# Fraud Section
# Year In Review | 2024

United States Department of Justice | Criminal Division | Fraud Section

# Foreword

It is my privilege to present the Fraud Section's Year in Review for 2024. The document that follows presents a snapshot of the accomplishments by our hard-working and dedicated Fraud Section prosecutors, staff, and contractors, in partnership with our law enforcement and regulatory colleagues in the United States and overseas. And it is a testament to why the Fraud Section continues to be a national leader in white-collar criminal enforcement—not just in precedent-setting prosecutions, convictions, and resolutions, but also in pursuing innovative practices to continuously improve our enforcement of white-collar criminal laws and expectations for corporate compliance programs.

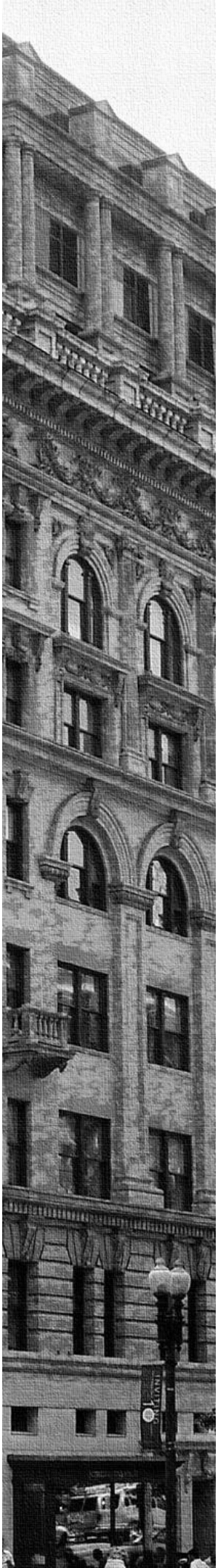
2024 was a banner year for the Fraud Section. Last year, the average fraud loss per individual charged of over $35 million—and the percentage of gatekeepers (executives and medical professionals) charged—over 35%—were at all-time highs, demonstrating the Section's continued focus on prosecuting the worst offenders committing the biggest crimes. The Section reached appreciably more corporate resolutions as compared to 2023, with combined resolution amounts of approximately $2.3 billion, tripling 2023's total. The resolutions spanned a range of industries and criminal conduct—including accounting fraud, defective pricing in government contracting, foreign bribery, and market manipulation. The Section also tried 37 cases, capping a three-year run in which the Section tried 128 cases in over 30 districts around the country—the most in any three-year period in its history. While maintaining this heavy docket, Section attorneys charged 234 individuals and convicted 252 individuals.

The Fraud Section's exceptional year is reflected beyond these numbers. In 2024, the Section continued to expand its global impact by reaching resolutions with companies based in China, Germany, Brazil, Spain, Australia, Switzerland, and South Africa. Fraud Section attorneys also continued to lead innovative initiatives to proactively detect and prosecute white-collar crime. For example, the Fraud Section was involved in developing the Criminal Division's Corporate Whistleblower Awards Pilot Program, revising the Corporate Enforcement and Voluntary Self-Disclosure Policy, and launching the International Corporate Anti-Bribery (ICAB) initiative. The Section also accelerated its independent lead-generating capabilities, including through data analytics. Dedicated in-house data analysts and scientists now allow our prosecutors to employ cutting-edge data analysis, together with traditional law enforcement techniques, to generate and identify leads for complex fraud, market manipulation, insider trading, and FCPA violations.

I am consistently impressed with and grateful for our Fraud Section team. And I look forward to continued success this year, the 70th anniversary of the Fraud Section's creation.

**Glenn Leon**
Chief
Fraud Section

**January 2025**



# The Fraud Section

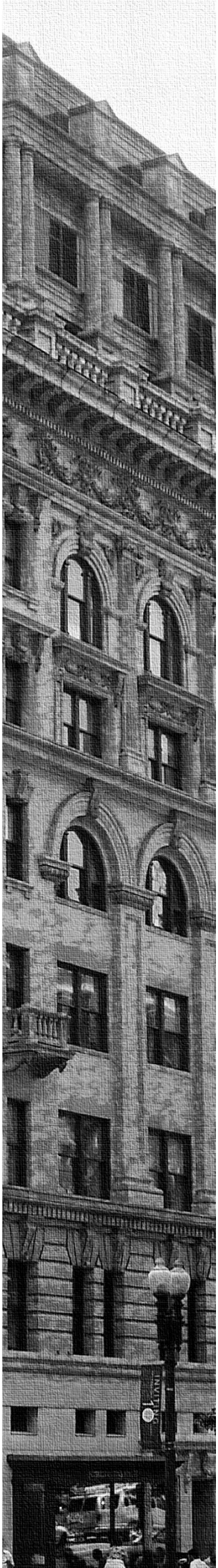
The Fraud Section plays a unique and essential role in the Department of Justice's fight against economic crime. Fraud Section attorneys investigate and prosecute complex white-collar crime cases throughout the country, and the Fraud Section is uniquely qualified to act in that capacity based on its 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:

**FCPA**
Foreign Corrupt Practices Act Unit

**MIMF**
Market Integrity and Major Frauds Unit

**HCF**
Health Care Fraud Unit



☛ 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 the Foreign Extortion Prevention Act (FEPA) 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 and strengthening enforcement 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 and other medications. The HCF Unit's core mission is to protect federal health care programs, and the public fisc, from waste, fraud, and abuse, deter fraud, and protect patients from egregious schemes that result in patient harm, including the over-prescribing of opioids. In 2024, the HCF Unit operated nine Health Care Fraud Strike Forces in 25 federal judicial districts across the United States.

The **Market Integrity and Major Frauds (MIMF) Unit** focuses on prosecuting complex and sophisticated government procurement, 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 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 and Compliance (CEC) Unit** supports 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; and evaluating corporate compliance programs and determining whether an independent compliance monitor should be imposed as part of a corporate resolution. The CEC Unit also oversees post-resolution matters, including oversight of monitors and compliance and disclosure obligations and handling the Section's policy matters.

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

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

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

# Summary of 2024 Fraud Section Individual Prosecutions[1]

## 234 Individuals CHARGED

FCPA **23**[2,3]

HCF **147**[2,3]
**$3.33 billion** in alleged fraud loss

MIMF **75**[2,3]

## 252 Individuals CONVICTED by Guilty Plea and at Trial

FCPA **16**[2,3]

HCF **165**[2,3]

MIMF **71**[3]

## 43 Executives CHARGED

## 45 Medical Professionals CHARGED

[1] 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.

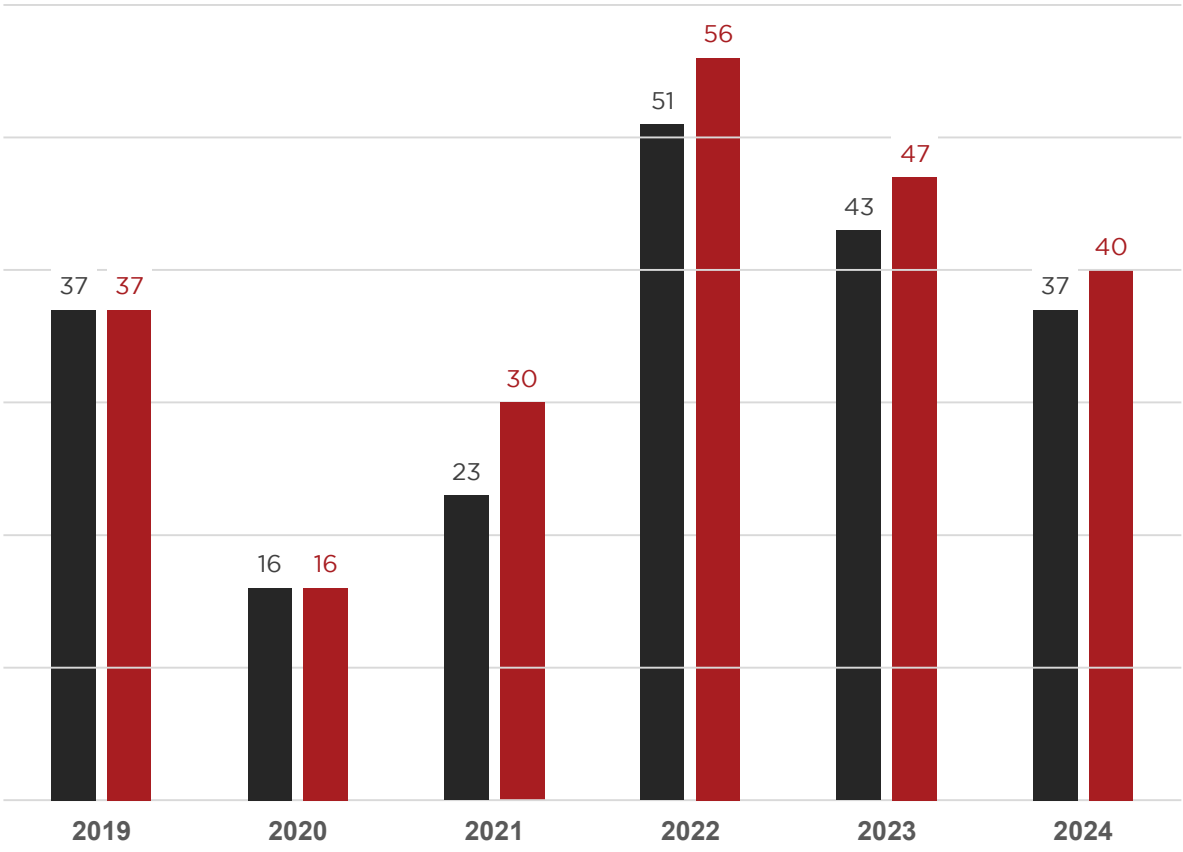
[2] Includes certain charges brought and pleas entered under seal in 2019-2023 that were unsealed in 2024.

[3] Includes individuals charged in cases brought by both FCPA and MIMF and both HCF and MIMF.

# 40 Individuals Convicted AT TRIAL

The 2024 cases were tried by 56 Fraud Section attorneys across 21 federal districts.

## More trials and trial convictions in the last three years than during any other similar period




**TRIALS AND TRIAL CONVICTIONS** (BY YEAR)

**Trials** **Trial Convictions**

# Summary of 2024 Fraud Section Corporate Resolutions, Including Corporate Enforcement Policy (CEP) Declinations

**13 CORPORATE RESOLUTIONS**[1]

FCPA **9** MIMF **4**

## Involving the Imposition of[2]

| | Total Global Monetary Amounts of more than **$2.306 billion** | Total U.S. Monetary Amounts of more than **$1.714 billion** | Total U.S. Criminal Monetary Amounts of more than **$1.357 billion** |
|---|---|---|---|
| FCPA | **$1.677 billion** | **$1.401 billion** | **$1.156 billion** |
| MIMF | **$629.4 million** | **$312.6 million** | **$201.4 million** |

[1] Corporate resolutions include declinations with disgorgement/restitution given pursuant to the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy. The summary statistics in this document provide approximate dollar amounts for all referenced corporate resolutions that were announced in calendar year 2024. Documents related to all Fraud Section corporate resolutions are available on our website at : https://www.justice.gov/criminal-fraud.

[2] 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 the 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 combination of the following monetary components: criminal fine, criminal monetary penalty, criminal forfeiture, criminal disgorgement, restitution, and other compensation payments.

# Timeline of Fraud Section Corporate Resolutions and CEP Declinations

## 2024

### *(FCPA)* SAP SE | 1.10.2024

- DPA – ( E.D. Va.)
- Total Global Monetary Amount: **$217,142,043**
- Total U.S. Monetary Amount: **$217,142,043**
- Total U.S. Criminal Monetary Amount: **$102,586,264**

### *(FCPA)* Trafigura Beheer BV | 3.28.2024

- Guilty Plea – (S.D.F.L.)
- Total Global Monetary Amount: **$126,988,298**
- Total U.S. Monetary Amount: **$100,168,951**
- Total U.S. Criminal Monetary Amount: **$100,168,951**

### *(MIMF)* Austal USA, LLC | 8.26.2024

- Guilty Plea – (S.D. Ala.)
- Total Global Monetary Amount: **$24,000,000**[1]
- Total U.S. Monetary Amount: **$24,000,000**[1]
- Total U.S. Criminal Monetary Amount: **$24,000,000**[1]

### *(MIMF)* TD Securities (USA) LLC | 9.30.2024

- DPA – (D.N.J.)
- Total Global Monetary Amount: **$15,500,000**
- Total U.S. Monetary Amount: **$15,500,000**
- Total U.S. Criminal Monetary Amount: **$15,500,000**

### *(MIMF)* Raytheon Company | 10.16.2024

- DPA – (D. Mass.)
- Total Global Monetary Amount: **$574,787,972**
- Total U.S. Monetary Amount: **$257,990,980**
- Total U.S. Criminal Monetary Amount: **$146,787,972**

### *(FCPA)* BIT Mining Ltd. (f/k/a 500.com) | 11.18.2024

- DPA – (D.N.J.)
- Total Global Monetary Amount: **$10,000,000**[1]
- Total U.S. Monetary Amount: **$10,000,000**[1]
- Total U.S. Criminal Monetary Amount: **$6,000,000**[1]

### *(FCPA)* AAR CORP. | 12.19.2024

- NPA – (D.D.C.)
- Total Global Monetary Amount: **$55,599,653**
- Total U.S. Monetary Amount: **$55,599,653**
- Total U.S. Criminal Monetary Amount: **$26,363,029**

### 3.1.2024 | Gunvor SA *(FCPA)*

- Guilty Plea – (E.D.N.Y.)
- Total Global Monetary Amount: **$661,698,515**
- Total U.S. Monetary Amount: **$474,418,479**
- Total U.S. Criminal Monetary Amount: **$474,418,479**

### 4.12.2024 | Proterial Cable America, Inc. *(MIMF)*

- CEP Declination
- Disgorgement/Restitution Amount: **$15,126,204**

### 8.28.2024 | Boston Consulting Group, Inc. *(FCPA)*

- CEP Declination
- Disgorgement/Restitution Amount: **$14,424,000**

### 10.16.2024 | Raytheon Company *(FCPA)*

- DPA – (E.D.N.Y.)
- Total Global Monetary Amount: **$383,287,126**
- Total U.S. Monetary Amount: **$383,287,126**
- Total U.S. Criminal Monetary Amount: **$281,600,828**

### 11.8.2024 | Telefonica Venezolana *(FCPA)*

- DPA – (S.D.N.Y.)
- Total Global Monetary Amount: **$85,260,000**
- Total U.S. Monetary Amount: **$85,260,000**
- Total U.S. Criminal Monetary Amount: **$85,260,000**

### 12.5.2024 | McKinsey *(FCPA)*

- DPA – (S.D.N.Y.)
- Total Global Monetary Amount: **$122,850,000**
- Total U.S. Monetary Amount: **$61,425,000**
- Total U.S. Criminal Monetary Amount: **$61,425,000**

[1] Reflects monetary amounts paid after reductions based on inability-to-pay analysis.

## Corporate Resolution Agreements

**44 ACTIVE RESOLUTIONS**

With Fraud Section-Imposed Reporting Obligations in 2024[1]

Corporations Under Compliance Obligations in 2024:

**33** **Self-Reporting**

**11** **Independent Monitorships**

### Active Resolutions Involving Corporations[2]

| | |
|---|---|
| With over USD $1 Billion Market Capitalization: | **29** |
| That are Publicly Traded:[3] | **29** |
| That are S&P 500:[4] | **7** |

## CEP Declinations

**8** **CEP Declinations since 2020**

**2024** **First CEP Declination by MIMF Unit**

**2023** **First CEP Declination by HCF Unit**

1 Includes companies for which compliance with reporting obligations were evaluated in 2024

2 Includes market cap for parent companies where resolution is with subsidiary

3 Includes market cap for parent companies where resolution is with subsidiary

4 Includes market cap for parent companies where resolution is with subsidiary

# 2024 Fraud Section Senior Management

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

Glenn Leon re-joined the Fraud Section as Chief in September 2022 after serving as the Chief Ethics and Compliance Officer at a Fortune 500 company for seven years. Leon previously served as Acting Deputy Chief and as Assistant Chief in the Fraud Section's Securities and Financial Fraud Unit, the precursor to the Market Integrity and Major Frauds Unit, from 2011-2014. Before that, Leon served as an AUSA for the U.S. Attorney's Office for the District of Columbia from 1998 to 2011. Leon started his career in private practice in New York, NY.

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

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

## **Sean Tonolli**, Fraud Section Senior Deputy Chief

Sean Tonolli joined the Fraud Section in January 2023 as the Chief of the Litigation Unit and became the Senior Deputy Chief in January 2024. Previously, Tonolli served as an AUSA in the District of Columbia and the Eastern District of Virginia, and later as a Senior Investigative Counsel for the U.S. House of Representatives. In the interim, Tonolli was in private practice in Washington, D.C. Tonolli also clerked on the U.S. District Court in Baltimore.

## **David Fuhr**, FCPA Unit Chief

David Fuhr joined the Fraud Section in 2013 as a Trial Attorney in the FCPA Unit. He became Chief of the FCPA Unit in October 2023 after serving as Acting Chief since May 2023. Fuhr previously served as the Principal Assistant Deputy Chief and Acting Principal Assistant Deputy Chief since October 2021 and as Assistant Chief since 2019. Prior to joining the Fraud Section, Fuhr worked in private practice at a law firm in New York and Washington, D.C. and clerked for a judge on the Eighth Circuit Court of Appeals.

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

Dustin Davis joined the Fraud Section as a Trial Attorney in 2014, and in 2016 was elevated to the role of Assistant Chief of the HCF Unit's Gulf Coast Strike Force. Davis became the Acting Principal Assistant Chief of the HCF Unit in December 2020 and has served as the Chief of the Unit since January 2023. Prior to joining the Fraud Section, Davis spent six years as an AUSA in the Southern District of Florida. Davis began his career as an Assistant District Attorney in New Orleans.

## **Anna Kaminska**, MIMF Unit Chief

Anna Kaminska joined the Fraud Section in 2013. Before becoming Chief in January 2024, she was the Acting Chief of the MIMF Unit in October 2023. She also served as the Principal Assistant Chief from January 2023, Acting Principal Assistant Chief from May 2022, and Assistant Chief from 2019. Prior to joining the Fraud Section, she worked in private practice at a law firm in New York and clerked for judges on the Second Circuit Court of Appeals and the New York State Supreme Court, Appellate Division.

### **Andrew Gentin**, CEC Unit Chief

Andrew Gentin joined the Fraud Section in 2007. Gentin became the Chief of the CEC Unit in January 2023, after serving as the Acting Chief since 2021. Gentin was previously a prosecutor 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.

### **Katherine Payerle**, Litigation Unit Chief

Kate Payerle joined the Fraud Section in 2016, and has tried thirteen cases to verdict, litigated cases in more than fifteen federal districts, and supervised numerous others. She has also served on detail to the U.S. Embassy in Guatemala as a Resident Legal Advisor. Before joining the Fraud Section, Payerle was a law clerk in the Southern District of California, and for seven years, was in private practice as a commercial litigation attorney in Charlotte, North Carolina.

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

John Kosmidis joined the Fraud Section in 2019 as a Trial Attorney. In 2020, he became Assistant Chief of the SMU and was appointed Acting Chief in 2021, before being appointed Unit Chief in 2022. Prior to joining the Fraud Section, Kosmidis 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, composed of 32 prosecutors, had a banner year holding both corporate and individual wrongdoers to account for engaging in serious and complex foreign bribery schemes.

In 2024, the FCPA Unit resolved eight criminal corporate cases and entered into one declination with disgorgement pursuant to the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP). Only once in the last decade did the FCPA Unit enter into more corporate resolutions than the eight cases brought in 2024. These matters included the Unit's first ever coordinated resolution with Ecuador and its third with South Africa. The corporate resolutions implicated companies across the world, including a China-based company (BIT Mining Ltd., f/k/a 500.com), a subsidiary of a Spanish company (Telefonica), a German company (SAP), two U.S.-based companies (Raytheon and AAR), the African subsidiary of a U.S.-based company (McKinsey Africa), and two Swiss-based companies (Gunvor and Trafigura). These companies operated across a range of industries, such as telecommunications, defense contracting, software services, commodities trading, aircraft services, and management consulting. Moreover, the schemes were geographically widespread and included bribery of officials in Latin America, Africa, the Middle East, and South and East Asia.

## FCPA Unit Statistics 2024

INDIVIDUAL PROSECUTIONS

**23** **INDIVIDUALS CHARGED**

**16** **INDIVIDUALS CONVICTED**

- **Pleaded Guilty: 12**
- **Convicted at Trial: 4**

CORPORATE RESOLUTIONS

**9** **CORPORATE MATTERS, including 8 Resolutions and one CEP Declination** involving the imposition of:

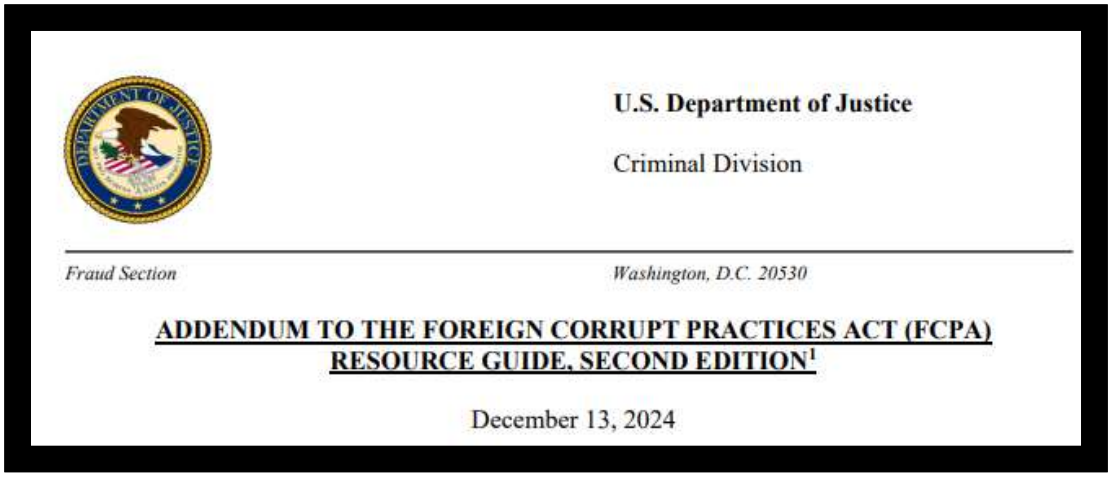
- Total Global Monetary Amounts: **$1.677 billion**
- Total U.S. Monetary Amounts: **$1.401 billion**
- Total U.S. Criminal Monetary Amounts: **$1.156 billion**

# Foreign Corrupt Practices Act Unit

The FCPA Unit also secured important convictions against individuals who perpetrated bribery schemes, including after four jury trials, the most ever successful trials in a single year for the Unit. Specifically, these trials resulted in convictions against bribe payers and senior former government officials, including Javier Aguilar, a former trader at Vitol Inc.; Manuel Chang, the former Minister of Finance of Mozambique; Glenn Oztemel, a former trader at Freepoint Commodities; and Carlos Polit, the former Comptroller General of Ecuador. In addition to these trial convictions, FCPA Unit prosecutors secured guilty pleas from 13 individuals. And the Unit brought charges in high-impact cases, including against several business executives in connection with an alleged scheme to pay over $250 million in bribes to Indian government officials to secure solar energy contracts and a scheme to fraudulently secure billions of dollars in financing from U.S. investors, among others.

Throughout the past year, the FCPA Unit continued to use all tools at its disposal to uncover, investigate, and prosecute foreign corruption. These tools include the newly passed Foreign Extortion Prevention Act (FEPA), which was amended in July 2024. Like the FCPA, under Department of Justice policy, the Fraud Section must authorize all investigations and prosecutions under FEPA. The FCPA Unit is also continuing to leverage data analytics to obtain and analyze both public and non-public data to help detect foreign bribery schemes and initiate investigations. Finally, the FCPA Unit is continuing to deepen and strengthen its relationships with foreign authorities, an evergreen aspect of the Unit's leadership in the global fight against corruption. To that end, the FCPA Unit selected four inaugural members of the International Corporate Anti-Bribery (ICAB) initiative, who have obtained and shared multiple case referrals from and with foreign authorities and assisted with coordinated corporate resolutions.

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



U.S. Department of Justice

Criminal Division

*Fraud Section* *Washington, D.C. 20530*

**ADDENDUM TO THE FOREIGN CORRUPT PRACTICES ACT (FCPA) RESOURCE GUIDE, SECOND EDITION[1]**

December 13, 2024

☛ https://www.justice.gov/criminal/media/1380261/dl?inline

## *Significant Corporate Resolutions, CEP Declination, and Associated Individual Cases*

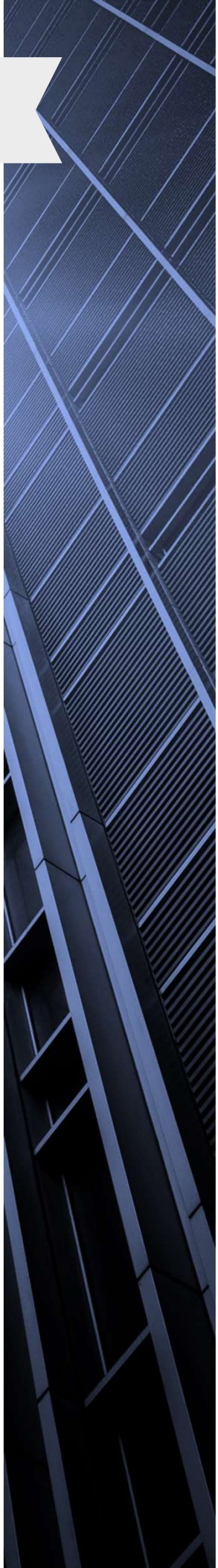
### ***United States v. SAP SE (E.D. Va.)***

In January 2024, SAP SE (SAP), a global software company based in Germany, entered into a three-year DPA with the Department of Justice (Department) and paid more than $220 million to resolve investigations by the Department and the SEC into violations of the FCPA stemming from schemes to pay bribes to government officials in South Africa and Indonesia.

As part of the resolution, SAP admitted that between 2013 and 2018, SAP and its co-conspirators made bribe payments and provided other things of value intended for the benefit of South African and Indonesian foreign officials, including by delivering money in the form of cash payments, political contributions, and wire and other electronic transfers, along with luxury goods purchased during shopping trips. SAP immediately cooperated with the Department after South African investigative reports made public allegations of the South Africa-related misconduct and took timely remedial measures. SAP agreed to pay a criminal penalty of $118.8 million, which reflected a 40% reduction off the tenth percentile of the applicable Sentencing Guidelines fine range, taking into account SAP's cooperation, remediation, and prior history. Pursuant to the Criminal Division's March 2023 Compensation Incentives and Clawbacks Pilot Program, SAP also received a fine reduction of over $100,000 for bonuses SAP withheld from employees during the internal investigation.

As part of the FCPA Unit's coordinated resolution with South Africa, the Department credited $55.1 million of the criminal penalty against amounts that SAP paid to resolve an investigation by law enforcement authorities in South Africa for related conduct, and it credited the full forfeiture amount – $103,396,765 – against disgorgement that SAP paid to the SEC or South African authorities.

The Fraud Section and the U.S. Attorney's Office for the Eastern District of Virginia prosecuted the case.



## *United States v. Gunvor S.A. (E.D.N.Y.)*

In March 2024, Gunvor S.A. (Gunvor), an international commodities trading company based in Switzerland, pleaded guilty to conspiring to violate the anti-bribery provisions of the FCPA and agreed to pay a criminal penalty and forfeiture amounting to more than $661 million.

Between 2012 and 2020, Gunvor engaged intermediaries knowing that some of their purported consulting fees would be and in fact were used to bribe Ecuadorian officials to secure business with Ecuador's state-owned and state-controlled oil company, Petroecuador. In exchange for the bribe payments, the Ecuadorian officials provided Gunvor with improper advantages, including confidential information and contractual terms that it could not have obtained otherwise. As part of the scheme, Gunvor managers and agents attended meetings in the United States and routed bribe payments through banks in the United States using shell companies controlled by Gunvor's co-conspirators. In total, Gunvor earned more than $384 million in profits from the contracts it corruptly obtained. Following the plea, the court sentenced Gunvor to pay a criminal fine of $374,560,071 and to forfeit $287,138,444 in ill-gotten gains.

This resolution was coordinated with authorities in Switzerland and, for the first time, Ecuador. The Department credited one-quarter of the criminal fine each for amounts Gunvor has since paid to resolve investigations by Swiss and Ecuadorian authorities into the same misconduct. The criminal fine reflected a 25% reduction off the 30th percentile of the applicable Sentencing Guidelines fine range, taking into account Gunvor's cooperation and remediation, as well as its prior history.

Four individuals previously pleaded guilty in relation to the bribery scheme, including a former high-level Petroecuador official, an employee and agent of Gunvor, and two intermediaries who paid bribes on Gunvor's behalf.

The Fraud Section, the Money Laundering and Asset Recovery Section (MLARS), and the U.S. Attorney's Office for the Eastern District of New York prosecuted the case.

---

## *United States v. Trafigura Beheer B.V. (S.D. Fla.)*

In March 2024, Trafigura Beheer B.V. (Trafigura), an international commodities trading company with its primary operations in Switzerland, pleaded guilty and paid more than $126 million for conspiring to violate the anti-bribery provisions of the FCPA in connection with a scheme to pay bribes to Brazilian government officials to secure business with Brazil's state-owned and state-controlled oil company, Petróleo Brasileiro S.A. – Petrobras (Petrobras).

Between approximately 2003 and 2014, Trafigura paid bribes to Petrobras officials. Beginning in 2009, Trafigura and its co-conspirators, who met in Miami to discuss the bribery scheme, agreed to make bribe payments of up to 20 cents per barrel of oil products bought from, or sold to, Petrobras by Trafigura and to conceal the bribe payments through the use of shell companies and by funneling payments through intermediaries who used offshore bank accounts to deliver cash to officials in Brazil. Trafigura profited approximately $61 million from the corrupt scheme. One of the former Petrobras officials who received bribes from Trafigura previously pleaded guilty to money laundering conspiracy in connection with this and other schemes.

In connection with its guilty plea, Trafigura was subject to a criminal fine of $80,488,040 and forfeiture of $46,510,257. The Department agreed to credit up to $26,829,346 of the criminal fine against amounts Trafigura pays to resolve a related investigation by Brazilian law enforcement authorities. The criminal fine included a 10% reduction off the fifth percentile of the applicable Sentencing Guidelines fine range, which accounted for Trafigura's cooperation and remediation, as well as its prior history. Specifically, the 10% reduction reflected a credit for Trafigura's cooperation and affirmative acceptance of responsibility and its remedial measures, but also accounted for the fact that particularly during the early phase of the investigation, Trafigura failed to preserve and produce certain documents and evidence in a timely manner and, at times, took positions that were inconsistent with full cooperation.

The Fraud Section and the U.S. Attorney's Office for the Southern District of Florida prosecuted the case.

---

## *United States v. Raytheon Company (E.D.N.Y.)*

In October 2024, Raytheon Company (Raytheon), a subsidiary of Arlington, Virginia-based publicly traded defense contractor RTX (formerly known as Raytheon Technologies Corporation), entered into a three-year DPA and agreed to pay more than $281 million for conspiring to violate (1) the anti-bribery provisions of the FCPA relating to a scheme to pay bribes to Qatari government officials, and (2) the Arms Export Control Act and International Traffic in Arms Regulations (ITAR) Part 130 by willfully failing to disclose the bribes to the State Department, Directorate of Defense Trade Controls.

Between 2012 and 2016, Raytheon engaged in a scheme to bribe a high-level official at the Qatar Emiri Air Force (QEAF), a branch of Qatar's Armed Forces (QAF) that was primarily responsible for the conduct of air warfare, in order to assist Raytheon in obtaining and retaining business from the QEAF and QAF. Raytheon received a reduction on its criminal penalty for cooperating with the Department's investigation and implementing timely remedial measures. The calculated criminal penalty therefore reflected a 20% reduction off the 20th percentile above the low end of the applicable Sentencing Guidelines fine range in light of Raytheon's prior history.

In addition to the FCPA and export controls matter, Raytheon also entered into a three-year DPA with the MIMF Unit and the U.S. Attorney's Office for the District of Massachusetts in connection with two defective pricing schemes. Both agreements require that Raytheon retain an independent compliance monitor for three years. Raytheon also reached a separate False Claims Act settlement with the Department relating to the defective pricing schemes. Raytheon agreed to pay over $950 million to resolve the Department's foreign bribery, export controls, and defective pricing investigations.

The SEC resolved a parallel investigation into Raytheon's misconduct in which Raytheon agreed to pay more than $49 million in disgorgement and prejudgment interest and a civil penalty of $75 million. As part of the coordinated resolutions, the Department agreed to credit approximately $7.4 million of the forfeiture to be paid to the Department against disgorgement Raytheon agreed to pay to the SEC and the SEC credited $22.5 million of its civil penalty against the criminal monetary penalty.

The Fraud Section partnered on the FCPA and ITAR matter with the National Security Division's Counterintelligence and Export Control Section and the U.S. Attorney's Office for the Eastern District of New York.

### *United States v. BIT Mining Ltd. (f/k/a 500.com) and United States v. Zhengming Pan (D.N.J.)*

In November 2024, BIT Mining Ltd. (formerly known as 500.com Ltd.), a publicly traded company based in China, entered into a three-year DPA and agreed to a $54 million criminal penalty for conspiring to violate the anti-bribery and books and records provisions of the FCPA and a substantive violation of the books and records provision relating to a scheme to pay bribes to Japanese government officials. At the time of the corporate resolution, the Department also unsealed an indictment filed in June 2024 against Zhengming Pan, the company's former CEO, for his role in the scheme.

As the company admitted in connection with the DPA, between 2017 and 2019, 500.com, through its CEO Pan and various consultants, paid nearly $2 million in bribes to Japanese government officials in order to help the company win a bid to open a large resort complex in Japan. The bribes consisted of cash, travel, entertainment, and gifts. The company also admitted that Pan and others concealed the bribe payments by entering into sham contracts and falsely recording the payments as legitimate expenses. Despite the bribes paid, the company did not ultimately win a resort bid in Japan. The indictment against Pan alleges that, as CEO, Pan directed the bribery scheme, including hiring and overseeing the consultants, directing them to pay the bribes, concealing the illicit payments in the Company's books and records, and filing knowingly false reports with the SEC.

During the scheme, the company was an online gaming company, but since that time changed to the crypto-mining industry. Due to the company's financial position and inability to pay the full criminal penalty, the amount owed was reduced to a $10 million fine. The Company also resolved an investigation with the SEC for the same conduct, and the Department credited $4 million of the penalty paid to satisfy the SEC's civil penalty.

The Fraud Section and the U.S. Attorney's Office for the District of New Jersey prosecuted the case.

---

## *United States v. Telefónica Venezolana (S.D.N.Y.)*

In December 2024, Telefónica Venezolana C.A. (Telefónica Venezolana), a Venezuela-based subsidiary of Telefónica S.A. (Telefónica), a publicly traded global telecommunications operator based in Spain, entered into a three-year DPA and agreed to pay over $85.2 million in connection with a criminal information charging Telefónica Venezolana with violating the anti-bribery provisions of the FCPA relating to a scheme to bribe government officials in Venezuela to receive preferential access to U.S. dollars in a currency auction.

In 2014, Telefónica Venezolana participated in a government-sponsored currency auction in Venezuela that allowed it to exchange its Venezuelan bolivars for U.S. dollars. To ensure its success in the auction, Telefónica Venezolana recruited two suppliers to make approximately $28.9 million in corrupt payments to an intermediary, knowing that some of those funds would be paid to Venezuelan government officials. As a result of its corrupt payments, Telefónica Venezolana was permitted to exchange and subsequently received over $110 million through the currency auction, which it used to purchase equipment from the two suppliers it recruited to join the scheme. These funds represented over 65% of the funds that the Venezuelan government awarded in the 2014 currency auction.

Telefónica Venezolana agreed to pay a criminal penalty of $85,260,000. The company received a reduction on its criminal penalty for its cooperation with the Department's investigation and timely remediation. However, in the initial phases of the Department's investigation, Telefónica Venezolana failed to timely identify, collect, produce, and disclose certain records and important information, which affected investigative efforts by the Department and reduced the impact of Telefónica Venezolana's cooperation. The calculated criminal penalty therefore reflected a 20% reduction off the 5th percentile above the low end of the applicable Sentencing Guidelines fine range in light of the company's prior history.

The Fraud Section and the U.S. Attorney's Office for the Southern District of New York prosecuted the case.

## *United States v. McKinsey & Company Africa (Pty) Ltd (S.D.N.Y.)*

In December 2024, McKinsey & Company Africa (Pty) Ltd (McKinsey Africa), which operates in South Africa as a wholly owned and controlled subsidiary of McKinsey and Company, Inc. (McKinsey), entered into a three-year DPA and agreed to pay more than $122 million in connection with an information charging conspiracy to violate the anti-bribery provisions of the FCPA for a scheme to pay bribes to government officials in South Africa.

Between at least 2012 and 2016, McKinsey Africa, acting through a senior partner and for the benefit of McKinsey, agreed to pay bribes to officials at two South African state-owned entities, Transnet SOC Ltd (Transnet) and Eskom Holdings Limited (Eskom). As part of the scheme, McKinsey Africa obtained sensitive confidential and non-public information from Transnet and Eskom regarding the award of lucrative consulting contracts and submitted proposals for multimillion-dollar consulting engagements, while knowing that South African consulting firms with which McKinsey Africa had partnered would pay a portion of their fees as bribes to officials at Transnet and Eskom. As a result of the bribery scheme, McKinsey and McKinsey Africa earned profits of approximately $85,000,000.

McKinsey Africa agreed to pay a criminal penalty of $122,850,000. As part of a coordinated resolution – the third with South African authorities in two years – the Department credited one half of the criminal penalty against amounts McKinsey has agreed to pay to authorities in South Africa in related proceedings. The criminal penalty calculated under the U.S. Sentencing Guidelines reflected a 35% reduction off the fifth percentile of the otherwise applicable guidelines fine range in consideration of the company's cooperation and remediation and prior history.

At the time of the resolution, the Department also unsealed the guilty plea of a former senior partner of McKinsey who worked in McKinsey's South Africa office and had pleaded guilty to conspiracy to violate the FCPA.

The Fraud Section and the U.S. Attorney's Office for the Southern District of New York prosecuted the case.

## *In re AAR CORP. (D.D.C.)*

In December 2024, AAR CORP. (AAR), a publicly traded aviation services company headquartered in Wood Dale, Illinois, entered into an eighteen-month non-prosecution agreement (NPA) with the Department and agreed to pay over $44 million to resolve the Department's investigation into AAR's participation in schemes to bribe government officials in Nepal and South Africa.

Between 2015 and 2020, AAR, through an employee and third-party agents, conspired to pay bribes to obtain and retain business with state-owned airlines in Nepal and South Africa. As a result of the scheme, AAR obtained profits of nearly $24 million. AAR's NPA included a $26.3 million penalty and administrative forfeiture of $18.5 million.

This resolution demonstrates the Fraud Section's application of the recent revisions to the CEP. Specifically, AAR self-reported conduct that, in part, formed the basis of the resolution, but the self-report did not meet the definition of "voluntary self-disclosure" as articulated in the CEP. Prior to the self-report, (a) there were several articles published in Nepal and South Africa describing potential irregularities in the relevant contracts, including that an AAR subsidiary had been summoned by a Nepalese agency investigating irregularities and corruption in connection with the procurement of aircraft, and (b) an independent source reported the allegations regarding the Nepal conduct to the Department. AAR was not aware the conduct had already come to the Department's attention and the company demonstrated that it acted in good faith to self-report the misconduct, that it fully cooperated, and timely and appropriately remediated. The Department gave significant weight to these considerations in determining the appropriate resolution, including the appropriate form, the appropriate monetary penalty, and the length of the term of the agreement. Under the revised CEP, AAR received a 45% reduction off the bottom of the applicable Sentencing Guidelines fine range and a resolution in the form of a non-prosecution agreement for a term of 18 months instead of the traditional 3-year term.

The SEC resolved a parallel investigation into AAR's misconduct in which AAR agreed to pay $29.1 million in disgorgement and prejudgment interest. As part of the coordinated resolutions, the Department agreed to credit the forfeiture to be paid to the Department against disgorgement AAR agreed to pay to the SEC.

Earlier in 2024, the Department has also prosecuted two culpable individuals: an AAR subsidiary executive and a third-party agent of AAR who have both pleaded guilty in connection with their roles in the schemes.

The Fraud Section and the U.S. Attorney's Office for the District of Columbia prosecuted the case.

## *In re Boston Consulting Group, Inc. (S.D.N.Y.)*

In August 2024, the Fraud Section and the U.S. Attorney's Office for the Southern District of New York issued a declination pursuant to the Criminal Division's CEP to Boston Consulting Group, Inc. (BCG) in connection with a scheme to pay bribes to Angolan government officials in order to obtain business with the Angolan Ministry of Economy and the National Bank of Angola.

From in or about 2011 until in or about 2017, BCG, through its Lisbon, Portugal office, paid its agent in Angola the equivalent of approximately $4.3 million in commissions, while certain BCG employees in Portugal were aware that the agent had close ties to Angolan government officials and members of the ruling political party. BCG agreed to pay the agent 20 to 35 percent of the value of any government contracts procured and sent the funds to the agent's three different offshore entities. Thereafter, BCG's agent sent a portion of the commissions in Angolan currency to Angolan government officials. In total, the agent helped BCG secure eleven contracts with the Angolan government, resulting in profits for BCG of approximately $14.4 million.

BCG voluntarily self-disclosed the misconduct, fully cooperated with the investigation, timely and appropriately remediated the misconduct, and agreed to forfeit the proceeds earned through the misconduct. Pursuant to the CEP, the Department issued a declination with disgorgement.

## *Foreign Bribery Trials and Associated Convictions*

### ***United States v. Javier Aguilar (E.D.N.Y.)***

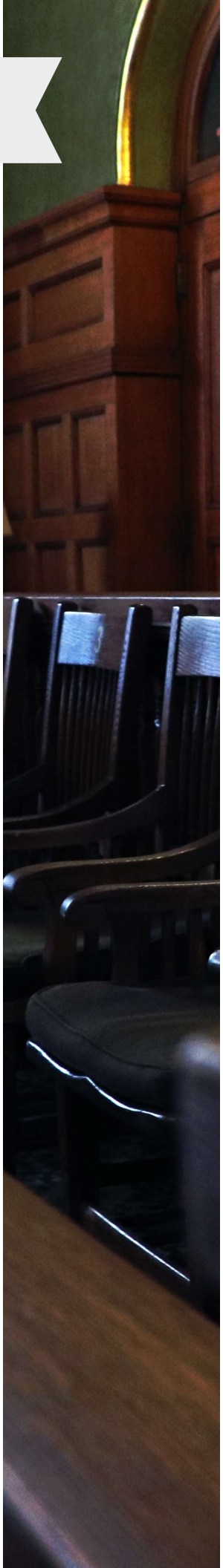
In February 2024, after a nearly eight-week trial in the Eastern District of New York, a jury convicted Javier Aguilar, a former oil and gas trader at the international commodities trading company Vitol Inc. (Vitol), for conspiring to violate the FCPA, violating the FCPA, and conspiring to commit money laundering in connection with a scheme to bribe officials at Ecuador's state-owned and controlled oil company, Petroecuador. During the trial, prosecutors from the FCPA Unit, the USAO for the Eastern District of New York, and MLARS presented evidence of how Aguilar and his co-conspirators bribed Ecuadorean officials in order to secure a $300 million contract to purchase fuel oil from Petroecuador. To conceal the scheme, Aguilar and his co-conspirators used alias email accounts, code words, and a series of fake contracts, sham invoices, and shell entities incorporated around the world.

The evidence at trial also demonstrated that Aguilar used the same system of concealment to launder bribe payments to two officials at Pemex Procurement International. In total, Aguilar paid approximately $600,000 in bribes to these officials to obtain numerous contracts for Vitol to supply hundreds of millions of dollars of ethane gas to Mexico's state-owned and controlled oil company Petróleos Mexicanos (PEMEX).

In August 2024, following his conviction in EDNY, Aguilar pleaded guilty to the PEMEX scheme, which had been indicted separately in the Southern District of Texas (SDTX). As part of his plea, Aguilar consented to transfer the SDTX case back to the EDNY, reconsolidating the cases which had initially been charged together. Aguilar currently awaits sentencing on both his trial conviction and guilty plea.

In December 2020, Vitol resolved the FCPA Unit's investigation by agreeing to pay over $120 million and admitting its involvement in the bribery schemes. Seven of the defendant's co-conspirators have pleaded guilty in connection with their roles in the scheme and are awaiting sentencing. Together, these individuals have agreed to forfeit more than $63 million.

The Fraud Section, MLARS, and the U.S. Attorney's Office for the Eastern District of New York prosecuted the case.



### *United States v. Carlos and John Polit (S.D. Fla.)*

In April 2024, Carlos Ramon Polit Faggioni (Polit), the former Comptroller General of Ecuador, was convicted by a federal jury in Miami of several money laundering offenses for his role in a multimillion-dollar international bribery and money laundering scheme in which he laundered in South Florida over $16 million in bribes he had received during his time in office.

During the trial, prosecutors from the Fraud Section and the USAO for the Southern District of Florida presented evidence proving that Polit solicited and received over $10 million in bribe payments from Odebrecht S.A., the Brazil-based construction conglomerate. Polit, in his position as Comptroller General of Ecuador, was responsible for protecting public funds against fraud and rooting out corruption. Instead, Polit took bribes from Odebrecht in exchange for removing fines and not imposing fines on Odebrecht's projects in Ecuador. Additionally, in or around 2015, Polit received a bribe from an Ecuadorian businessman in exchange for assisting the businessman with obtaining certain contracts with the state-owned insurance company of Ecuador. Polit directed his son, John Polit, to make the proceeds of Carlos Polit's bribery scheme "disappear" by using Florida companies registered in the names of friends and associates, often without the associates' knowledge. The conspirators also used funds from Polit's bribery scheme to purchase and renovate real estate in Florida.

Odebrecht S.A. pleaded guilty in December 2016 to conspiring to violate the anti-bribery provisions of the FCPA in connection with a broader scheme to pay nearly $800 million in bribes to public officials in 12 countries, including Ecuador.

In October 2024, Carlos Polit was sentenced to 10 years' imprisonment and ordered to forfeit $16.5 million.

Following the conviction of Carlos Polit, John Polit was charged for his role in laundering these bribe proceeds. John Polit pleaded guilty to one count of conspiracy to commit money laundering in November 2024.

The Fraud Section and the U.S. Attorney's Office for the Southern District of Florida prosecuted the case.

### *United States v. Manuel Chang (E.D.N.Y.)*

In August 2024, Manuel Chang, the former Finance Minister of Mozambique, was convicted after trial in the Eastern District of New York for his role in a $2 billion fraud, bribery, and money laundering scheme that victimized investors in the United States and elsewhere. The jury convicted Chang of one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering. He is scheduled to be sentenced in January 2025.

During the trial, prosecutors from the Fraud Section, MLARS, and the U.S. Attorney's Office for the Eastern District of New York proved that between approximately 2013 and 2015, Chang, together with his co-conspirators—including executives of a United Arab Emirates-based shipbuilding company—ensured that a Credit Suisse subsidiary and another foreign investment bank arranged for more than $2 billion in loans to companies owned and controlled by the Mozambican government. The proceeds of the loans were intended to fund three maritime projects for which the shipbuilding company was to provide the equipment and services; and Chang and his co-conspirators falsely told banks and investors, including those in the United States, that the loan proceeds would be used not to pay bribes to government officials. However, Chang and his co-conspirators used some of the loan proceeds, among other things, to pay bribes and kickbacks, including $7 million to Chang in exchange for signing guarantees on behalf of the Republic of Mozambique to secure funding for the loans. Ultimately, each of the borrowers defaulted on their loans and proceeded to miss more than $700 million in loan payments, causing substantial losses to investors.

In October 2021, Credit Suisse AG entered into a DPA (with its U.K. subsidiary pleading guilty), admitting its role in the scheme, and paid approximately $475 million as part of a global coordinated resolution.

The Fraud Section and the U.S. Attorney's Office for the Eastern District of New York prosecuted the case.

### *United States v. Glenn Oztemel and Gary Oztemel (D. Conn.)*

In September 2024, Glenn Oztemel (Oztemel), a former oil and gas trader at Freepoint Commodities LLC (Freepoint) was convicted by a federal jury for his role in a nearly eight-year long scheme to bribe Brazilian government officials and to launder money to secure business for Freepoint and Arcadia Fuels Ltd. (Arcadia), two Connecticut-based commodities trading companies.

Evidence presented at trial showed that, between 2010 and 2018, Oztemel worked as a senior oil and gas trader — first at Arcadia and then at Freepoint. With the assistance of others, Oztemel paid and caused the payment of bribes to officials at Petróleo Brasileiro S.A. (Petrobras), the state oil company of Brazil, for their assistance in helping Arcadia and Freepoint to obtain and retain fuel oil contracts with Petrobras and by providing Oztemel and others with confidential information regarding Petrobras' fuel oil business. Oztemel and his co-conspirators caused Arcadia and Freepoint to make corrupt payments — disguised as purported consulting fees and commissions — to a third-party intermediary and agent, Eduardo Innecco, knowing that Innecco would pay a portion of those funds to Brazilian officials, including to Houston-based Petrobras trader Rodrigo Berkowitz.

In December 2023, Freepoint entered into a DPA and agreed to pay over $98 million for its role in the scheme.

Oztemel's brother, Gary Oztemel, pleaded guilty to money laundering in June 2024 in connection with his role in the scheme. Innecco was arrested in France in May 2023, and his extradition to the United States is pending.

The Fraud Section and the U.S. Attorney's Office for the District of Connecticut prosecuted the case.

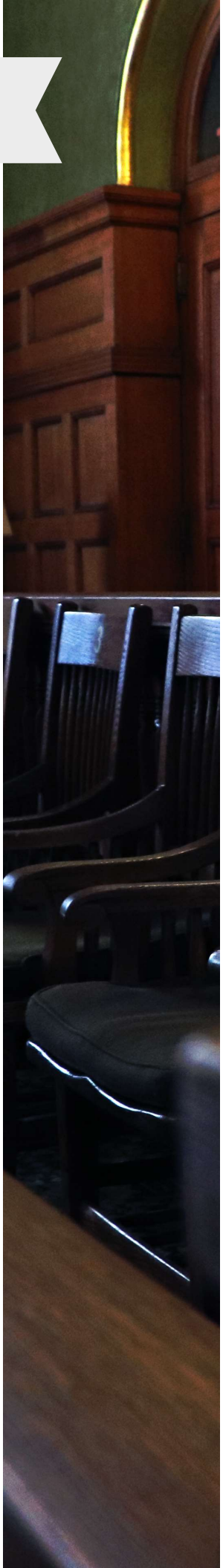
## *Significant Indictments of Individuals*

### ***United States v. Gautam Adani, et al. (E.D.N.Y.)***

In November 2024, an indictment was unsealed charging Gautam S. Adani, the chairman of an Indian renewable-energy company (Indian Energy Company), and seven other senior business executives, including former executives and directors of a renewable-energy company with securities that had traded on the New York Stock Exchange (U.S. Issuer), in connection with a scheme to pay hundreds of millions of dollars in bribes and conceal the bribery scheme from U.S. investors.

As alleged in the indictment, between approximately 2020 and 2024, the defendants agreed to pay more than $250 million in bribes to Indian government officials to obtain lucrative solar energy supply contracts with the Indian government, which were projected to generate more than $2 billion in profits after tax over an approximately 20-year period (Bribery Scheme). Specifically, Ranjit Gupta and Rupesh Agarwal, former executives of the U.S. Issuer, and Cyril Cabanes, Saurabh Agarwal and Deepak Malhotra, former employees of a Canadian institutional investor, were charged with conspiracy to violate the FCPA in connection with the bribery scheme. During this same period, Gautam S. Adani as well as Sagar R. Adani and Vneet S. Jaain, also executives of the Indian Energy Company, allegedly conspired to misrepresent the Indian Energy Company's anti-bribery and corruption practices and conceal the Bribery Scheme from U.S. investors and international financial institutions in order to obtain financing, including to fund the solar energy supply contracts procured through bribery. The indictment further alleges that four defendants – Cyril Cabanes, Saurabh Agarwal, Deepak Malhotra and Rupesh Agarwal – conspired to obstruct the grand jury, FBI and U.S. Securities and Exchange Commission (SEC) investigations into the bribery scheme.

The Fraud Section and the U.S. Attorney's Office for the Eastern District of New York are prosecuting the case.



### *United States v. Raul Gorrin (S.D. Fla.)*

In October 2024, an indictment was unsealed charging Raul Gorrin Belisario (Gorrin), a Venezuelan television news owner, for his role in a $1.2 billion scheme to launder funds corruptly obtained from Venezuela's state-owned and state-controlled energy company, Petróleos de Venezuela S.A. (PDVSA), in exchange for hundreds of millions in bribe payments to Venezuelan officials.

As alleged in the indictment, between 2014 and 2018, Gorrin conspired with others to launder the proceeds of an illegal bribery scheme using the U.S. financial system as well as various bank accounts located abroad. Gorrin and his co-conspirators paid millions of dollars in bribes to high-level Venezuelan officials to obtain foreign currency exchange loan contracts with PDVSA. Gorrin and his co-conspirators subsequently directed the laundering of the illicit proceeds, in part, in the Southern District of Florida, where they purchased real estate, yachts, and other luxury items. To conceal the movement of the bribe payments and illicit funds, Gorrin and his co-conspirators used a series of shell companies and offshore bank accounts.

The Fraud Section and the U.S. Attorney's Office for the Southern District of Florida are prosecuting the case.

## *The International Corporate Anti-Bribery Initiative*

In November 2023, then-Acting Assistant Attorney General Nicole M. Argentieri announced the creation of the Criminal Division's International Corporate Anti-Bribery ("ICAB") initiative, a new resource in the Justice Department's fight against foreign bribery. The aim of the ICAB initiative is to enhance the Department's bilateral and multilateral partnerships with foreign law enforcement authorities through capacity building and case generation efforts, and to develop new partnerships in regions where the Fraud Section can have the most impact in combatting transnational corruption.

In May 2024, four experienced FCPA Unit prosecutors were selected to serve as regional ICAB representatives. The ICAB team has been productive. In 2024, they traveled to eleven different countries for in-person meetings with our foreign counterparts and facilitated twenty case-related presentations and trainings with foreign prosecutors, law enforcement officials, judges, and industry groups. Their efforts are already bearing fruit. The team has already received multiple case referrals and made multiple referrals to foreign prosecutors. The ICAB members also helped usher in several global coordinated FCPA resolutions.

# Health Care Fraud Unit

The Health Care Fraud Unit (HCF Unit) is comprised of over 70 experienced white-collar prosecutors whose core mission is to identify and eliminate fraud schemes impacting government-sponsored health care benefit programs and to protect patients from medical harm. In doing so, the HCF Unit, through nine separate Strike Forces, focuses on prosecuting the nation's most complex health care fraud schemes impacting Medicare, Medicaid, TRICARE, and other benefit programs.

In 2024, the HCF Unit, together with its partners, investigated and charged more than 147 individuals in a variety of schemes involving more than $3.26 billion in cumulative false and fraudulent claims. Among those charged were 13 defendants involved in distributing more than 70 million opioid pills to Houston area pill-mill pharmacies (brought as part of the Wholesaler Initiative), and the owner of several companies that fraudulently billed Medicare $1.2 billion in a wound-care scheme.

The HCF Unit also remained one of the most active litigating components in the Department, with 39 of the Unit's Trial Attorneys involved in conducting 19 trials. Twenty-one defendants were found guilty across these trials, and another 144 defendants pleaded guilty, for a total of 165 convictions. These successes reflect the results of a reorganization of the HCF Unit's trial preparation process and the elevation of new supervisors who focus solely on pre-trial and trial preparation.

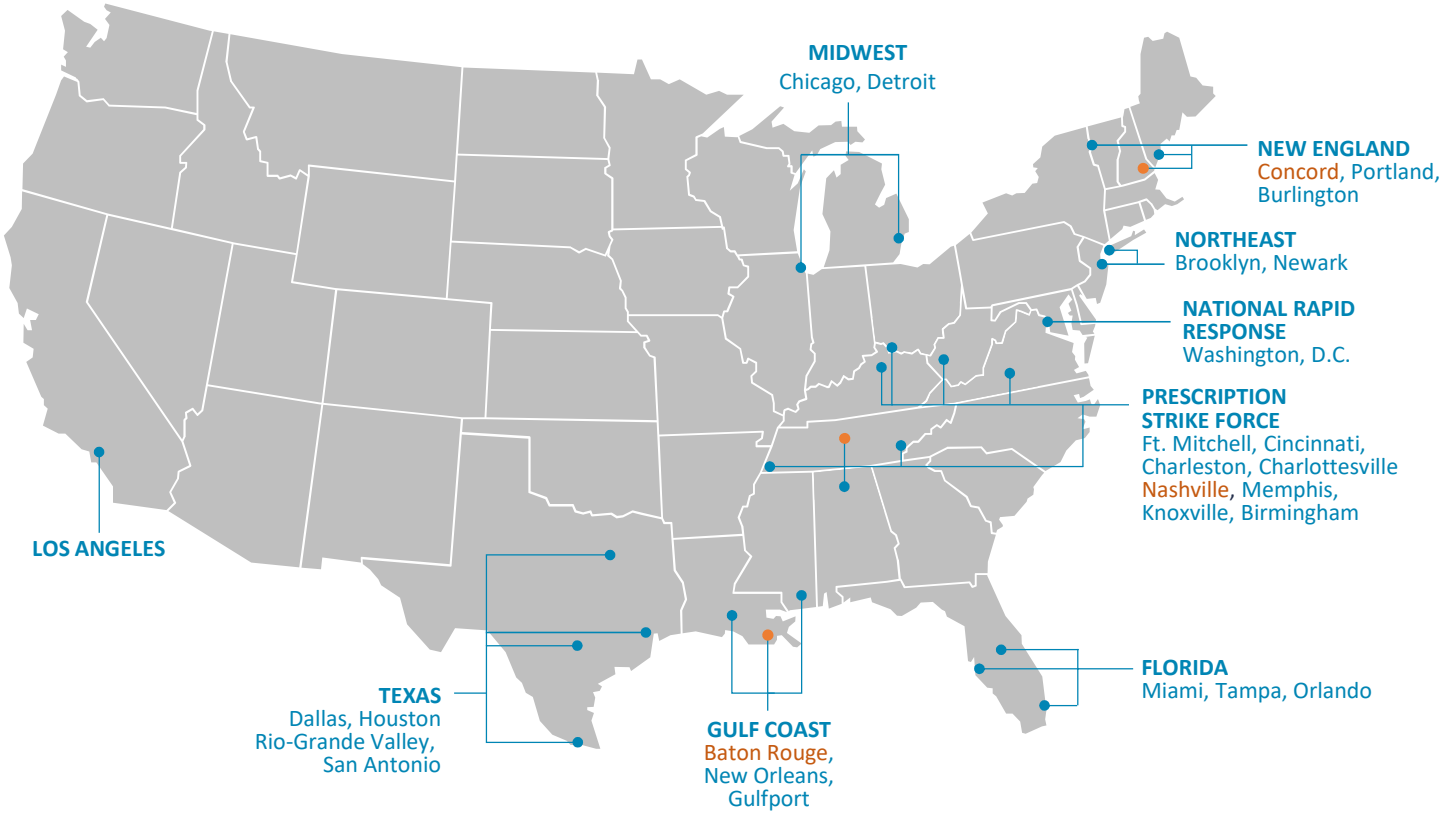
Among the defendants convicted at trial were a medical billing operator who was sentenced to 12 years for billing over $600 million for procedures that were either more serious or entirely different than those his doctor-clients performed, as well as a business owner and attorney who pressured his employees to administer and bill approximately $36 million in unnecessary back injections to patients seeking treatment for pain management. Two defendants convicted at trials in 2023 for unlawful opioid distribution, Jeffrey Young (the self-proclaimed "Rock-Doc") and Dr. Jay Sadrinia, each received 20-year sentences.

The HCF Unit also brought to fruition key strategic priorities, including the 2024 National Health Care Fraud Enforcement Action, a major initiative announced by the Attorney General; the building of robust corporate enforcement incentives with the inclusion of the health care fraud program area in both the Individual Voluntary Self-Disclosure Pilot Program and the Corporate Whistleblower Awards Pilot Program; and the relaunching of the National Health Care Fraud Training Conference, a three-day training conference for AUSAs and federal law enforcement agents from across the country.

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

# Health Care Fraud Unit

## *HCF UNIT MAP*




## HCF Unit Statistics | 2019 - 2024

**$18.98 bn**
**in ALLEGED LOSS**
between 2019 and 2024

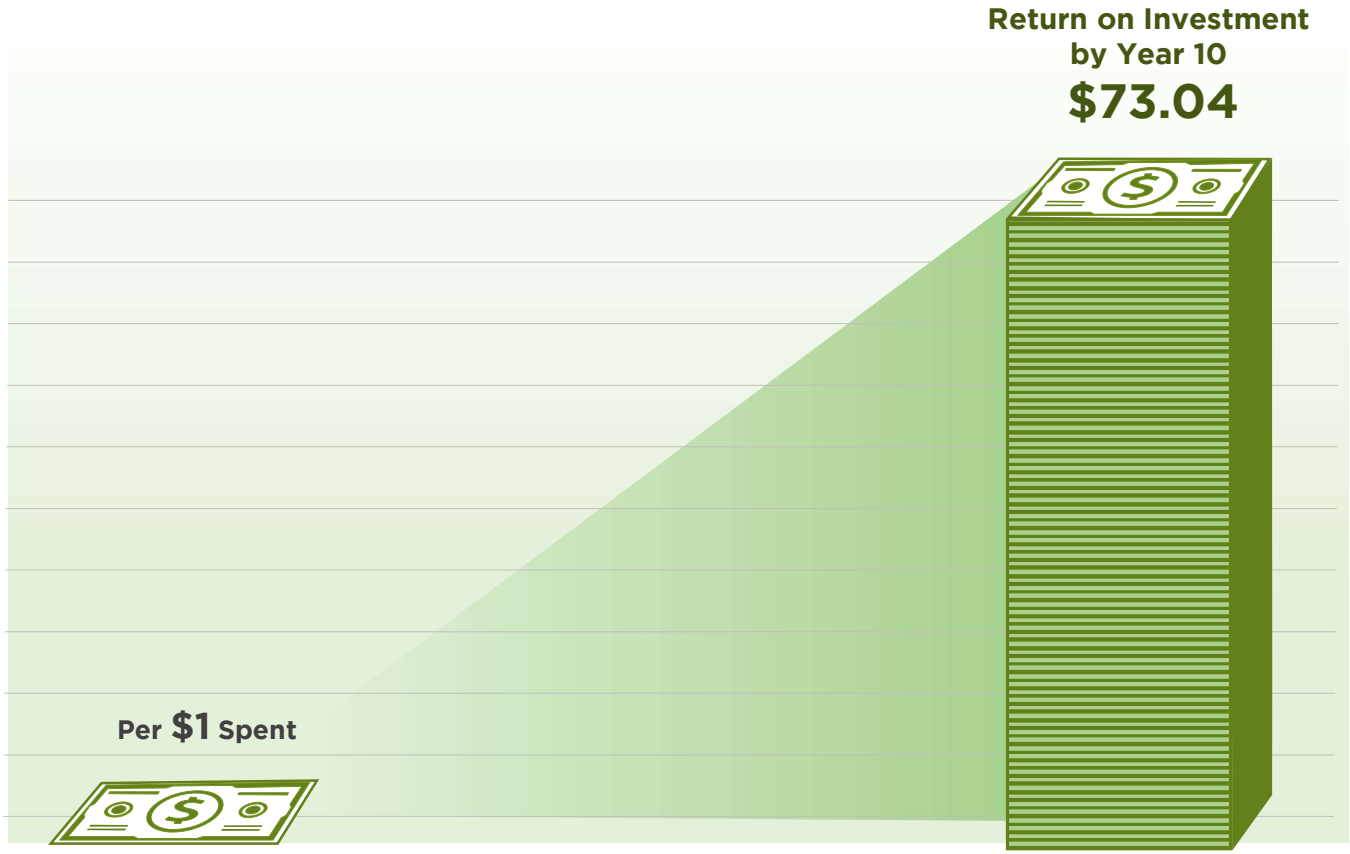
**1,161**
**Individuals CHARGED**
between 2019 and 2024

# Health Care Fraud Unit

## *PROTECTING THE PUBLIC FISC*

The HCF Unit's work provides a significant value for the public in preventing fraud and driving down the cost of health care. A third-party consulting group analyzed modeled return on investment using alleged loss values from cases which were "ongoing" at the time of the indictment. The analysis showed that the average return on investment (FY21-23) by year 10 is $73.04 per $1 spent, and over $3 billion in projected savings. Moreover, by stopping ongoing high-loss schemes in their tracks, the HCF Unit's work prevents depletion of the Medicare Trust Fund and safeguards the integrity of other health care benefit programs.

## Average Return on Investment




**$3 bn**

**in PROJECTED SAVINGS**

Per year

# Health Care Fraud Unit

## *2024 NATIONAL HEALTH CARE FRAUD ENFORCEMENT ACTION*

In June 2024, the Fraud Section led the National Health Care Fraud Enforcement Action, a coordinated nationwide law enforcement effort to combat and deter health care fraud. The HCF Unit and U.S. Attorney's Office partners charged cases involving over $2.75 billion in false and fraudulent claims across 32 federal districts and against 193 defendants. In addition, more than $230 million in cash, luxury vehicles, gold, and other assets were seized in connection with these cases.

Announced by the Attorney General, the charges alleged included an over $900 million fraud scheme committed in connection with amniotic wound grafts; the unlawful distribution of millions of pills of Adderall and other stimulants by five defendants associated with a digital technology company; an over $90 million fraud committed by corporate executives distributing adulterated and misbranded HIV medication; over $146 million in fraudulent addiction treatment schemes; over $1.1 billion in telemedicine and laboratory fraud; and over $450 million in other health care fraud and opioid schemes.

Because health care fraud is a national problem, the HCF Unit deploys a whole-of-government approach to rooting out fraud, waste, and abuse and holding individual wrongdoers accountable. The coordinated partnership among the HCF Unit, U.S. Attorney's Offices across the country, State Attorneys General, Medicaid Fraud Control Units, and law enforcement agency partners sends a nationwide message about the importance of combatting and deterring health care fraud. These cases also showcase the HCF Unit's commitment to working with all available federal, state, and regulatory partners to stop schemes in their tracks, including significant matters prosecuted by eleven State Attorneys General and Medicaid Fraud Control Units, as well as 127 Medicare and Medicaid revocations and billing suspensions.

## *CRIMINAL DIVISION CORPORATE ENFORCEMENT AND VOLUNTARY SELF-DISCLOSURE POLICIES*

The HCF Unit has continued to develop its corporate enforcement practice, including through the inclusion of health care fraud as one of the programmatic areas in the Criminal Division's Corporate Whistleblower Awards Pilot Program and the Pilot Program on Voluntary Self-Disclosures for Individuals (I-VSD) (described in greater detail at p. 69).

In regard to the Corporate Whistleblower Awards, the Department has a very successful qui tam program that applies to frauds on public payors in the health care space. But there is no comparable whistleblower program for fraud schemes targeting private insurers, even though estimates show billions of dollars in fraud on private insurers each year. The new program fills that gap by covering schemes that primarily target private payors, where the "overwhelming majority" of claims are submitted to private insurers, as well as cases involving investors or patient harm where existing incentives would be insufficient to generate a qui tam. Similarly, under the I-VSD pilot program, individuals who voluntarily self-disclose their involvement in certain types of criminal conduct—including health care fraud involving companies—fully cooperate with authorities, and pay any applicable victim compensation, restitution, forfeiture, or disgorgement, will receive a non-prosecution agreement (NPA) from the Criminal Division where certain specified conditions are met.

The purpose of both programs is to help uncover corporate crime that might otherwise go undetected or be difficult to prove. The inclusion of the health care fraud subject matter in these pilot programs signals the Department's commitment to corporate criminal health care fraud enforcement. These pilot programs also incentivize health care companies both to invest in compliance and to step up and make voluntary self-disclosures of misconduct—because by increasing the incentives for individuals to come forward, it is more likely we will learn about the misconduct from sources other than the company.

## *DATA ANALYTICS*

In 2024, the HCF Unit's investment in proactive data analytics paid dividends in the charging and resolution of several significant matters and the seizure of tens of millions of dollars for the American taxpayers, a substantial return on investment. The HCF Unit's Data Analytics Team completed 3,229 data requests and 151 proactive investigative referrals for the HCF Unit and U.S. Attorney's Offices across the country.

In one example, the HCF Unit's Data Analytics Team employed advanced data analytic tools to identify Medicare providers who were outliers in billing for expensive genetic tests designed to assess an individual's future risk for certain types of cardiac diseases ("cardio genetic testing"). Analysis had shown that many laboratories shifted to billing Medicare for cardio genetic testing after the HCF Unit had brought a series of prosecutions targeting fraudulent cancer genetic testing in 2019 and 2020. A laboratory in Texas, Axis Professional Laboratories, LLC (Axis), was identified as a key outlier, having billed over $80 million in nine-month period for generic genetic testing codes that the data analytics team was able to associate with cardio genetic testing by examining the leading diagnosis codes. By continuing to track claims after the initial identification of Axis as an outlier, the data analytics team was able to determine that the owner established a second laboratory, Kingdom Health Laboratory (Kingdom), which along with Axis ramped up cardio genetic testing billing significantly during the latter half of 2021 and 2022.

The Data Analytics Team aided the HCF Unit's investigation of the companies and those associated with its practice. For example, data analytics showed that most beneficiaries' tests were referred by different medical providers, as distinct from the pattern in the cancer genetic testing cases in which a small number of providers referred most of the tests. This insight indicated that the laboratories likely were pursuing an emerging scheme in this space, namely, a "doctor chase" model in which marketers or associated entities, acting at the direction of the laboratory, persuade the beneficiaries' own primary care physician to sign an order for genetic testing on the pretense that the beneficiary had been "prequalified" for testing – with the goal of avoiding the scrutiny that law enforcement had placed on schemes that utilized telemedicine-based ordering.

These data analytics efforts led to the indictment in June 2024 of Keith Gray, an owner of Axis and Kingdom, who was charged in connection with a $335 million scheme to allegedly bill Medicare for medically unnecessary cardio genetic testing. As alleged in the indictment, Gray paid kickbacks to marketers in exchange for their referral to Axis and Kingdom of Medicare beneficiaries' DNA samples, personally identifiable information (including Medicare numbers), and signed doctors' orders authorizing the genetic testing. As part of the scheme, the marketers engaged other companies to solicit Medicare beneficiaries through telemarketing and to engage in doctor chase, i.e., to obtain the identity of beneficiaries' primary care physicians and pressure them to approve genetic testing orders for patients who purportedly had already been qualified for the testing. Medicare paid Axis and Kingdom approximately $54 million as a result of the kickback-tainted claims, some of which Gray laundered by purchasing expensive luxury vehicles.

## *NATIONAL RAPID RESPONSE STRIKE FORCE*

Prosecutors on the National Rapid Response Strike Force (NRRSF) handled the Gray case described above, which is indicative of NRRSF investigating and prosecuting some of the country's largest and most complex health care fraud cases. NRRSF, which was created by the HCF Unit in 2020 to respond to emerging health care fraud trends and prosecute the most significant health care fraud cases nationwide, has grown to fifteen prosecutors based in Washington, DC, and other strategic locations across the country.

In addition to the Gray case, NRRSF led prosecutions involving amniotic wound grafts diagnostic laboratory testing, fraudulent telemedicine, the unlawful distribution of controlled substances over the internet, addiction treatment services, and corporate wrongdoing. Examples of the cases led by NRRSF discussed herein include charges against multiple defendants for their roles in a $1.2 billion wound graft scheme (Gehrke et al.); the CEO and Clinical President of a digital technology company and five medical professionals for their roles in a scheme to unlawfully distribute millions of Adderall pills over the internet (He et al.); and three outpatient addiction treatment center owners for their roles in submitting $126 million in fraudulent claims to Arizona's Medicaid Program (Anagho).

### *United States v. Alexandra Gehrke, Jeffrey King, Bethany Jameson, and Carlos Ching (D. Ariz.)*

In June 2024, the HCF Unit charged four defendants in the nation's first prosecution involving fraudulent Medicare claims for amniotic wound allografts. The scheme, orchestrated by defendants Alexandra Gehrke and Jeffrey King, resulted in an intended loss to federal health care programs and secondary insurers exceeding $900 million and an actual loss exceeding $600 million. Led by the NRRSF, with assistance from the U.S. Attorney's Office in the District of Arizona, the charges concerned the application of highly expensive wound grafts—which were reimbursable by Medicare over $1,000 per square centimeter—to elderly Medicare beneficiaries, many of whom were terminally ill in hospice care, and some of whom died within days of or on the same day as the application of the grafts. Gehrke and King received hundreds of millions of dollars in unlawful kickbacks from the wholesale distributor of the grafts in exchange for ordering its products. Gehrke diverted over $100 million of these kickbacks to personal bank accounts and tens of millions of dollars to medically untrained "sales representatives" who were responsible for identifying the Medicare patients, assessing the patients' wounds, ordering or recommending the ordering of the grafts to be applied to the wounds, and referring the patients to King. King owned and operated a company that contracted with licensed nurse practitioners, including defendants Bethany Jameson and Carlos Ching, to apply grafts to the referred patients regardless of medical necessity and without conducting an independent assessment of the patients' health conditions.

To date, the government has seized over $100 million in assets belonging to Gehrke and King, which include bank accounts, life insurance policies, vehicles, properties, cash, cryptocurrency, jewelry, and gold bars and coins.

In August 2024, Carlos Ching pleaded guilty to one count of conspiracy to commit health care fraud, and Bethany Jameson pleaded guilty to one count of conspiracy to commit wire fraud, based on their application of medically unnecessary amniotic wound allografts to these elderly Medicare beneficiaries. Medicare was billed over $160 million for the allografts that Ching and Jameson applied, resulting in over $117 million of reimbursements based on those false and fraudulent claims.

In October 2024, Alexandra Gehrke pleaded guilty to one count of conspiracy to commit health care fraud and wire fraud and admitted to causing over $1.2 billion in false and fraudulent claims to federal health care programs and secondary insurers, who paid over $614 million based on those claims.

## *TELEMEDICINE FRAUD INITIATIVE*

The HCF Unit has led the Department's efforts to combat fraud in emerging health care technologies, specifically focusing on the delivery of care via telemedicine. Advancements in telemedicine technology have expanded access to care for many Americans and the HCF Unit has been laser-focused on wrongdoers who exploit the proliferation of telemedicine to expand the reach of their fraud schemes.

In the last five years fraud schemes utilizing telemedicine have exploded, and the HCF Unit has responded accordingly. Since 2019, the HCF Unit has led seven nationwide efforts to combat telemedicine fraud through annual and topical law enforcement actions that have charged scores of individuals who have stolen over ten billion dollars from the federal fisc. The focus on telemedicine fraud began with 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 medically unnecessary and fraudulently billed orthotic braces in the 18 months preceding these law enforcement actions.

In 2024, the HCF Unit brought – for the first time – a number of medical professionals to trial for their roles in durable medical equipment telemedicine schemes. In three trials held across the country, medical professionals were convicted of health care fraud and related offenses for signing orders for durable medical equipment for patients who did not need such equipment. In doing so, the HCF Unit continued to obtain success in its pursuit of full-spectrum accountability – from doctor's offices to corporate executives – for those who participate in telemedicine fraud schemes.

### *United States v. Ruthia He and David Brody (C.D. Cal.)*

In June 2024, the HCF Unit announced charges against the founder and CEO of a California-based digital health company and its clinical president in connection with their alleged participation in a scheme to distribute Adderall over the internet, conspire to commit health care fraud in connection with the submission of false and fraudulent claims for reimbursement for Adderall and other stimulants, and obstruct justice. As alleged in the Indictment, the defendants provided easy access to Adderall and other stimulants by exploiting telemedicine and spending millions on deceptive advertisements on social media, generating over $100 million in revenue by arranging for the prescription of over 40 million pills. CEO Ruthia He and clinical president Dr. David Brody also conspired with others to defraud pharmacies and Medicare, Medicaid, and the commercial insurers to cause the pharmacies to dispense Adderall and other stimulants to clients in violation of their corresponding responsibility, resulting in Medicare, Medicaid, and the commercial insurers paying in excess of approximately $14 million.

## *United States v. Harold "Al" Knowles, et al. (S.D. Tex.)*

In June 2023, the HCF Unit charged Harold "Al" Knowles, a lab owner, and Chantal Swart, a marketer, by indictment for a $359 million scheme to bill Medicare for medically unnecessary genetic tests that were induced by kickbacks, which resulted in payments of over $227 million. As alleged in the indictment, Knowles was the owner of two Houston-area labs. Knowles entered into an agreement with Swart and other marketers to refer Medicare beneficiary DNA samples and signed doctors' orders for genetic testing that Knowles used to bill Medicare through his labs. Knowles concealed his kickback arrangement with Swart and others through sham flat fee contracts. Knowles knew that Swart and marketers she worked with used call centers and telemedicine doctors to obtain DNA samples and signed doctors' orders and that the providers Swart and marketers she worked with used to obtain these orders were neither the beneficiaries' treating physicians nor using the genetic testing to treat the beneficiaries. In July 2024, Knowles pleaded guilty to one count of conspiracy to commit health care fraud and one count of conspiracy to defraud the United States and solicit and receive health care kickbacks.

## *United States v. Carver, et al. (S.D. Fla.)*

In 2024, Daniel Carver and Thomas Dougherty were sentenced to prison for 16 years and 8 months and 14 years, respectively, for their roles in a scheme to bill Medicare for over $67 million in medically unnecessary genetic tests and durable medical equipment. Carver and Doughtery were also ordered to pay over $53 million in joint and several restitutions for the amount Medicare reimbursed for the tests. Additionally, each was ordered to forfeit over $8 million in assets, which included personal and corporate bank accounts and real property. Carver proceeded through two days of trial evidence before pleading guilty to conspiring to commit health care fraud and wire fraud and conspiring to pay and receive health care kickbacks. Dougherty pleaded guilty to conspiring to commit health care fraud and wire fraud pre-trial.

According to court documents and evidence presented at Carver's trial, between January 2020 and July 2021, Carver, Doughtery, and others owned and managed call centers that they used to conduct deceptive telemarketing campaigns targeting Medicare beneficiaries to solicit them for unnecessary genetic testing and durable medical equipment. Carver, Doughtery, and their co-conspirators paid bribes to telemedicine companies in exchange for completed doctors' orders, sold doctors' orders to laboratories and durable medical equipment companies in exchange for bribes, forged doctors' and patients' signatures, and tricked medical providers into ordering medically unnecessary genetic testing. Carver and Doughtery are two of a total of ten defendants who were charged and convicted in this scheme.

## *United States v. Jean Wilson (D.N.J.)*

In February 2024, Jean Wilson pleaded guilty to one count of conspiracy to commit wire fraud based on her conduct as the owner of two purported telemedicine companies, Advantage Choice Care LLC (ACC) and Tele Medcare LLC (Tele Medcare), and two orthotic brace suppliers, Southeastern DME and Choice Care Medical. Reinaldo Wilson, the co-owner of these companies, previously pleaded guilty to one count of conspiracy to commit wire fraud.

As charged in the superseding indictment and detailed in other court documents and filings, Wilson, through ACC and Tele Medcare, recruited medical professionals who were bribed to sign prescriptions for Medicare beneficiaries for orthotic braces and prescription drugs that were medically unnecessary, ineligible for Medicare reimbursement, or not provided as represented. In certain instances, Wilson only paid providers when they signed orthotic brace orders. The medical professionals Wilson recruited would often sign the orthotic brace orders based solely on a brief telephonic interaction with the beneficiary, or no interaction at all. Wilson and the medical providers she retained frequently signed false and misleading documentation to support claims to Medicare.

During the conspiracy, Wilson and others submitted, or caused the submission, of false and fraudulent claims to Medicare, Medicare sponsors, and Medicare Part D plans in excess of approximately $136 million for orthotic braces and prescription drugs that were medically unnecessary, ineligible for Medicare reimbursement, or not provided as represented. Medicare, Medicare sponsors, and Medicare Part D plans paid at least $66 million for these claims.

## *United States v. Adarsh Gupta (D.N.J.)*

In April 2024, after a fourteen-day trial, a jury found New Jersey doctor Adarsh Gupta guilty of three counts of health care fraud and two counts of false statements relating to health care matters. According to court documents and evidence presented at trial, Gupta signed thousands of prescriptions for orthotic braces for over 2,900 Medicare beneficiaries whom he was connected with by telemarketers who convinced the beneficiaries to accept unnecessary braces. After briefly speaking to the beneficiaries over the telephone, Gupta prescribed orthotic braces for them. For instance, Gupta prescribed a back brace, shoulder brace, wrist brace, and knee brace for an undercover agent after speaking with the agent for just over a minute on the telephone. In another instance, Gupta prescribed a knee brace for a Medicare beneficiary whose legs had previously been amputated. The evidence presented at trial showed that Gupta could not possibly have diagnosed the beneficiaries or determined that the braces were medically necessary during his brief telephonic encounters with them. Nonetheless, Gupta signed prescriptions for braces that falsely represented that the braces were medically necessary and that he diagnosed the beneficiaries, had a plan of care for them, and recommended that they receive certain additional treatment. Gupta's false prescriptions were used by brace supply companies to bill Medicare more than $5.4 million.

### *United States v. David Young (N.D. Tex.)*

In May 2024, after an eight-day trial, a jury convicted Texas physician David Young for causing the submission of over $70 million in fraudulent claims to Medicare for medically unnecessary orthotic braces and genetic tests ordered through a telemarketing scheme. According to court documents and evidence presented at trial, Young signed thousands of medical records and prescriptions for orthotic braces and genetic tests that falsely represented that the braces and tests were medically necessary and that he diagnosed the beneficiaries, had a plan of care for them, and recommended they receive certain additional treatment. Young prescribed braces and genetic tests for over 13,000 Medicare beneficiaries, including undercover agents posing as different Medicare beneficiaries, many of whom he did not see, speak to, or otherwise treat. Young's false prescriptions were then used by brace supply companies and laboratories to bill Medicare more than $70 million. Young was paid approximately $475,000 in exchange for signing the false prescriptions. The jury convicted Young of one count of conspiracy to commit health care fraud, and three counts of false statements relating to health care matters.

### *United States v. Charles Boyd, et al. (S.D. Fla.)*

In June 2024, the HCF Unit charged three defendants for their alleged participation in a scheme to sell diverted prescription drugs, primarily HIV medication. According to court documents, Charles Boyd, Patrick Boyd and Adam Brosius owned and operated Safe Chain Solutions LLC, a wholesale distributor of pharmaceutical drugs that purchased more than $90 million of heavily discounted and diverted prescription drugs, primarily HIV medication, from five black-market suppliers. These diverted HIV drugs were often acquired through unlawful "buyback" schemes, in which previously dispensed bottles of prescription drugs were purchased from patients. The drugs were then resold to Safe Chain with falsified documentation designed to conceal the true source of the medications. After purchasing HIV medication from the black-market suppliers, the defendants sold the diverted drugs to pharmacies throughout the country. Pharmacies then dispensed these diverted HIV medications to unsuspecting patients. At times, patients received bottles labeled as their prescription medication, but which contained a different drug entirely, with one patient passing out and remaining unconscious for 24 hours after taking an anti-psychotic drug thinking it was his prescribed HIV medication.

### *United States v. Jeffrey Young (W.D. Tenn.)*

In March 2024, nurse practitioner Jeffrey Young was sentenced to 20 years in prison for illegally prescribing opioids like oxycodone and fentanyl to individuals, including a pregnant woman. According to court documents and evidence presented at trial, through his clinic Preventagenix, Young prescribed more than a million controlled substance pills into a small town in Tennessee over the course of about two years. The evidence further showed that he wrote many of these prescriptions to patients who had access to a literal "backdoor" of the clinic and earned their special access to Young by way of sexual relationships, fame, or other favors. The jury saw clips of a reality TV pilot that Young created at his own expense, which showed his obsession with popularity and fame, but conspicuously omitted mention of his copious prescribing. Finally, the evidence demonstrated that although Tennessee law requires nurse practitioners to be supervised by a physician, Young actively avoided supervision by downplaying or hiding the quantity of controlled substances he was prescribing, and by engaging a supervising physician who lived out of state and never visited his clinic.

# Health Care Fraud Unit

## *PRESCRIPTION DRUG ABUSE*

The Fraud Section leads the Prescription Strike Force and prioritizes cases involving egregious distribution of prescription drugs. Since 2018, the Prescription Strike Force—and its predecessor, the Appalachian Regional Prescription Opioid (ARPO) Strike Force—and the New England Prescription Opioid (NEPO) Strike Force, have charged over 120 defendants, collectively responsible for issuing prescriptions for over 117 million controlled substance pills. To date, more than 96 defendants have been convicted. In 2024, the Houston Strike Force, with assistance from other HCF Unit Trial Attorneys, successfully brought forth a major initiative to target individuals associated with wholesale pharmaceutical distributors for their roles in distributing illegal prescription drugs.

## *WHOLESALER DISTRIBUTORS HELD ACCOUNTABLE*

In October 2024, the HCF Unit announced charges in four federal districts against ten pharmaceutical distributor executives, sales representatives, and brokers; and three Houston-area pharmacy operators in connection with the unlawful sale of nearly 70 million opioid pills and 30 million doses of other commonly abused prescription drugs—which represent an estimated street value of $1.3 billion—to alleged Houston-area pill-mill pharmacies. The enforcement action focused on executives, sales representatives, and brokers at several pharmaceutical distributors across the country—all outside of Texas—who targeted Houston, a nationally recognized "hot zone" for diversion of pharmaceutical opioids onto the black market. As alleged in court documents, the opioids distributed—hydrocodone, oxycodone, and hydromorphone—were available in several strengths and forms, but the distributors sold those drugs almost exclusively in their most abused, most powerful immediate-release forms, which were the ones that sold for the highest price on the black market. As part of the scheme, the distributors sought to thwart the Drug Enforcement Administration (DEA)'s oversight function, including by following what one defendant called a "blueprint" for avoiding detection: high prices, low purchasing limits for the controlled drugs, and compliance measures that only served appearances.

As of December 2024, 12 of the 13 individuals charged have pleaded guilty.

### *United States v. Diana Hernandez, Cedric Milburn, and Dexter Lard (S.D. Tex.)*

In February and March 2024, co-conspirators Diana Hernandez, Cedric Milburn, and Dexter Lard were sentenced to 144 months', 120 months', and 180 months' imprisonment, respectively, for their roles in operating a prolific pill-mill pharmacy in Houston, Texas. Over roughly 18 months, Hernandez's pharmacy distributed more than 500,000 hydrocodone and oxycodone pills. The sentences followed their guilty pleas to conspiracy to distribute and dispense a controlled substance.

According to court documents and evidence presented at the trial of a co-defendant, Hernandez was the owner of the pill-mill pharmacy, and Milburn was one of the chief "crew leaders"—street level drug traffickers—who purchased the opioids Hernandez was selling. Hernandez and her co-conspirators inside the pharmacy allowed Milburn and the other crew leaders to present forged and fraudulent prescriptions for dangerous and addictive opioids and other controlled substances. All of the controlled substances sold from Hernandez's pharmacy were bound for the black market in Houston and the surrounding areas.

## *SOBER HOMES INITIATIVE*

In 2024, the HCF Unit expanded the Sober Homes initiative to combat fraudulent addiction rehabilitation schemes that targeted Native Americans in Arizona, in partnership with the U.S. Attorney's Office for the District of Arizona. This built on past work, since the launch of the initiative in September 2020, in the Central District of California and the Southern District of Florida.

Since its inception, the Sober Homes Initiative has resulted in charges and guilty pleas or convictions involving 32 criminal defendants in connection with over $1.2 billion in alleged false billings for fraudulent tests and treatments for vulnerable patients seeking treatment for drug and/or alcohol addiction. Since this initiative was announced, there have been four addiction treatment fraud trials in the Southern District of Florida resulting in the conviction of five defendants, including three owners and operators of addiction treatment facilities and two doctors.

### *United States v. Anagho (D. Ariz.)*

In June 2024, the HCF Unit announced charges against Rita Anagho in connection with an alleged addiction treatment fraud scheme involving a clinic in Phoenix, Arizona which billed over $69 million and was paid over $55 million in just over nine months of operation. As alleged in the indictment, Anagho owned Tusa Integrated Clinic LLC ("Tusa"), an outpatient treatment center, which was purportedly in the business of providing addiction treatment services for persons suffering from alcohol and drug addiction. Tusa enrolled as a provider with Arizona's Medicaid agency, Arizona Health Care Cost Containment System ("AHCCCS"), and primarily targeted AHCCCS's American Indian Health Program, through which AHCCCS-enrolled Native Americans can receive health care services including addiction treatment. Anagho and others recruited Native Americans and other individuals enrolled in AIHP by offering and paying illegal kickbacks to several area residence owners that housed such individuals. After obtaining such patients from residences in the area, Anagho and others submitted false and fraudulent claims through Tusa for services that were not provided, were not provided as billed, were so substandard that they failed to serve a treatment purpose, were not used as part of or integrated into any treatment plan, and were medically unnecessary. Anagho also instructed former Tusa employees to create false therapy notes for sessions they did not conduct in 2023 after she was served with a subpoena for Tusa's records as part of the government's investigation of this fraud.

## *Other Significant Trials, Pleas, and Sentences*

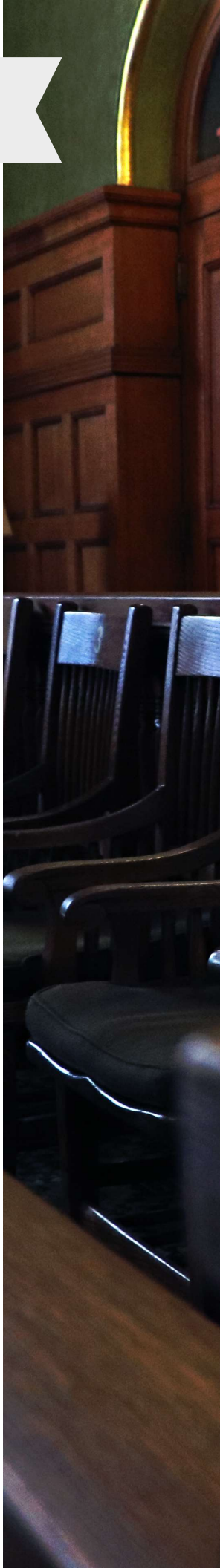
### *United States v. Perez-Paris et al., (S.D. Fla.)*

In June 2024, a Superseding Indictment was unsealed charging three laboratory owners and two of their patient recruiters in a scheme to pay and receive bribes to generate over $65 million worth of patient referrals for non-billable COVID-19 and genetic tests.

According to court documents, between November 2019 and June 2023, Enrique Perez-Paris, Diego Sanudo Sanchez Chocron, and Gregory Charles Milo Caskey, the owners of Innovative Genomics, LLC, conspired with patient recruiters, including Omar Palacios and Nadir Perez, to submit claims for the medically unnecessary and non-reimbursable tests to government and private payors. For example, the defendants conspired to submit claims for COVID-19 tests that the Food and Drug Administration had declined emergency-use authorization but were nonetheless administered on patients. They also conspired to submit claims for expensive genetic tests that Innovative Genomics, LLC could not process and regardless of if patients needed them. The referrals for these tests were allegedly fueled by bribes that Perez-Paris, Sanchez, and Caskey allegedly paid to Palacios, Perez, and others, including physicians. Government and private payors reimbursed roughly $44 million of the approximately $65 million billed for these allegedly false and fraudulent claims.

### *United States v. Michael Kestner (M.D. Tenn.)*

In October 2024, after an eight-day trial, a jury found Tennessee business owner and attorney Michael Kestner guilty of one count of conspiracy to commit health care fraud, and 12 counts of health care fraud. Kestner was the owner of various so-called “interventional” pain management clinics in Tennessee, North Carolina, and Virginia (collectively “Pain MD”), who caused providers he employed to perform medically unnecessary back injections, and to improperly bill those injections as a different procedure with a higher reimbursement rate. Through this scheme, Kestner fraudulently billed approximately $36 million to Medicare, Medicaid, and Tricare.



According to evidence presented at trial, Kestner systematically pressured his employees to administer medically unnecessary back injections to patients seeking treatment for pain management. Kestner exerted this pressure through, among other methods, company-wide emails ranking providers based on their "productivity," which witnesses testified equated to the quantity of injections given; bonus incentives for providers who administered the most injections; and threats of termination for providers who did not administer enough injections. Kestner also endorsed an employee training program which taught providers to withhold pain medication from patients who refused to submit to the injections, causing vulnerable patients to agree to receive the injections, even when they did not want them. Kestner was advised on numerous occasions by the providers he employed that many of the injections were not effective and not medically necessary, but he nevertheless continued the scheme for over nine years.

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

In February 2024, Mathew James was sentenced to 12 years' imprisonment and to pay $63,382,049.02 in forfeiture and $336,996,416.85 in restitution, as a result of his July 2022 conviction on charges of conspiracy to commit health care fraud, health care fraud, wire fraud, and aggravated identity theft stemming from his over $600 million scheme to defraud various insurance companies across the United States. According to court documents and evidence presented at his six-week trial, James operated a medical billing company that billed for procedures that were either more serious or entirely different than those his doctor-clients performed. James directed his doctor-clients to schedule elective surgeries through the emergency room so that insurance companies would reimburse at substantially higher rates. The evidence further showed that when insurance companies denied inflated claims, James impersonated patients to demand that the insurance companies pay the outstanding balances of tens or even hundreds of thousands of dollars. James also falsified claim forms and operative reports. James received over $63 million in fraudulent proceeds.

### *United States v. Zakia Khan, Ansir Abassi, Elaine Antao, Omneah Hamdi, Amran Hashmi, Ahsan Ijaz, Seema Memon, and Manal Wasef (E.D.N.Y.)*

In October 2024, the HCF Unit announced charges against eight defendants for their alleged participation in a scheme involving social adult day care and home health entities that targeted Medicaid, resulting in approximately $68 million in total losses. As part of the scheme, defendants paid marketers to refer Medicaid recipients to social adult day care and home health care entities, paid kickbacks to Medicaid recipients who purported to receive services from the social adult day care and home health entities, submitted claims to Medicaid long-term managed care organizations, which in turn billed Medicaid, for services that were not provided, and used shell entities to launder the proceeds of the fraud and facilitate the payment of kickbacks.

# Market Integrity and Major Frauds Unit

The MIMF Unit is a highly specialized litigating unit within the Fraud Section that prosecutes complex, novel, and often transnational financial crime in both individual and corporate cases, including those involving publicly traded companies and the world's largest financial institutions. Among its significant accomplishments in 2024, the MIMF Unit leveraged its data-analytics capability to identify and charge its second insider-trading case focused on combatting executive abuses of 10b5-1 trading plans; secured five insider-trading convictions relating to misconduct in both the equities and commodities markets; charged executives of an Indian conglomerate for allegedly concealing a massive foreign-bribery scheme from U.S. investors and international financial institutions in a $3 billion scheme; charged the largest cryptocurrency nonfungible-token scheme prosecuted to date; secured the first-ever trial conviction in a cryptocurrency open-market manipulation case; and reached two separate corporate resolutions with major defense contractors who engaged in widespread procurement fraud, including a corporate guilty plea and a DPA collectively totaling over $150 million in penalties. As the nature of complex fraud schemes has continued to evolve, the MIMF Unit has continuously adapted to focus on the largest and most impactful cases involving the worst offenders, seeking to recover losses for the victims harmed in these schemes, including retail and institutional investors and a variety of government agencies.

## MIMF Unit Statistics 2024

### INDIVIDUAL PROSECUTIONS

**75** **INDIVIDUALS CHARGED**

**71** **INDIVIDUALS CONVICTED**

- **Pleaded Guilty: 56**
- **Convicted at Trial: 15**

### CORPORATE RESOLUTIONS

**4** **CORPORATE MATTERS, including 3 Resolutions and one CEP Declination** involving the Imposition of:

- Total Global Monetary Amounts: **$629.4 Million**
- Total U.S. Monetary Amounts: **$312.6 Million**
- Total U.S. Criminal Monetary Amounts: **$201.4 Million**

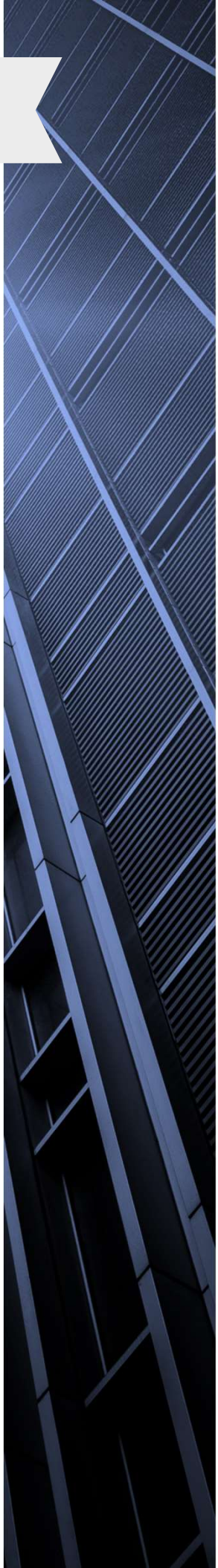
# Market Integrity and Major Frauds Unit

The Unit's approximately 35 prosecutors have expansive geographic and subject-matter reach to investigate and prosecute a wide variety of sophisticated financial-fraud schemes across four key concentrations: (1) securities and commodities fraud; (2) fraud and bribery involving federal contracts and programs; (3) cryptocurrency-related fraud; and (4) consumer and investment fraud. Working in parallel with its regulatory partners, as well as domestic and international law-enforcement agencies, the MIMF Unit handles a broad array of complex fraud schemes, including market-manipulation schemes, corporate accounting fraud, insider trading, procurement-fraud schemes, fraud in connection with a wide range of federal government programs, cryptocurrency scams, and large-scale investment frauds.

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

## *SECURITIES AND COMMODITIES FRAUD*

The MIMF Unit continued its focus on prosecuting complex securities and commodities fraud and manipulation schemes, particularly those perpetrated by senior executives. In 2024, MIMF Unit prosecutors secured five insider-trading convictions against defendants at the highest rungs of the corporate ladder, including the first-ever criminal convictions for commodities insider trading; trial convictions against three CEOs who engaged in COVID-19 securities fraud; and charges against a billionaire chairman and other executives of an Indian conglomerate for allegedly concealing a massive foreign-bribery scheme from U.S. investors and international financial institutions. In addition to leveraging traditional law-enforcement techniques, MIMF Unit prosecutors continued to deploy cutting-edge data analysis to identify and prosecute complex fraud and market-manipulation cases, including, but not limited to, cases involving abuse of 10b5-1 plans.



## *Significant Trial Convictions*

### *United States v. Terren Peizer (C.D. Cal.)*

In June 2024, a federal jury convicted Terren Peizer, the former CEO, executive chairman, and chairman of the board of directors of Ontrak Inc., a publicly traded health care company, for engaging in an insider-trading scheme using Rule 10b5-1 trading plans. According to court documents and evidence presented at trial, Peizer avoided more than $12.5 million in losses by entering into two Rule 10b5-1 trading plans while in possession of material, non-public information related to the deteriorating relationship between Ontrak and its largest customer. Peizer refused to engage in any "cooling-off" period—the time between when he entered into the Rule 10b5-1 trading plan and when he sold Ontrak stock—despite warnings from multiple brokers, a compliance officer, and several attorneys and instead began selling shares of Ontrak on the next trading day after establishing each plan. When Ontrak announced to the public that the customer had terminated its contract, Ontrak's stock price declined by more than 44%. The defendant currently awaits sentencing.

This case represents the first time that the Department of Justice brought criminal charges based exclusively on an executive's use of 10b5-1 trading plans to engage in insider trading and is part of a data-driven initiative led by the MIMF Unit to identify executive abuses of 10b5-1 trading plans. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Central District of California.

---

### *United States v. Marc Schessel (D.N.J.)*

In July 2024, a federal jury convicted Marc Schessel, the former CEO of SCWorx Corp., a publicly traded health care company, of securities fraud stemming from a scheme to mislead investors about SCWorx's procurement of COVID-19 rapid test kits in the early days of the COVID-19 pandemic. According to court documents and evidence presented at trial, Schessel caused SCWorx to issue multiple public statements claiming that SCWorx was buying and reselling at least 48 million COVID-19 test kits, despite knowing that such statements were false and misleading. In the wake of these public announcements, SCWorx's share price surged, rising by over 400%. In reality, Schessel and SCWorx never acquired a single COVID-19 test kit as part of the announced transaction. The defendant currently awaits sentencing.

The Fraud Section partnered on this case with the U.S. Attorney's Office for the District of New Jersey.

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

In December 2024, a federal jury convicted Nader Pourhassan, the CEO of CytoDyn, Inc., and Kazem Kazempour, the CEO of Amarex Clinical Research LLC, of numerous charges, including securities fraud, wire fraud, and insider trading. According to court documents and evidence presented at trial, Pourhassan caused CytoDyn to issue false and misleading statements about the status of the Food and Drug Administration (FDA) approval process related to CytoDyn's sole drug. Pourhassan and Kazempour, a member of CytoDyn's disclosure committee and its agent for interactions with the FDA, caused CytoDyn to provide false information to the investing public about its submission of an application to the FDA for approval of its drug to treat HIV. During the scheme, Pourhassan and Kazempour diverted proceeds of the fraud for their own benefit, including by selling personal shares of CytoDyn stock at artificially inflated prices. The defendants currently await sentencing.

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

---

## *United States v. Shahriyar Bolandian (C.D. Cal.)*

In April 2024, a federal jury in Los Angeles convicted Shahriyar Bolandian for insider trading. According to court documents and evidence presented at trial, Bolandian participated in an insider-trading scheme that netted more than $650,000 in illicit profits. Specifically, between 2012 and 2013, Bolandian received material non-public information about two upcoming corporate acquisitions from his childhood friend, who was an investment-banking analyst at J.P. Morgan Securities LLC. Bolandian then used the inside information to trade in advance of the public announcements regarding those acquisitions. As a result of his illegal trades, Bolandian personally made over $340,000, which he used, among other things, to cover previous trading losses and repay loans to family and friends. The defendant was sentenced to two years in prison.

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

## *Significant Guilty Pleas*

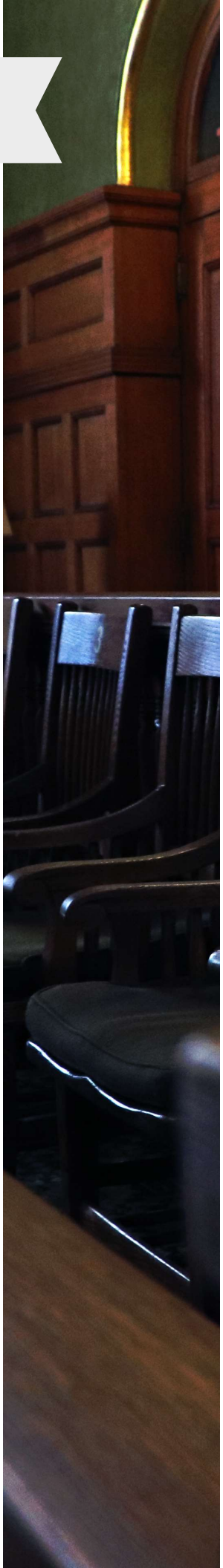
### *United States v. Matthew Clark (S.D. Tex.)*

In March 2024, MIMF prosecutors secured a guilty plea from the former president of a Texas energy company to charges stemming from an illegal kickback scheme and a commodities insider-trading scheme involving natural-gas futures contracts. Matthew Clark admitted that he conspired with others to direct his employer's trades to Classic Energy LLC, a brokerage firm owned and operated by Matthew Webb, in exchange for illegal kickbacks of over $5.5 million. Clark also misappropriated his employer's material non-public information and engaged in prohibited commodities transactions. Webb, through Classic Energy, brokered Clark's natural-gas futures trades with counterparties who were identified in advance of executing the trades, then shared the net profits generated from these illegal prearranged trades. Clark was sentenced to 78 months in prison. MIMF prosecutors charged and convicted a total of six defendants as part of this broader criminal scheme.

### *United States v. Brian Thompson (E.D. Va.)*

In November 2024, MIMF prosecutors secured a guilty plea from a former senior manager of the Federal Reserve Bank of Richmond (FRBR) for insider trading and making false statements about such trading. From October 2020 through February 2024, Thompson misappropriated confidential information to execute trades in publicly traded financial institutions under FRBR's supervision. In total, Thompson executed 69 trades in seven different publicly traded financial institutions for a total of approximately $771,678 in personal profits. To conceal the scheme, Thompson falsely represented to the FRBR that he had no equities in any publicly traded financial institutions and that he had not engaged in any activity that would constitute conflicts of interest, violations of FRBR policies, or violations of law. The defendant currently awaits sentencing.

The Fraud Section partnered on this case with the U.S. Attorney's Office for the Eastern District of Virginia.



# Significant Charges

## United States v. Gautam Adani et al. (E.D.N.Y.)

In October 2024, MIMF and FCPA prosecutors charged Gautam S. Adani, Sagar R. Adani, and Vneet S. Jaain, executives of an Indian renewable-energy company (the Indian Energy Company), with securities and wire fraud conspiracies for their roles in a multibillion-dollar scheme to obtain funds from U.S. investors and global financial institutions based on false and misleading statements. According to court documents, between approximately 2020 and 2024, the defendants and others allegedly agreed to pay more than $250 million in bribes to Indian government officials to obtain lucrative solar-energy supply contracts with the Indian government, which were projected to generate more than $2 billion in profits after tax over an approximately 20-year period (the Bribery Scheme). During this same period, Gautam S. Adani, Sagar R. Adani, and Vneet S. Jaain allegedly conspired to misrepresent the Indian Energy Company's anti-bribery and corruption practices and conceal the Bribery Scheme from U.S. investors and international financial institutions to obtain financing of over $3 billion, including to fund the solar-energy supply contracts procured through bribery. The indictment also charged Ranjit Gupta and Rupesh Agarwal, former executives of a renewable-energy company with securities that had traded on the New York Stock Exchange, and Cyril Cabanes, Saurabh Agarwal, and Deepak Malhotra, former employees of a Canadian institutional investor, with conspiracy to violate the FCPA in connection with the Bribery Scheme. It further charged Cyril Cabanes, Saurabh Agarwal, Deepak Malhotra, and Rupesh Agarwal with conspiracy to obstruct the grand jury, FBI, and SEC investigations into the Bribery Scheme. The defendants currently remain at large.

The Fraud Section partnered on this case with the U.S. Attorney's Office for the Eastern District of New York.

## United States v. Dale Brian Chappell (D.N.J.)

In April 2024, MIMF prosecutors charged Dale Brian Chappell, a former Chief Science Officer and board member of Humanigen Inc., a publicly traded clinical-stage biopharmaceutical company, for allegedly engaging in an insider-trading scheme in which he fraudulently used Rule 10b5-1 trading plans to trade Humanigen stock. According to court documents, between June and March 2021, Chappell allegedly avoided more than $38 million in losses by selling shares of Humanigen while in possession of material, non-public information about Humanigen's application to the FDA for approval of a drug to treat COVID-19. As alleged, Chappell traded Humanigen stock, and later also implemented Rule 10b5-1 plans to trade more Humanigen stock holdings, after learning from FDA staff that the FDA was unlikely to approve an emergency-use authorization for the drug but before the FDA declined approval for emergency-use authorization, which resulted in Humanigen's stock price declining approximately 50%. The defendant currently awaits extradition.

This case is the second to be charged as part of a data-driven initiative led by the MIMF Unit to identify executive abuses of 10b5-1 trading plans. The Fraud Section partnered on this case with the U.S. Attorney's Office for the District of New Jersey.

### *United States v. Andrew Left (C.D. Cal.)*

In July 2024, MIMF prosecutors charged Andrew Left, a prominent activist short-seller, with multiple counts of securities fraud for a long-running market-manipulation scheme reaping profits of at least $16 million. Left was a securities analyst, trader, and frequent guest commentator on cable news channels and conducted business under the name "Citron Research" (Citron), an online moniker he created as a vehicle for publishing investment recommendations. As alleged in the indictment, Left commented on publicly traded companies, asserting that the market incorrectly valued a company's stock and advocating that the current price was too high or too low. Left's recommendations often included an explicit or implicit representation about Citron's trading position—which created the false pretense that Left's economic incentives aligned with his public recommendation—and a "target price," which Left represented as his valuation of the company's stock. As alleged, Left knowingly exploited his ability to move stock prices by targeting stocks popular with retail investors and posting recommendations on social media to manipulate the market and make fast, easy money. In addition, Left allegedly concealed Citron's financial relationships with a hedge fund to advance the false pretense that his investment recommendations were credible because he was independent from any financial conflicts of interest. The defendant currently awaits trial.

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

## *Three Significant Securities Pump-and-Dump Schemes*

### *United States v. Kalistratos Kabilafkas and Jack Daniels (C.D. Cal.)*

### *United States v. Bobby Shumake Japhia (D.D.C.)*

### *United States v. Philip Verges (N.D. Tex.)*

MIMF prosecutors charged three large securities-fraud cases in which each of the defendants allegedly engaged in a pump-and-dump scheme that resulted in millions of dollars in losses to victims.

In April 2024, MIMF prosecutors charged Kalistratos "Kelly" Kabilafkas and his co-conspirator with allegedly conspiring to defraud investors in a multi-year scheme involving the acquisition and sale of Airborne Wireless Network securities. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Central District of California.

In October 2024, MIMF prosecutors charged Bobby Shumake Japhia with allegedly masterminding a multimillion-dollar penny-stock scam to defraud investors in Minerco, Inc. Minerco's CEO, Julius Jenge, was arrested in August 2024 and pleaded guilty in November 2024 to securities fraud related to the scheme. Three other co-conspirators, Frederick Da Silva, Richard Shykora, and Ahmad Haris Tajyar, have also pleaded guilty to conspiring with Shumake in separate criminal cases in the District of Columbia.

Finally, in December 2024, MIMF prosecutors charged a Texas businessman, Philip Verges, with allegedly executing a $200 million securities-fraud scheme involving five publicly traded companies.

Each of these defendants currently awaits trial.

## FEDERAL PROCUREMENT AND PROGRAM FRAUD

MIMF prosecutors also prioritized their efforts to combat fraud in federal government procurement and federal government programs that exposed the public fisc, national security, and our nation's citizens and warfighters to substantial harm or risk of harm. In 2024, the MIMF Unit brought a major defense contracting company to account for defective and fraudulent pricing; convicted individuals who diverted federal program funding from its intended use to assist vulnerable citizens; convicted a counterfeiter of electronic parts used by the U.S. military in sensitive defense applications; charged an executive for his alleged use of false documents to trick a U.S. agency into hosting its data with his company; convicted a U.S. Navy Reserve commander at trial for bribery in connection with visas for Afghan nationals; secured the guilty plea of a major U.S. Navy shipbuilding company for obstructing a Defense Department audit; and charged a tenured medical professor for an alleged multi-million-dollar grant-fraud scheme. In addition, the Unit continued its work in prosecuting fraud in connection with the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program, charging eight individuals and leading three trials across several districts, in addition to resolving a significant number of additional cases through plea agreements. Since the programs' inception, the Fraud Section and its law-enforcement partners have charged more than 200 defendants related to pandemic-relief programs and seized more than $78 million in cash proceeds together with numerous real-estate properties and luxury items purchased with such proceeds.

### Significant Trials

#### *United States v. Jeromy Pittmann (D.N.H.)*

In July 2024, a federal jury convicted U.S. Navy Reserve commander Jeromy Pittman for a years-long bribery scheme involving Special Immigrant Visas (SIVs) for Afghan nationals. Each year, the State Department offers limited SIVs to enter the United States for Afghan nationals employed as translators for U.S. military personnel. According to court documents and evidence presented at trial, Pittmann received bribes from Afghan nationals in exchange for drafting, submitting, and verifying false letters of recommendation for citizens of Afghanistan who applied for SIVs with the U.S. Department of State in which Pittmann represented, among other things, that he personally knew and had supervised the Afghan national visa applicants and that he believed they did not pose any threat to the national security of the United States. In reality, Pittmann did not know the applicants and had no basis for recommending them for SIVs. The defendant was sentenced to 30 months in prison.

# *Significant Guilty Pleas*

## *United States v. Tyshion Nautese Hicks (M.D. Ga.)*

In February 2024, MIMF prosecutors obtained a guilty plea by a woman who conspired with others to cause the filing of more than 5,000 fraudulent claims for unemployment insurance (UI) benefits with the Georgia Department of Labor (GaDOL), resulting in at least $30 million in stolen benefits. To execute the scheme, Hicks and others created fictitious employers and fabricated lists of purported employees using personally identifiable information from thousands of identity-theft victims and filed fraudulent UI claims on the GaDOL website. Hicks and her co-conspirators caused the stolen UI funds to be disbursed via prepaid debit cards mailed to addresses of their choice. The defendant was sentenced to 12 years in prison.

---

## *United States v. Jacob VanLandingham (S.D. Miss.)*

In July 2024, MIMF prosecutors secured a guilty plea from a CEO who improperly used federal welfare funds for his personal benefit. Jacob VanLandingham, through his company Prevacus Inc., received approximately $1.9 million in federal funds, including Temporary Assistance for Needy Families funds, from the Mississippi Department of Human Services (MDHS) for the purported purpose of developing a concussion drug. While VanLandingham took some steps to develop the drug, he spent most of the funds on himself, including paying off old debts and spending thousands of dollars on gambling at casinos. VanLandingham was the sixth person to plead guilty in connection with the MDHS welfare investigation. The defendant currently awaits sentencing.

The Fraud Section partnered on this case with the Money Laundering and Asset Recovery Section and the U.S. Attorney's Office for the Southern District of Mississippi.

---

## *United States v. Steve H.S. Kim (N.D. Cal.)*

In March 2024, MIMF prosecutors secured a guilty plea from a man who executed a scheme to defraud by selling over $3.5 million worth of fan assemblies to the Defense Logistics Agency (DLA) that were either counterfeit or misrepresented to be new. To trick the DLA into accepting the fan assemblies, Steve H.S. Kim created counterfeit labels and provided fake tracing documents that were often signed using a false identity. Some of these counterfeit fans were installed or intended to be installed with electrical components of a nuclear submarine, a laser system on an aircraft, and a surface-to-air missile system. The defendant was sentenced to three years and six months in prison.

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

# Significant Charges

## United States v. Deepak Jain (D.D.C.)

In October 2024, MIMF prosecutors charged Deepak Jain, the CEO of an information-technology services company, for an alleged scheme to deceive the SEC into thinking his company's data center was certified at the highest rating level for reliability, availability, and security, when it was not. According to the indictment, Jain created an entity that purported to inspect and audit data centers, which he used to falsely certify that the data center had the highest relevant ratings and obtain a contract for which the SEC paid approximately $10.7 million. Throughout the pendency of the contract between Jain's company and the SEC, the SEC experienced several issues with the company's data center, including issues with security, cooling, and power. The defendant currently awaits trial.

## United States v. Hoau-Yan Wang (D. Md.)

In June 2024, MIMF prosecutors charged a tenured medical professor at a public university's medical school, who also served as a paid advisor and consultant to a publicly traded Texas biopharmaceutical company, with a multimillion-dollar grant-fraud scheme. According to court documents, between approximately May 2015 and April 2023, Hoau-Yan Wang allegedly engaged in a scheme to fabricate and falsify scientific data in grant applications made to U.S. National Institutes of Health (NIH), which resulted in the award of approximately $16 million in funding for scientific research of a potential treatment and diagnostic test for Alzheimer's disease. Wang's alleged scientific data falsification in the NIH grant applications related to how the proposed drug and diagnostic test were intended to work and the improvement of certain indicators associated with Alzheimer's disease after treatment with the proposed drug. The defendant currently awaits trial.

## United States v. Nathan Reis et al. (N.D. Tex.)

In November 2024, MIMF prosecutors charged Nathan Reis and Stephanie Hockridge, two co-founders of Blueacorn, a lender service provider, in connection with a scheme to fraudulently obtain COVID-19 relief money guaranteed by the U.S. Small Business Administration. The indictment alleges that the defendants co-founded Blueacorn in April 2020, purportedly to assist small businesses and individuals in obtaining PPP loans, but fabricated documents in order to obtain larger loans for the applicants. The defendants allegedly then charged borrowers illegal kickbacks based upon a percentage of the funds received. According to court documents, the defendants also allegedly submitted false and fraudulent PPP loan applications on behalf of themselves and their businesses. The defendants currently await trial.

The Fraud Section partnered on this case with the Money Laundering and Asset Recovery Section of the Department of Justice and with the U.S. Attorney's Office for the Northern District of Texas.

# CRYPTOCURRENCY FRAUD

The MIMF Unit also prosecuted a broad array of high-dollar and high-impact fraud and manipulation schemes within the cryptocurrency markets, including schemes exploiting decentralized finance and automated trading. These cases included Ponzi and pyramid schemes, nonfungible token (NFT) rug pulls, market manipulation, and domestic and international laundering of crypto-fraud proceeds. Among its other accomplishments in 2024, the MIMF Unit charged the largest cryptocurrency nonfungible-token scheme prosecuted to date and secured the first-ever trial conviction in a cryptocurrency open-market manipulation case. Through its work in this space, the Unit helped to establish favorable law in this emerging area and seek restitution for those harmed by these schemes.

## Significant Trials

### *United States v. Shane Hampton (S.D. Fla.)*

In February 2024, a federal jury in the Southern District of Florida convicted Shane Hampton for orchestrating a months-long scheme to manipulate the price of the HYDRO cryptocurrency and to defraud investors in HYDRO. According to court documents and evidence presented at trial, Hampton, the head of financial engineering at Hydrogen Technology, and his co-conspirators hired an outside firm to run an automated trading system or "bot" to manipulate the price of HYDRO on a cryptocurrency exchange in the United States by flooding the market with fraudulent orders. Hampton and his co-conspirators executed approximately $7 million in "wash trades" and placed over $300 million in "spoof trades" for HYDRO through the bot, which fraudulently induced retail investors to purchase HYDRO. Hampton was sentenced to two years and 11 months in prison. Michael Kane—who was Hydrogen Technology's CEO and pleaded guilty in 2023—was sentenced to three years and nine months in prison.

### *United States v. Avraham Eisenberg (S.D.N.Y.)*

In April 2024, a federal jury convicted Avraham Eisenberg of fraud and market manipulation in the Department's first cryptocurrency open-market manipulation case. According to court documents and evidence presented at trial, Eisenberg engaged in a scheme to fraudulently obtain approximately $110 million worth of cryptocurrency from Mango Markets, a decentralized cryptocurrency exchange, and its customers by artificially manipulating the price of certain perpetual futures contracts. The defendant currently awaits sentencing.

The Fraud Section partnered on this case with the National Cryptocurrency Enforcement Team (NCET) and the U.S. Attorney's Office for the Southern District of New York.

# Significant Guilty Pleas

## *United States v. Rathnakishore Giri (S.D. Ohio)*

In October 2024, MIMF prosecutors secured a guilty plea from an investment manager who orchestrated a cryptocurrency investment-fraud scheme that raised more than $10 million from investors by fraudulently promoting himself as an expert cryptocurrency trader, with a specialty in trading Bitcoin derivatives. The defendant currently awaits sentencing.

---

## *United States v. David Kagel (C.D. Cal.)*

In May 2024, MIMF prosecutors secured a guilty plea from a disbarred attorney who conspired to operate a cryptocurrency Ponzi scheme that defrauded victims of more than $9.5 million. David Kagel and his co-conspirators promoted investment programs that falsely guaranteed high-yield profits and promised to use artificial-intelligence trading bots to trade victims' investments in cryptocurrency markets. Kagel was sentenced to five years' probation, home confinement, and ordered to pay $13.9 million in restitution to victims.

Two other defendants, David Saffron and Vincent Mazzotta, were also charged for their roles in the same Ponzi scheme and currently await trial.

---

# Significant Charges

## *United States v. Sam Lee, Rodney Burton, and Brenda Chunga (D. Md.)*

In January 2024, MIMF announced charges against two individuals (Sam Lee and Rodney Burton) and the guilty plea of a third individual (Brenda Chunga) for orchestrating a $1.89 billion cryptocurrency fraud scheme through an entity called HyperFund. According to court documents, from June 2020 to November 2022, Lee and others allegedly offered and sold investment contracts to the public by falsely claiming that investors who purchased HyperFund "memberships" would receive between 0.5% to 1% daily in passive rewards until the company either doubled or tripled the investor's initial investment. Beginning in at least July 2021, HyperFund allegedly began to block investor withdrawals. Defendants Lee and Burton currently await trial, while defendant Chunga currently awaits sentencing.

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

### *United States v. Gabriel Hay and Gavin Mayo (C.D. Cal.)*

In December 2024, MIMF prosecutors charged two individuals in the largest NFT scheme prosecuted to date. According to the indictment, Gabriel Hay and Gavin Mayo allegedly defrauded investors of more than $22 million in cryptocurrency through a series of digital-asset-project rug pulls, a type of fraud scheme in which the creator of an NFT or other digital-asset project solicits funds from investors for the project and then abruptly abandons the project and fraudulently retains investors' funds. The defendants currently await trial.

The Fraud Section partnered on this case with NCET and the U.S. Attorney's Office for the Central District of California.

---

### *United States v. Eric Council Jr. (D.D.C.)*

In October 2024, MIMF prosecutors charged Eric Council Jr. for allegedly conspiring with others to take unauthorized control of the SEC's account on X, formerly known as Twitter, and then, in the name of SEC Chair Gary Gensler, prematurely announce the approval of Bitcoin Exchange Traded Funds. Immediately following the false announcement, the price of Bitcoin increased by more than $1,000 per Bitcoin. The co-conspirators gained control of the SEC's X account through an unauthorized Subscriber Identity Module (SIM) swap, allegedly carried out by Council. As part of the scheme, Council and the co-conspirators allegedly created a fraudulent identification document in the name of an SEC employee, which Council used to impersonate the victim; took over the victim's cellular telephone account; and accessed the online social media account linked to the victim's cellular phone number for the purpose of accessing the SEC's X account. The defendant currently awaits trial.

The Fraud Section partnered on this case with the Criminal Division's Computer Crime and Intellectual Property Section and the U.S. Attorney's Office for the District of Columbia.

## CONSUMER AND INVESTMENT FRAUD

MIMF Unit prosecutors also continued their efforts to combat a wide range of complex investment and consumer frauds of national and international significance, including large-scale Ponzi and pyramid schemes and high-yield investment scams. In 2024, the MIMF Unit secured convictions against a variety of bad actors and sought restitution for victims in high-dollar frauds, taking on CEOs and other managers who exercised their power and influence to cause significant harm to victims worldwide.

### Three Significant Investment-Fraud Trials

MIMF prosecutors convicted individuals involved in perpetrating investment-fraud schemes that resulted in millions of dollars in losses to victims following three separate trials.

- ***United States v. Curtiss Jackson (D. Haw.)***
- ***United States v. Tochukwi Nwosisi (S.D. Tex.)***
- ***United States v. Paul Maucha (D.D.C.)***

In May 2024, a federal jury convicted Curtiss Jackson, the CEO of Semisub Inc. and SemiSub LLC, for his decade-long investment scheme to defraud victims of over $28 million. Jackson also was convicted of obstruction for sending a death threat to his co-conspirator during the investigation and attempting to flee the United States' territorial waters aboard the Semisub One vessel, which was subject to criminal forfeiture proceedings, on the day before a bond-revocation court hearing. The defendant currently awaits sentencing. The Fraud Section partnered on this case with the U.S. Attorney's Office for the District of Hawaii.

In March 2024, a federal jury convicted an Indiana man for his role in an international advance-fee scheme orchestrated from Nigeria that defrauded victims worldwide of over $5.6 million. Tochukwi Nwosisi served as a money launderer who accepted victim funds into his U.S.-based bank accounts and directed the proceeds to the ringleaders in Nigeria. The defendant was sentenced to three years in prison. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Southern District of Texas.

In February 2024, a federal jury convicted Paul Maucha for perpetrating an advance-fee scheme that defrauded numerous victims. Maucha required victims to provide an advance fee in order to obtain supposed loans and falsely told victims that the fees could be refunded; however, Maucha and his co-conspirator did not have the capital to make these loans, and refunds to victims could not be assured because Maucha and his co-conspirator spent the fees on themselves. The defendant was sentenced to 11 years and three months in prison. The Fraud Section partnered on this case with the U.S. Attorney's Office for the District of Columbia.

# *Significant Guilty Pleas*

## *United States v. Greg Lindberg (W.D.N.C)*

In November 2024, MIMF prosecutors secured the guilty plea of an insurance mogul to a $2 billion fraud and money-laundering scheme to defraud insurance regulators, insurance companies, policyholders, and other third parties through a web of companies based in North Carolina, Bermuda, Malta, and elsewhere. From no later than 2016 through at least 2019, Greg Lindberg conspired with others to deceive the North Carolina Department of Insurance and other regulators, evaded regulatory requirements meant to protect policyholders, concealed the true financial condition of his companies, and improperly used insurance company funds for his personal benefit. Lindberg and his co-conspirators caused companies he controlled to invest more than $2 billion in loans and other securities with his own affiliated companies and laundered the proceeds of the scheme. Lindberg directed the scheme and personally benefitted from the fraud in part by "forgiving" more than $125 million in loans to himself from the insurance companies that he controlled. As a result of Lindberg's conduct, his insurance companies, third-party entities, and policyholders suffered substantial financial hardship, and some of his insurance companies have been placed in rehabilitation and liquidation.

In December 2022, one of Lindberg's top executives, Christopher Herwig, pleaded guilty in a related case to conspiring with Lindberg and others to commit offenses against the United States. Lindberg and Herwig currently await sentencing.

The Fraud Section partnered on this case with the U.S. Attorney's Office for the Western District of North Carolina.

---

## *United States v. Aron Puretz et al. (D.N.J.)*

In June through August 2024, MIMF prosecutors secured guilty pleas by four real-estate investors involved in separate extensive, multi-year conspiracies to fraudulently obtain millions of dollars in loans to acquire multifamily and commercial properties. According to court documents, between 2016 and 2022, Aron Puretz conspired with others to deceive lenders by providing fictitious documents to obtain over $54.7 million in loans. Between 2018 and 2020, Chaim "Eli" Puretz, Fredrick Schulman, and Moshe "Mark" Silber conspired with others to deceive lenders into issuing a mortgage loan for a multifamily property and Fannie Mae into funding or purchasing the loan by providing falsified documents, resulting in $119 million in loans. Aron Puretz was sentenced to 60 months in prison, Chaim Puretz was sentenced to two years in prison, and Schulman and Silber currently await sentencing.

The Fraud Section partnered with the U.S. Attorney's Office for the District of New Jersey.

### *United States v. Alex Dee (D. Colo.)*

In July 2024, MIMF prosecutors secured a guilty plea by Alex Dee for his involvement in a pyramid scheme under the name 8 Figure Dream Lifestyle LLC (8FDL) that caused over $23 million in losses to victims. Guilty pleas by Dee's co-conspirators, Brian Kaplan and Jerrold Maurer, were unsealed in January 2024. Dee and his co-conspirators recruited participants through emails, robocalls, promotional videos, and webinars, falsely claiming that typical members with no prior skills or experience could easily earn between $5,000 and $10,000 in 10 to 14 days after joining the program, and that most members were averaging two to three sales in their first 30-45 days. In fact, the vast majority of people who joined 8FDL never made any money. Dee was sentenced to three years in prison, and Kaplan and Maurer were each sentenced to 22 months in prison.

---

## *Significant Charges*

### *United States v. Elchonon ("Elie") Schwartz (N.D. Ga.)*

In December 2024, MIMF prosecutors charged the CEO of a New York commercial-real-estate investment firm with perpetrating a $62 million investment-fraud scheme involving two commercial real-estate properties. From approximately May 2022 through June 2023, Schwartz allegedly solicited investments in two commercial real-estate properties through a crowdfunding commercial real-estate investing website. As part of the investment process, Schwartz allegedly represented to investors that he would use the investment proceeds only to invest in each property and that he had a fiduciary duty to safeguard the funds and not commingle or use the money in a way that did not benefit each investment. As alleged, however, contrary to the representations, Schwartz misappropriated and converted the investor funds for his own use, including to purchase luxury watches, pay payroll expenses for his other commercial real-estate businesses, and invest in stocks and options.

The Fraud Section partnered on this case with the U.S. Attorney's Office for the Northern District of Georgia.

---

### *United States v. Lisa Findley (W.D. Tenn.)*

In August 2024, MIMF prosecutors charged a Missouri woman in connection with an alleged scheme to defraud Elvis Presley's family of millions of dollars and steal the family's ownership interest in Graceland, the former home of Elvis Presley, in Memphis, Tennessee. According to court documents, Lisa Jeanine Findley allegedly posed as different individuals affiliated with a fictitious private lender. Findley allegedly claimed falsely that Elvis Presley's daughter had borrowed $3.8 million in 2018 from the lender, pledged Graceland as collateral for the loan, and failed to repay the debt. To settle the purported claim, Findley allegedly sought $2.85 million from Elvis Presley's family. Findley allegedly fabricated various documents and published a fraudulent foreclosure notice in one of Memphis's daily newspapers, announcing the fictitious lender's plan to auction Graceland to the highest bidder in May 2024. The defendant currently awaits trial. The Fraud Section partnered on this case with the U.S. Attorney's Office for the Western District of Tennessee.

# Corporate Resolutions

## *United States v. Raytheon Company (D. Mass.)*

In October 2024, Raytheon Company, a subsidiary of RTX Corporation, entered into a three-year deferred prosecution agreement (DPA) to resolve the government's investigation into two separate defective-pricing schemes to defraud the Department of Defense (DOD) in connection with the provision of defense articles and services, including PATRIOT missile systems and a radar system. From 2012 through 2013 and again from 2017 through 2018, Raytheon employees provided false and fraudulent information to the DOD during contract negotiations concerning two contracts with the United States for the benefit of a foreign partner—one to purchase PATRIOT missile systems and the other to operate and maintain a radar system. In both instances, Raytheon employees provided false and fraudulent information to DOD in order to mislead DOD into awarding the two contracts at inflated prices. These schemes to defraud caused the DOD to pay Raytheon over $111 million more than Raytheon should have been paid on the contracts.

Raytheon agreed to pay a criminal penalty of $146,787,972 million and $111,203,009 in victim compensation. The criminal penalty reflected a 25% reduction off the tenth percentile of the applicable Sentencing Guidelines fine range, taking into account Raytheon's cooperation, remediation, and prior history.

In addition to the defective-pricing matter, Raytheon also entered into a three-year DPA with the FCPA Unit, the U.S. Attorney's Office for the Eastern District of New York, and the National Security Division's Counterintelligence and Export Control Section in connection with violations of the FCPA and ITAR. Both agreements require that Raytheon retain an independent compliance monitor for three years. Raytheon also reached a separate False Claims Act settlement with the Department relating to the defective-pricing schemes. Raytheon agreed to pay over $950 million to resolve the Department's foreign bribery, export controls, and defective-pricing investigations.

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

## *United States v. Austal USA, LLC (S.D. Ala.)*

In August 2024, Austal USA, LLC ("Austal USA"), the wholly owned subsidiary of Austal Limited, pleaded guilty in the Southern District of Alabama in connection with an accounting-fraud scheme and efforts to obstruct the Defense Contract Audit Agency (DCAA) during a financial-capability audit. From at least in or around 2013 through at least in or around July 2016, Austal USA and its co-conspirators conspired to mislead Austal Limited's shareholders, independent financial statement auditors, and the investing public about Austal USA's financial condition. Specifically, Austal USA artificially suppressed an accounting metric known as an "estimate at completion" (EAC) in relation to multiple Littoral Combat Ships that Austal USA was building for the U.S. Navy. When the higher costs were eventually disclosed to the market, Austal Limited wrote down over $100 million, and the stock price was significantly negatively impacted. Due to the company's financial position and inability to pay a criminal penalty, the Department agreed that Austal USA would pay a criminal fine of $24 million and restitution of up to $24 million for losses to Austal Limited shareholders. The department also agreed to credit all of the criminal fine and restitution against amounts Austal USA paid to resolve an investigation by the SEC for related conduct. As part of the resolution, Austal USA also agreed to retain an independent compliance monitor during the three-year term. Three former executives were indicted in connection with the scheme in March 2023 and currently await trial.

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

---

## *United States v. TD Securities (USA) LLC (D.N.J.)*

In September 2024, TD Securities (USA) LLC (TD Securities), a securities firm based in New York, entered into a three-year DPA in connection with a criminal information charging the company with one count of wire fraud for a scheme to defraud through the purchase and sale of U.S. Treasuries in the secondary market. TD Securities placed hundreds of orders to buy and sell U.S. Treasuries with the intent to cancel those orders before execution in an attempt to profit by injecting false and misleading information concerning the existence of genuine supply and demand for U.S. Treasuries. The conduct deceived other market participants and fraudulently induced those participants to trade in prices, quantities, and times that they otherwise would not have traded. Under the terms of the DPA, TD securities agreed to pay $15.5 million in fines and restitution.

A former head the desk responsible for trading U.S. Treasuries was charged in November 2023 for his alleged participation in the scheme and currently awaits trial.

# *First MIMF Unit CEP Declination*

## *United States v. Proterial Cable America Inc.*

In March 2024, MIMF prosecutors secured a historic first with a CEP declination of Proterial Cable America Inc., formerly known as Hitachi Cable America Inc. Based upon the government's investigation, from approximately December 2006 through April 2022, Hitachi Cable misrepresented to customers that motorcycle brake hoses and related assemblies it sold met federal safety testing standards, when in fact they did not comply with certain testing requirements. As a result of the scheme, the company obtained approximately $15.1 million in illicit profits through its sales of the non-conforming brake hoses and brake-hose assemblies, which it agreed to disgorge and repay as part of the resolution.

The company voluntarily self-disclosed the misconduct, fully cooperated with the investigation, timely and appropriately remediated the misconduct, and agreed to forfeit the proceeds earned through the misconduct. Pursuant to the CEP, the Department issued a declination with disgorgement.

# Corporate Enforcement and Compliance Unit

The Corporate Enforcement and Compliance (CEC) Unit supports all aspects of the Fraud Section's corporate criminal enforcement practice, including working with and advising prosecution teams on the structural, monetary, and compliance components of corporate resolutions; evaluating corporate compliance programs; determining whether an independent compliance monitor should be imposed as part of a corporate resolution; and overseeing post-resolution matters, including the selection and oversight of monitors and compliance and reporting obligations. In 2024, CEC participated in more than 45 corporate resolution-related presentations and conferrals, oversaw compliance with obligations under corporate resolution agreements for approximately 40 corporate defendants, including seven independent compliance monitorships, and worked with trial teams on 10 concluded corporate resolutions and two Corporate Enforcement Policy declinations. The CEC Unit also: (1) provides advice and assists in drafting and revising the Fraud Section's, Criminal Division's, and Department's corporate criminal enforcement policies; (2) oversees data analytics initiatives for the Fraud Section; (3) responds to and proactively develops legislative proposals; (4) participates in global anticorruption bodies; (5) provides crime victim assistance to the litigating units; and (6) handles FOIA matters for the Section.

https://www.justice.gov/criminal-fraud/corporate-enforcement-compliance-and-policy-unit

## *Corporate Criminal Enforcement Practice*

The CEC Unit works closely with litigating unit attorneys during all stages of the corporate criminal resolution process. CEC 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, finalizing the resolution papers, and overseeing compliance with the obligations of agreements post-resolution.

## *Compliance and Monitorship Matters*

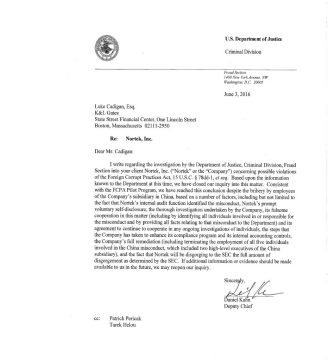
Since the hiring of its first compliance attorney in 2015, the Fraud Section has steadily grown its corporate enforcement and compliance expertise and in 2021 established what is now the CEC Unit as a centralized unit assisting in corporate resolution matters across the Section. The CEC Unit has enhanced the Fraud Section's expertise in corporate enforcement, compliance, and monitorship matters. As of December 2024, the CEC Unit has five dedicated compliance and monitorship experts who work closely together with Fraud Section prosecutors in assessing factors relevant to corporate resolutions, including 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 CEC Unit advises prosecution teams on post-resolution matters, including the selection and oversight of monitors and compliance and reporting obligations. The CEC 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 and Compliance Unit

## *White Collar & Corporate Criminal Enforcement Policy*

Across administrations, Fraud Section and CEC Unit representatives have worked with Criminal Division and Department leadership to develop, revise, and implement corporate enforcement policies and practices aimed at providing greater transparency concerning the Department's approach to corporate criminal enforcement, such as the Corporate Enforcement Policy, the Evaluation of Corporate Compliance Programs guidance, and the Anti-Piling On Policy. The goal of these policies is to provide incentives and clear guidance to help responsible companies invest in compliance and understand that if they respond appropriately to misconduct, including by self-disclosing, remediating, and cooperating, the Department will treat them fairly and consistently.



U.S. Department of Justice

Criminal Division

June 2, 2016

Re: Nortek, Inc.

Dear Mr. Cadigan:

Sincerely,

Daniel Kahn
Deputy Chief

cc: Patrick Pericak
Tarek Helou

### Corporate Enforcement Policy

In November 2017, the FCPA Corporate Enforcement Policy was formally adopted and incorporated into the DOJ's Justice Manual, which was subsequently updated in November 2019. (JM 9-47.120). Criminal Division leadership announced in 2019 that the Policy applies to all corporate cases in the Criminal Division. In September 2022, Department leadership announced that that all Department components must have a policy addressing voluntary self-disclosure. In January 2023, Criminal Division leadership issued a revised Corporate Enforcement Policy (CEP) to incorporate additional incentives for voluntary self-disclosure. In 2024, the Criminal Division revised the CEP to detail voluntary self-disclosure requirements linked to the eligibility for a presumption of a declination and additional considerations to be afforded to companies who fail to meet voluntary disclosure requirements but demonstrate good faith intent to disclose and cooperate. In 2024, the Fraud Section announced two declinations pursuant to the CEP.

https://www.justice.gov/media/1268756/dl?inline

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

https://www.justice.gov/criminal/criminal-fraud/corporate-enforcement-policy/declinations

U.S. Department of Justice
Criminal Division
Evaluation of Corporate Compliance Programs
(Updated September 2024)

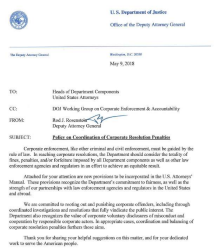
Introduction

### 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, 2020, 2023, and September 2024. The 2024 ECCP sets forth a framework based on three fundamental questions for prosecutors to evaluate corporate compliance programs. The 2024 revisions address compliance risks of emerging technologies, data management and data integrity, and increased whistleblower protections

https://www.justice.gov/criminalfraud/page/file/937501/download

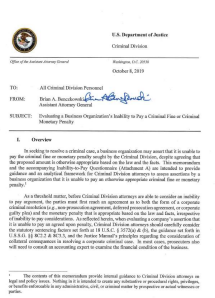
## “Anti-Piling On” Policy



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

## 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

## Pilot Program for Compensation Incentives and Clawbacks

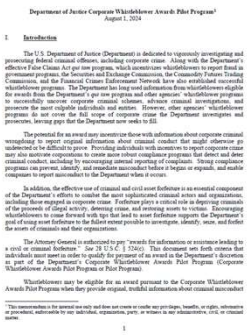
In March 2023, the Department launched the Pilot Program on Compensation Incentives and Clawbacks that requires companies that enter criminal resolutions to implement and report on compliance-related criteria in their compensation and bonus system during the term of such resolutions. The program also allows for possible fine reductions based on corporate efforts to recoup compensation for culpable employees. To date, 18 corporations have agreed to incorporate compensation incentives into their compliance programs as part of corporate resolution agreements and three corporate defendants have received fine reductions for compensation-related mitigation measures.

https://www.justice.gov/criminal/corporate-enforcement-note-compensation-incentives-and-clawback-pilot

In November 2024, the Criminal Division provide a report on the pilot program at the mid-point of the term:

https://www.justice.gov/criminal/criminal-fraud/file/1571941/dl

## Corporate Whistleblower Awards Pilot Program



In August 2024, the Criminal Division launched a Corporate Whistleblower Awards Pilot Program to uncover and prosecute corporate crime. Under this pilot program, a whistleblower who provides the Criminal Division with original and truthful information about corporate misconduct that results in a successful forfeiture may be eligible for an award. As described in more detail in the program guidance, the information must relate to one of the following areas: (1) certain crimes involving financial institutions, from traditional banks to cryptocurrency businesses; (2) foreign corruption involving misconduct by companies; (3) domestic corruption involving misconduct by companies; or (4) health care fraud schemes involving private insurance plans. If the information a whistleblower submits results in a successful prosecution that includes criminal or civil forfeiture, the whistleblower may be eligible to receive an award of a percentage of the forfeited assets, depending on considerations set out in the program guidance.

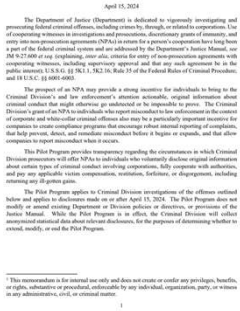
Fact sheet: https://www.justice.gov/criminal/media/1362326/dl?inline

Intake form: https://www.justice.gov/criminal/media/1362356/dl?inline

As part of this pilot program, the Criminal Division also added a temporary amendment to the CEP, which states that companies that voluntarily self-report within 120 days of receiving an internal whistleblower report may be eligible for a presumption of a declination under the CEP if the company reports to the Department before the Department contacts the company.

https://www.justice.gov/criminal/criminal-division-corporate-whistleblower-awards-pilot-program.

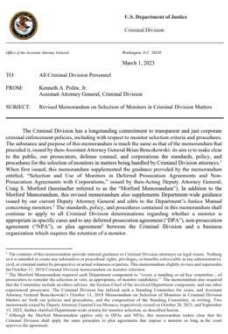
## Pilot Program on Voluntary Self-Disclosure for Individuals



In April 2024, the Department launched the Pilot Program on Voluntary Self-Disclosures for Individuals which details the circumstances in which the Department will offer non-prosecution agreements to individuals who voluntarily disclose original information about certain types of criminal conduct involving corporations, fully cooperate with authorities, and pay applicable victim compensation, restitution, forfeiture, or disgorgement.

https://www.justice.gov/criminal/media/1347991/dl?inline

## Monitors in Criminal Division Matters



In March 2023, the Assistant Attorney General for the Criminal Division issued a Revised 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/criminal/criminal-fraud/file/1100366/dl

# Corporate Enforcement and Compliance Unit

## *Data Analytics and Lead Generation*

The Fraud Section continues to focus on ways to proactively detect criminal schemes and to use all available tools to investigate and prosecute those schemes. Over the past several years, the Section has used data analytics to identify outliers, trends, and patterns indicative of fraud in Medicare and Medicaid spending. The Section has leveraged this capability to collect evidence of wrongdoing in other government spending programs. This data driven approach to case generation has resulted in historic success in prosecuting complex health care fraud cases, including those involving telemedicine, genetic testing, opioid abuse and COVID-19 schemes. The Section is now expanding its use of data analytics beyond the health care fraud space and is applying it proactively to each of its units.

In the securities context, the Section developed advanced capabilities to generate credible leads through tracking of market activity against securities disclosure and media sources that accelerate the identification of market manipulation and securities fraud. The successful Peizer prosecution (see p. 49) and recent Chappell indictment (see p. 52) are two examples of this work.

The Section has also significantly improved its capability to analyze data compiled in public sources (e.g., NGOs and foreign governments) as well as non-public sources and enrich them with other data from existing or historical Department activity to generate FCPA-related leads.

Additionally, the Section is developing new leads through new pilot programs announced this year: the Corporate Whistleblower Awards Pilot Program and the Pilot Program on Voluntary Self-Disclosures for Individuals. The launch of these two programs has already resulted in 180 unique reports that have led to the opening of new investigations, have provided additional information in existing investigations, and can be incorporated into the Section data analytics initiatives.

## *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 CEC 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 Chief of the CEC Unit is currently the Chair of the LEO Group.

The CEC Unit also collaborates with United Kingdom enforcement authorities. The Fraud Section had previously detailed a prosecutor to the United Kingdom's Serious Fraud Office (SFO) and Financial Conduct Authority (FCA), which enhanced the development and expansion of 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 and continued the program with a new detailee from 2021-2024. Deployed from and overseen by the CEC 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 participated in FCA and SFO investigations, advises DOJ, FCA, SFO and other UK regulatory and law enforcement personnel on effective interagency coordination, and otherwise served 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 CEC Unit also oversees the Fraud Section's crime victim and witness assistance program and handles all incoming FOIA requests to the Fraud.

# Litigation Unit

The Litigation Unit provides litigation support, training, and assistance during pretrial, trial, and post-trial proceedings for the Fraud Section. The attorneys in the Litigation Unit work with each of the Fraud Section's three traditional litigating units to provide feedback and advice as teams prepare for trials. The Unit helps to supervise the most complex matters in the Fraud Section and, if necessary, will join the prosecution team if particularly sensitive matters arise. In addition, the Litigation Unit also advises the Section Chief and Front Office on matters of Departmental policy and practice.

## *Appellate Litigation*

The Litigation Unit is responsible for managing the Fraud Section's appellate docket, defending the convictions secured by the Section's litigating units on appeal. In 2024, the appellate attorneys in the Litigation Unit, in coordination with the Appellate Section of the Criminal Division, oversaw 147 criminal appeals pending in 12 Courts of Appeals across the country, with 81 new notices of appeals filed. Over the course of the year, Fraud Section prosecutors filed 15 appellate merits briefs and presented oral argument in 7 different appeals.

**2024**

| | |
|---|---|
| **Total Appeals Pending** | **147** |
| **New Appeals Filed** | **81** |
| **Appellate Merits Briefs Filed** | **15** |
| **Oral Arguments** | **7** |

## *Training and Support*

Prior to every trial, the Litigation Unit meets with the trial team to discuss the trial presentation strategy and moot the opening statements. Intensive "trial workshops" are offered to teams preparing for more complex trials. In addition, the Litigation Unit coordinates with Fraud Section management to plan and execute training for Section prosecutors, including a new attorney boot camp, a one-week trial advocacy course, annual Section-wide training and periodic "brown-bags" on a range of topics.