage of EKRA prohibited such payments. Mahoney’s treatment facilities ultimately billed various health insurance companies for substance abuse treatments purportedly provided to these recruited patients. Mahoney and Parkinson are currently awaiting trial.

Health Care Fraud Unit

Other Significant Trials and Guilty Pleas

United States v. Ivan Scott (S.D. Fla.)

After a week-long trial in January 2021, a jury found defendant Ivan Scott guilty of multiple federal crimes for his role in a kickback scheme involving expensive genetic tests and fraudulent telemedicine services that resulted in the payment of approximately \$2.8 million in false and fraudulent claims by Medicare.

According to the evidence presented at trial, Scott targeted Medicare beneficiaries with telemarketing phone calls falsely stating that Medicare covered expensive cancer screening genetic testing, or “CGx.” After beneficiaries agreed to take the test, the evidence showed Scott paid bribes and kickbacks to telemedicine companies to obtain doctors’ orders authorizing the tests. The evidence further showed that the telemedicine doctors approved the expensive testing even though they were not treating the beneficiary for cancer or symptoms of cancer, and often without even speaking with the beneficiary. Scott then sold the genetic tests and doctors’ orders to laboratories in exchange for illegal kickbacks. To conceal the illegal kickbacks, Scott submitted invoices to the laboratories and other marketers making it appear as though he were being paid for hourly marketing services, rather than per referral. In a roughly seven-month period, the laboratories submitted more than \$2.8 million in claims to Medicare for genetic tests Scott referred to them, of which Medicare paid over \$880,000. Scott was sentenced to 120 months in prison.

United States v. Patrick Titus (D. Del.)

In July 2021, after a three-week trial, a jury found Patrick Titus, former M.D., guilty of thirteen counts of unlawfully distributing and dispensing controlled substances and one count of maintaining a drug-involved premises.

According to court documents and evidence presented at trial, Titus unlawfully distributed a variety of powerful opioids, including fentanyl, morphine, methadone, OxyContin, and oxycodone, outside the usual scope of professional practice and not for a legitimate medical purpose. The evidence showed that Titus operated an internal medicine practice whereby he would frequently prescribe these dangerous controlled substances in high dosages, sometimes in combination with each other or in other dangerous combinations, mostly in exchange for cash.



Although these Schedule II drugs are approved for pain management treatment, the evidence demonstrated that Titus provided no meaningful medical care and, instead, prescribed these controlled substances to patients he knew were suffering from substance use disorder and/or who demonstrated clear signs that the prescribed drugs were being abused, diverted, or sold on the street. Titus is scheduled to be sentenced on March 1, 2022.

United States v. Qureshi, et al. (S.D. Tex.)

In November 2021, after a five-day trial, a jury found Dr. Parvez Qureshi guilty of drug conspiracy and unlawfully distributing hydrocodone and other drugs.

Evidence at trial showed that Qureshi wrote prescriptions for over 1.3 million dosage units of hydrocodone, often to patients brought to his clinic by “runners”; the runner in turn re-sold the pills on the black market. Qureshi’s conduct also included pre-signing prescriptions for hydrocodone and oxycodone to be sold while he was out of the country. Qureshi received over \$1.5 million for his role in the operation. Qureshi was convicted of one count of conspiracy to unlawfully distribute and dispense controlled substances and four counts of unlawfully distributing and dispensing controlled substances. He is set for sentencing in March 2022, along with his co-conspirator nurse practitioner Rubeena Ayesha, who pleaded guilty to the same charges in October 2020.

United States v. Cruise, et al. (S.D. Tex.)

In October 2021, John Cruise and the other leaders of a \$126 million compounding fraud scheme pleaded guilty to defrauding U.S. Department of Labor’s (DOL) Office of Workers’ Compensation Programs (OWCP) and TRICARE, the health care benefit program serving the U.S. military, veterans, and their respective family members.

According to documents filed in the case, Cruise and his co-conspirators submitted false and fraudulent claims to the OWCP and TRICARE for prescriptions for compounded and other drugs prescribed to injured federal workers and members of the armed forces. The defendants also paid kickbacks to patient recruiters and to physicians to induce them to prescribe these drugs. Defendants without any medical training chose the particular compounds and other drugs based not on the patients’ medical needs but in light of the amount of reimbursement for the drugs. The drugs were then mailed to patients, even though the patients often never requested, wanted, or needed them.

In total, thirteen defendants pleaded guilty in connection with this case, including three compounding pharmacy owners, three physicians, two pharmacists, and three patient recruiters. All defendants are scheduled to be sentenced in February 2022.

United States v. Jesus Garces (S.D. Fla.)

In August 2021, Jesus Garces pleaded guilty to his role in a \$48 million scheme to defraud Medicare, Medicaid, and private health insurers.

During his plea, Garces admitted that between January 2017 and November 2019, he and his co-conspirators owned and operated six purported medical supply companies that they used to submit fraudulent claims to Medicare, Medicaid, and private health insurers for durable medical equipment that the companies never actually purchased and never provided to any beneficiaries. Garces and his co-conspirators obtained the names and identifiers for Medicare and private health insurance beneficiaries and used that information to submit the fraudulent claims for non-existent durable medical equipment orders. To conceal their involvement, Garces and his co-conspirators placed the companies in the name of a nominee owner and kept each company open for only a short period of time, during which time the companies submitted millions of dollars in fraudulent claims to the health insurers. Garces and his co-conspirators paid the nominee owners between \$50,000 – \$100,000 and directed them to leave for Cuba to evade detection once law enforcement discovered the fraudulent billing. On March 17, 2021, federal agents executed a search warrant on Garces' residence, where they found approximately \$2.5 million in cash concealed under the flooring in one of the rooms of the house, and a large amount of expensive jewelry that was purchased with the fraud proceeds. Garces was sentenced to 150 months in prison.

United States v. Kesha Harris (S.D. Tex.)

On May 20, 2021, Kesha Harris, a pharmacist, pleaded guilty for her role in a drug distribution conspiracy that involved more than 1.3 million dosage units of opioids and other dangerous controlled substances.

According to documents filed in the case, Harris was the owner, operator, and pharmacist-in-charge at Creative Care Pharmacy, which she operated as a pill mill. Harris and her co-conspirators distributed and dispensed hydrocodone, oxycodone, and carisoprodol without a legitimate medical purpose and outside the usual course of professional practice. Harris often distributed the controlled substances directly to “crew leaders” and “runners,” who resold the drugs on the illegal-drug market. On December 2, 2021, Harris was sentenced to 9 years in prison and to forfeit \$3.8 million in proceeds.

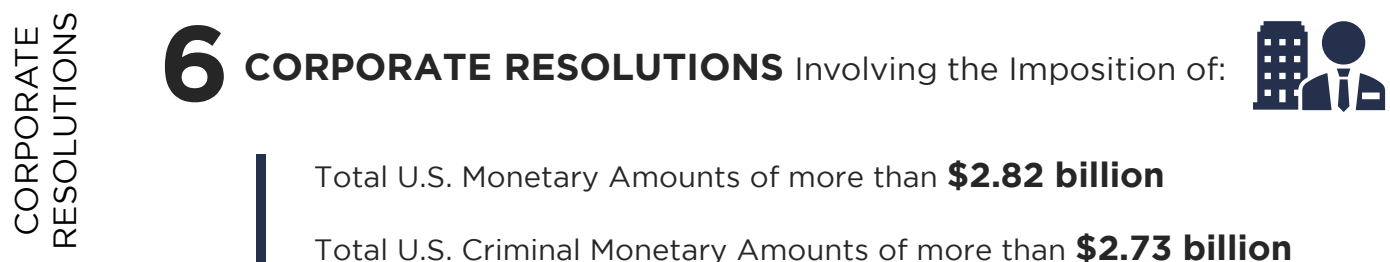
Market Integrity and Major Frauds Unit



The Market Integrity & Major Frauds (MIMF) Unit's 42 prosecutors investigate and prosecute a wide variety of complex financial fraud schemes across six distinct concentrations: (1) commodities fraud; (2) cryptocurrency-related fraud; (3) consumer, regulatory, and investment fraud; (4) fraud involving federal programs, including the Paycheck Protection Program (PPP); (5) government procurement fraud and bribery; and (6) securities fraud. Working in parallel with its regulatory partners, as well as domestic and international law enforcement agencies, the MIMF Unit investigates and prosecutes a broad array of fraud schemes, including sophisticated market manipulation schemes and other large-scale fraud schemes in the financial services industry, in addition to telemarketing fraud and advance-fee schemes, fraud in connection with the automobile industry, and most recently, fraud in connection with the Coronavirus Aid, Relief, and Economic Security Act programs and securities and investment fraud schemes which exploit the COVID-19 pandemic.

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

MIMF Unit Statistics 2021



Market Integrity and Major Frauds Unit

Significant Initiatives

COVID-19 RELIEF FRAUD

The MIMF Unit has spearheaded the Department's effort to combat fraud in connection with the Paycheck Protection Program (PPP), which was created by Congress in the Coronavirus Aid, Relief, and Economic Security (CARES) Act in late March 2020 in order to assist American businesses that were suffering from the economic impact of the COVID-19 pandemic. The initiative has leveraged the Unit's expertise in data-driven investigations, expertise that also has been deployed in other areas of the Unit's work.

In 2021, Fraud Section prosecutors charged 58 individuals in PPP-related cases, who are alleged to have attempted to cause losses exceeding \$81.2 million, and from whom more than \$10.9 million in illegal proceeds have been seized or frozen. The Fraud Section further led five trials of PPP fraud defendants in multiple districts, which resulted in eight convictions, in addition to resolving a significant volume of cases through plea agreements.

PPP Enforcement | 2020 - 2021 Fraud Section Totals¹¹

101 | CASES 

165 | DEFENDANTS
CHARGED

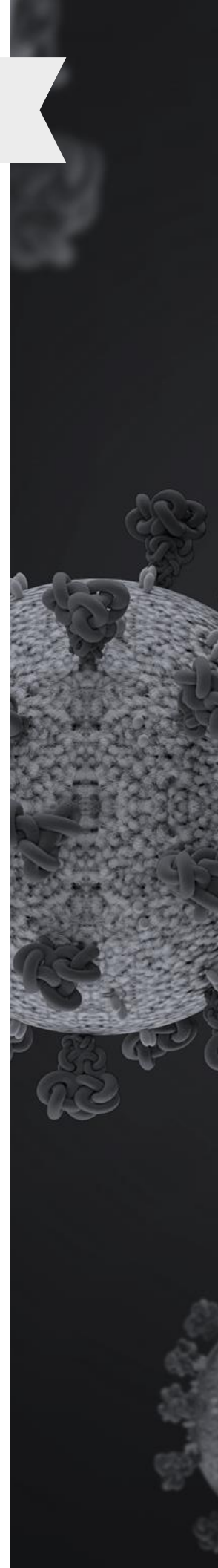
107 | CONVICTIONS

MORE THAN \$396 MILLION | of ATTEMPTED
LOSS

MORE THAN \$194 MILLION | of ACTUAL
LOSS

MORE THAN \$75 MILLION | of SEIZED /
FROZEN FUNDS

¹¹ This chart shows totals from May 2020 through December 31, 2021.



COMMODITIES FRAUD

MIMF continued its emphasis on prosecuting manipulation and fraud in the commodities markets in 2021. In January, MIMF prosecutors resolved a corporate case with Deutsche Bank that involved spoofing in the precious metals futures market. In March, a former oil trader, Emilio Heredia, pleaded guilty in the Northern District of California to a multiyear scheme to manipulate the price of fuel oil in the Port of Los Angeles, one of the nation's busiest commercial ports. That same month, Cody Easterday, a cattle rancher in the Eastern District of Washington, pleaded guilty to a \$240 million scheme to defraud Tyson Foods and another company. Easterday used most of the proceeds of the scheme to cover approximately \$200 million in commodity futures trading losses and, in pleading guilty, Easterday admitted that in connection with his futures trading, he also defrauded the CME Group Inc., which operates the world's largest financial derivatives exchange, by submitting falsified paperwork to obtain exemptions from position limits in live cattle futures contracts. In August, after a trial in the Northern District of Illinois, two former senior traders at Merrill Lynch Commodities, Edward Bases and John Pacilio, were found guilty of conspiracy and wire fraud by a jury in connection with their fraudulent and manipulative trading practices involving publicly traded precious metals futures contracts. And between February and August, prosecutors convicted two natural gas traders and an energy broker (John Ed James, Lee Tippet, and Mathew Webb), in commodities insider trading cases in the Southern District of Texas; in December, prosecutors charged a fourth trader, Peter Miller, as part of the same matter.

GOVERNMENT PROCUREMENT FRAUD AND BRIBERY

The MIMF Unit's Procurement Fraud and Bribery program is dedicated to combating corruption and contracting fraud in federal government programs. Working with a wide range of law enforcement agencies and in parallel with civil and regulatory partners, the procurement fraud prosecutors investigate individual and corporate defendants engaged in bribery of U.S. officials and schemes to defraud the U.S. Government. In 2021, notable cases included the prosecutions of Rick Cunefare and Stacey Cabrera, employees and managers at Balfour Beatty Communities, for their involvement in a scheme to defraud the U.S. military in connection with servicemember housing contracts; the indictment of several individuals at a major Japanese company in an ongoing scheme to defraud the Navy; and charges against Frank Rafaraci, the owner of a large ship husbanding company based in Malta.

CRYPTOCURRENCY, CONSUMER, AND INVESTMENT FRAUD

MIMF Unit prosecutors handle a wide range of complex investment and consumer frauds of national significance, including Ponzi and pyramid schemes, telemarketing and internet fraud, emissions and safety-related fraud committed by corporations and corporate employees and officers, and binary options and cryptocurrency scams. In 2021, these cases included, among others, a massive cryptocurrency-related Ponzi scheme prosecuted in the Southern District of California and a fraudulent initial coin offering matter in the Eastern District of New York.

Market Integrity and Major Frauds Unit

Significant Corporate Resolutions

NatWest Markets Plc (D. Conn.)

In December 2021, NatWest Markets Plc (“NatWest”), a London, England-based global banking and financial services firm, pleaded guilty to wire fraud and securities fraud charges in connection with various fraud schemes in the markets for U.S. Treasury securities and futures contracts. As NatWest admitted, between 2008 and May 2014, NatWest traders in London and Stamford, Connecticut, engaged in schemes to defraud in connection with the purchase and sale of both U.S. Treasury securities in the secondary (cash) market and U.S. Treasury futures contracts. Separately, between April 2018 and July 2018, two other traders employed at NatWest’s Singapore branch engaged in a fraud scheme in connection with the purchase and sale of U.S. Treasury securities in the cash market. In each scheme, NatWest traders engaged in spoofing by placing orders with the intent to cancel those orders before execution, attempting to profit by deceiving other market participants through injecting false and misleading information regarding the existence of genuine supply and demand in the market. The spoof orders were designed to artificially push up or down the prevailing market price so that the NatWest traders could trade more profitably or more easily on the other side of the market. In some instances, one of the NatWest traders took advantage of the close correlation between U.S. Treasury securities and U.S. Treasury futures contracts and engaged in cross-market manipulation by placing spoof orders in the securities market in order to profit from trading in the futures market, or vice versa. The 2018 securities fraud scheme constituted a material breach of the October 25, 2017 Non-Prosecution Agreement between the U.S. Attorney’s Office for the District of Connecticut and NatWest’s U.S. broker-dealer subsidiary, NatWest Markets Securities Inc. (formerly RBS Securities Inc.), and occurred while NatWest (formerly The Royal Bank of Scotland Plc) was on probation following its May 20, 2015 conviction and January 5, 2017 sentencing for conspiring to manipulate the foreign currency exchange market.

As part of the plea terms, NatWest agreed to pay approximately \$35 million in a criminal fine, restitution, and forfeiture. NatWest also will serve three years of probation and agreed to the imposition of an independent compliance monitor.

The Boeing Company (N.D. Tex.)

In January 2021, The Boeing Company (“Boeing”) entered into a Deferred Prosecution Agreement with the Fraud Section and the U.S. Attorney’s Office for the Northern District of Texas to resolve a criminal charge for conspiracy to defraud the Federal Aviation Administration’s Aircraft Evaluation Group (“FAA AEG”) in connection with the FAA AEG’s evaluation of Boeing’s 737 MAX airplane. As Boeing admitted in court documents, Boeing, through two of its 737 MAX Flight Technical Pilots, deceived the FAA AEG—which evaluated and mandated pilot-training requirements for U.S.-based airlines flying the 737 MAX—about the speed range in which a part of the 737 MAX’s flight controls called the Maneuvering Characteristics Augmentation System (“MCAS”) could operate.

Boeing agreed as part of the DPA to pay a total criminal monetary amount of over \$2.5 billion, composed of a criminal monetary penalty of \$243.6 million, compensation payments to Boeing’s 737 MAX airline customers of \$1.77 billion, and a \$500 million fund to compensate the heirs, relatives, and legal beneficiaries of 346 individuals who died in the two Boeing 737 MAX crashes—Lion Air Flight 610 on October 29, 2018 and Ethiopian Airlines Flight 302 on March 10, 2019.

In a related case in the Northern District of Texas, Mark A. Forkner, Boeing’s former 737 MAX Chief Technical Pilot, was separately charged for deceiving the FAA AEG and defrauding Boeing’s U.S.-based airline customers. Forkner’s case is pending trial in March 2022.

Avanos Medical, Inc. (N.D. Tex.)

In July 2021, Avanos Medical, Inc. (“Avanos”) entered into a Deferred Prosecution Agreement with the Fraud Section and the Consumer Protection Branch to resolve criminal charges related to introducing misbranded surgical gowns into interstate commerce. As Avanos admitted in court documents, Avanos (and its predecessor company, Halyard) manufactured medical devices and equipment, including surgical gowns. Company employees falsely labeled certain gowns manufactured by the company as providing the highest level of protection against fluid and virus penetration when, as they well knew, the gowns were defectively sealed and sub-standard. In fact, in November 2014, Avanos sent letters to hospitals and other potential customers in which the company falsely claimed that the gowns met a rigorous classification standard, when Avanos’s employees knew that the gowns did not meet that standard. At least one of these letters was sent to a health care provider who sought assurances before procuring surgical gowns to be used by medical professionals on the front lines of the 2014 Ebola outbreak.

As part of the resolution, Avanos agreed to pay a total criminal monetary amount of \$22,228,000, comprised of a criminal monetary penalty of \$12,600,000, a victim compensation payment of \$8,939,000, and \$689,000 in disgorgement.

Balfour Beatty Communities (D.D.C.)

In December 2021, Balfour Beatty Communities (“BBC”) pleaded guilty to one count of major fraud against the United States in relation to a multiyear scheme to defraud the U.S. military. BBC, one of the largest providers of privatized military housing to the U.S. Armed Forces, defrauded the U.S. Air Force, U.S. Army, and U.S. Navy, by submitting false and fraudulent information in order to receive performance incentive bonuses from the military. These bonuses primarily related to maintenance and resident satisfaction at various military housing projects. Specifically, BBC employees altered or manipulated data in property management software and destroyed and falsified resident comment cards to falsely inflate these metrics and, ultimately, to fraudulently induce the service branches to pay performance incentive fees which BBC had not earned. There were lengthy and unnecessary delays in the resolution of maintenance issues to the detriment of servicemembers and their families living in housing communities managed by BBC. In addition, the service branches were provided an inaccurate assessment of the state of BBC’s military housing communities and were unable to assess, and potentially correct, BBC’s performance.

BBC was sentenced to pay over \$33.6 million in criminal fines and over \$31.8 million in restitution to the U.S. military, serve three years of probation, and engage an independent compliance monitor for a period of three years.

Two BBC managers were charged in related cases in the District of Columbia. In April 2021, Stacy Cabrera, a former community manager of BBC, pleaded guilty to conspiracy to commit wire fraud. In June 2021, Rick Cunefare, a former regional manager of BBC, pleaded guilty to major fraud against the United States.

Market Integrity and Major Frauds Unit

Significant Trials, Charges, and Guilty Pleas

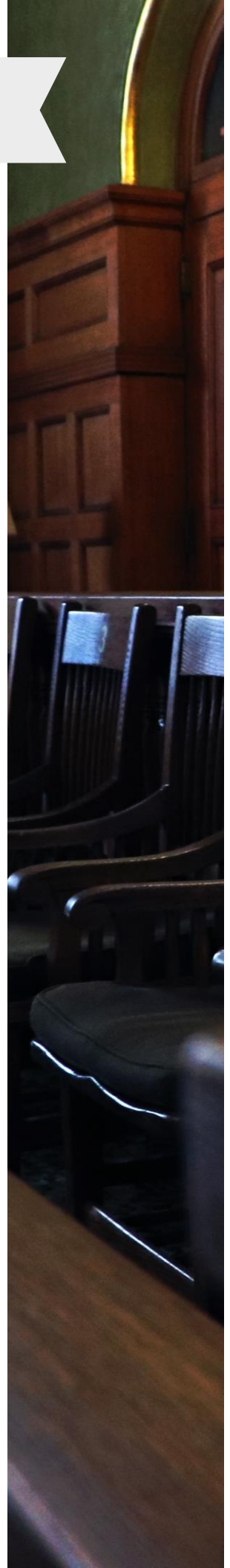
United States v. Edward Bases and John Pacilio (N.D. Ill.)

In August 2021, following a two-week trial, a federal jury convicted Edward Bases and John Pacilio of conspiracy to commit wire fraud affecting a financial institution and substantive counts of wire fraud affecting a financial institution in connection with their manipulation of the precious-metals futures market. Pacilio also was convicted of commodities fraud. The evidence at trial established that Bases, a former senior trader employed at Deutsche Bank and Bank of America in New York, and Pacilio, a former senior trader employed at Bank of America and Morgan Stanley in New York, fraudulently pushed market prices up or down by routinely placing large “spoof” orders in the precious-metals futures markets that they did not intend to fill. Bases and Pacilio did so in order to manipulate prices for their own gain and the banks’ gain, and to defraud other traders on the Commodity Exchange Inc. (COMEX) and the New York Mercantile Exchange Inc. (NYMEX), both of which are exchanges run by the CME Group Inc. (CME). Court documents and witness testimony also showed that Bases and Pacilio taught other traders how to engage in the practice of spoofing, which involves placing orders on the exchange that, at the time they were placed, were not intended to be executed. As a result of the scheme, other market participants were induced to trade at prices, quantities, and times that they otherwise would not have traded.

Both defendants currently await sentencing.

United States v. Glenn Arcaro (S.D. Cal.)

In September 2021, Glenn Arcaro pleaded guilty to participating in a massive conspiracy involving BitConnect, a cryptocurrency investment scheme through which over \$2 billion was raised from investors, and which defrauded investors from the United States and abroad. As part of his guilty plea to conspiracy to commit wire fraud, Arcaro admitted that he agreed with others to exploit investor interest in cryptocurrency by fraudulently marketing BitConnect’s proprietary coin offering and digital currency exchange as a lucrative investment. During the scheme, Arcaro agreed with others to mislead investors about BitConnect’s purported proprietary technology, known as the “BitConnect Trading Bot” and “Volatility Software,” as being able to generate substantial profits and guaranteed returns by using investors’



money to trade on the volatility of cryptocurrency exchange markets. In truth, however, BitConnect operated a textbook Ponzi scheme by paying earlier BitConnect investors with money from later investors. Arcaro admitted that he earned no less than \$24 million from the scheme, all of which, according to court documents, he must repay to investors.

Arcaro currently awaits sentencing in May 2022.

As part of the case, the government obtained authority to liquidate approximately \$56 million in fraud proceeds seized from the self-described “number one promoter” of BitConnect. This liquidation is the largest single recovery in a cryptocurrency fraud matter by the United States to date. With entry of the court’s interlocutory sale order, the government began the process of seeking to make whole victims of the BitConnect scheme by selling the cryptocurrency and holding the proceeds in U.S. dollars.

United States v. Joseph Kostecky (D.N.D.)

In October 2021, Joseph Kostecky, formerly the executive vice president of U.S. operations at a publicly traded Canadian oil services company, pleaded guilty to perpetrating a scheme to fraudulently inflate the company’s reported revenue, which resulted in shareholder losses in excess of \$886 million. As part of his guilty plea to wire fraud and securities fraud, Kostecky admitted that he engaged in the scheme to defraud while serving as the highest-ranking U.S. executive of Poseidon Concepts Corporation (Poseidon) from approximately November 2011 to December 2012. Kostecky admitted that, in his role, he caused Poseidon to falsely report approximately \$100 million in revenue from purported long-term contracts with oil and natural-gas companies that were Poseidon’s customers. Kostecky’s misconduct included fraudulently directing Poseidon’s accounting staff at the U.S. corporate headquarters in Colorado, as well as its field office in North Dakota, to record revenue from such contracts and then assuring management that the associated revenue was collectable, when he knew that the contracts either did not exist or that the associated revenue was not collectable. After Poseidon reported a partial write-down of uncollectable accounts in its financial statements, resulting in a drop in the company’s stock price, Kostecky fraudulently caused the issuance of a public filing falsely reporting that he had purchased a substantial number of shares of the company, when in fact he had made no such purchase. When the inflated revenue came to light at the end of 2012, Poseidon’s stock price plunged and the company was forced into bankruptcy, causing over \$886 million in shareholder losses. Kostecky admitted that he perpetrated the scheme to inflate the value of the company’s stock price and to enrich himself through the continued receipt of compensation and appreciation of his own stock and stock options.

Kostecky currently awaits sentencing in March 2022.

United States v. Sojiro Imahashi, Tsuyoshi Ifuku, and Yuki Yamamiya (D.D.C.)

In February 2021, three Japanese nationals, including the president and CEO of Japan-based Kanto Kosan Co. Ltd. (Kanto Kosan), were indicted by a federal grand jury in connection with an alleged long-running scheme to defraud the U.S. Navy and pollute Japanese waters by dumping contaminated water removed from U.S. Navy ships into the ocean. Sojiro Imahashi, the president and CEO of Kanto Kosan, and two employees, Tsuyoshi Ifuku and Yuki Yamamiya, were charged with conspiracy to make false claims, to commit ocean dumping, and to commit major fraud against the U.S., as well as major fraud against the U.S. and submitting false claims. As alleged in the indictment, from approximately 2007 to 2020, Kanto Kosan received contracts from the U.S. Navy valued at approximately \$120 million, tens of millions of which related to the removal, treatment, and disposal of contaminated oily wastewater (OWW) generated by U.S. Navy ships in Yokosuka, Sasebo, and Okinawa. Under the terms of the contracts, Kanto Kosan was typically required to treat the OWW in accordance with Japanese environmental regulations prior to discharging it into the ocean. The indictment alleges that in approximately 2007, the defendants and others decided that, instead of properly treating the OWW, Kanto Kosan would minimally treat OWW to remove visible contaminants and then discharge the improperly treated or untreated OWW into the ocean. As alleged in the indictment, as a result of this scheme, the U.S. Navy was deceived into believing Kanto Kosan was properly treating the OWW, and into paying its invoices.

The defendants remain fugitives.

United States v. Kerri Agee, Kelly Isley, Nicole Smith, Chad Griffin, and Matthew Smith (S.D. Ind.)

In August 2021, following a seven-day trial, a federal jury convicted five former officers and employees of Banc-Serv Partners LLP (Banc-Serv), a lending service provider, of wire-fraud offenses stemming from their participation in a multi-year conspiracy to defraud the Small Business Administration (SBA) in connection with its programs to guarantee loans made to small businesses. The evidence at trial established that the defendants—Kerri Agee, the former president and CEO of Banc-Serv; Kelly Isley, former CFO; Chad Griffin, former CMO; Matthew Smith, co-founder and former director of a lending institution that originated loans with Banc-Serv; and Nicole Smith, a former employee—fraudulently obtained SBA-guaranteed loans on behalf of their clients, knowing that the loans did not meet SBA's guidelines and requirements for the guarantees. From approximately 2004 until October 2017, the defendants helped originate SBA loans on behalf of various financial institutions and other lenders and, on multiple occasions, fraudulently obtained guarantees for loans that the SBA had deemed ineligible. They did so by, among other things, knowingly misrepresenting what the loans would be used for and unlawfully diverting previously denied loan applications into expedited approval

channels at the SBA. When the fraudulently guaranteed loans defaulted, the defendants caused the submission of the reimbursement requests to the SBA to purchase the defaulted loans from investors and lending institutions, thereby shifting some of the losses on the ineligible loans to the SBA. The fraudulent loans presented at trial totaled approximately \$5 million in guaranteed disbursements, which were not eligible for SBA guarantees.

In December 2021, Agee and Isley were sentenced to 68 months in prison and 57 months in prison, respectively, and ordered to pay \$2,289,681.30 in restitution.

United States v. Peter Armbruster (E.D. Wis.)

In July 2021, a jury in the Eastern District of Wisconsin convicted Peter Armbruster, the former chief financial officer of Roadrunner Transportation Systems Inc. (Roadrunner), a publicly traded trucking and logistics company headquartered in Cudahy, Wisconsin, on four counts of violating federal securities laws for his role in a complex securities and accounting fraud scheme. Armbruster was convicted of securities fraud, falsifying the books and records of an issuer, and deceiving Roadrunner's external auditors, for actions that resulted in Roadrunner's financial statements and Securities and Exchange Commission filings for the third quarter of 2016 being materially false and fraudulent.

In November 2021, Armbruster was sentenced to 24 months of imprisonment.

United States v. Richard Ayvazyan, Marietta Terabelian, Artur Ayvazyan, and Vahe Dadyan (C.D. Cal.)

In June 2021, following an eight-day trial, a jury convicted Richard Ayvazyan, his wife Marietta Terabelian, his brother Artur Ayvazyan, and Vahe Dadyan of conspiracy to commit bank fraud and wire fraud, substantive counts of bank fraud and wire fraud, and money-laundering charges in connection with a scheme to submit fraudulent loan applications seeking millions of dollars in PPP and Economic Injury Disaster Loan (EIDL) COVID-19 relief funds. Richard Ayvazyan and Artur Ayvazyan also were convicted of aggravated identity theft. An additional four co-conspirators entered guilty pleas in the case and were sentenced. The evidence at trial established that the defendants used fake, stolen, or synthetic identities to submit fraudulent applications for the loans. In support of the fraudulent loan applications, the defendants also submitted false and fictitious documents to lenders and the Small Business Administration, including fake identity documents, tax documents, and payroll records. The defendants then used the fraudulently obtained funds as down payments on luxury homes, as well as to buy gold coins, diamonds, jewelry, luxury watches, fine imported furnishings, designer handbags, clothing, and a Harley-Davidson motorcycle. Overall, the co-conspirators obtained more than \$18 million in COVID-19 relief funds. Following the jury verdict, Richard Ayvazyan and Terabelian absconded and currently remain fugitives.

In November 2021, Richard Ayvazyan and Terabelian were sentenced, in absentia, to 17 years in prison and 6 years in prison, respectively.

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 and 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) responds to and proactively develops legislative and regulatory proposals; (3) participates in global intergovernmental bodies; (4) provides crime victim assistance to the litigating units; and (5) handles FOIA matters for the Section.

 <http://www.justice.gov/criminal-fraud/strategy-policy-and-training-unit>

Corporate Criminal Enforcement Practice

The CECP Unit works closely with litigating unit attorneys during all stages of the corporate criminal resolution process. CECP typically 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

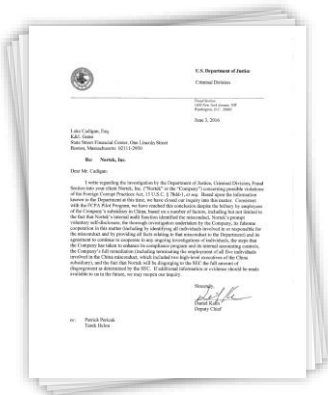
Since the hiring of its first compliance attorney in 2015, the CECP Unit has enhanced the Fraud Section's expertise in compliance and monitorship matters. The CECP Unit has dedicated compliance and monitorship experts who work closely together with Fraud Section prosecutors in evaluating companies' compliance 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 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 FCPA 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.



FCPA Corporate Enforcement Policy

In November 2017, the FCPA Corporate Enforcement Policy (CEP) was formally adopted and incorporated into the DOJ's Justice Manual, and it was slightly revised in November 2019. (JM 9-47.120). Criminal Division leadership announced in 2019 that despite its FCPA-specific title, the principles of the CEP would apply to all corporate cases in the Criminal Division.

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

Declinations announced by the FCPA Unit can be found on the FCPA Unit'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.

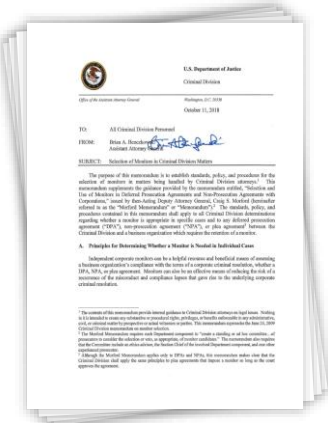
➡ <https://www.justice.gov/opa/speech/file/1061186/download>



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.

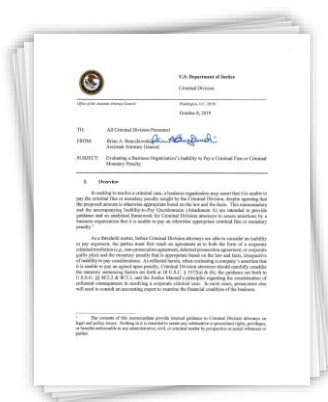
 <https://www.justice.gov/criminal-fraud/page/file/937501/download>



Memorandum on the Selection of 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.

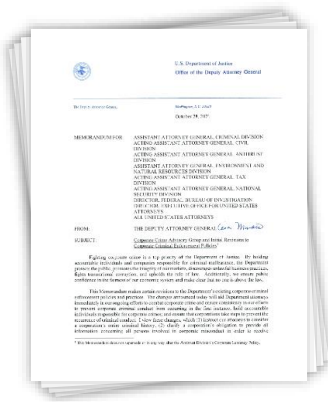
 <https://www.justice.gov/opa/speech/file/1100531/download>



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>



Memorandum on the Corporate Crime Advisory Group and Initial Revisions to Corporate Criminal Enforcement Policies

In October 2021, the Deputy Attorney General issued a Memorandum outlining revisions to the Department's corporate criminal enforcement policies and establishing the Corporate Crime Advisory Group.

 [Corporate Crime Advisory Group and Initial Revisions to Corporate Criminal Enforcement Policies \(justice.gov\)](https://www.justice.gov/corporate-crime-advisory-group)

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 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 Acting Chief of the CECP Unit is currently the Co-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 was expanded in 2021 to provide litigation support, training, and assistance during pretrial, trial, and post-trial proceedings for the Fraud Section. The five attorneys in the Litigation Unit work with each of the Fraud Section's three 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.

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 2021, the appellate attorneys in the Litigation Unit, in coordination with the Appellate Section of the Criminal Division, oversaw over 130 separate criminal appeals pending in eleven separate Courts of Appeals across the country, with 64 new notices of appeals filed. Over the course of the year, Fraud Section prosecutors filed 10 appellate merits briefs and 5 substantive motions to dismiss or affirm.

2021		
	Total Appeals Pending	133
	New Appeals Filed	64
	Appellate Merits Briefs Filed	10
	Substantive Motions to Dismiss or Affirm	5

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.