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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
FILED

June 24, 2025

Nathan Ochsner, Clerk of Court

UNITED STATES OF AMERICA

v.

CHAD HARPER (1),
[REDACTED] (2),
[REDACTED] (3),

Defendants.

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Criminal No. **4:25-cr-00337**
UNDER SEAL

INDICTMENT

The Grand Jury charges:

General Allegations

At all times material to this Indictment, unless otherwise specified:

The Medicare Program

1. The Medicare Program (“Medicare”) was a federally funded program that provided free and below-cost health care benefits to individuals, primarily the elderly, blind, and disabled. The benefits available under Medicare were governed by federal statutes and regulations. The United States Department of Health and Human Services (“HHS”), through its agency, the Centers for Medicare & Medicaid Services (“CMS”), oversaw and administered Medicare. Individuals who received benefits under Medicare were commonly referred to as Medicare “beneficiaries.”

2. Medicare was a “health care benefit program,” as defined by Title 18, United States Code, Section 24(b), and a “Federal health care program,” as defined by Title 42, United States Code, Section 1320a-7b(f).

3. Medicare covered different types of benefits and was separated into different program “parts.” Medicare “Part B” covered, among other things, medical services provided by

physicians, medical clinics, laboratories, and other qualified health care providers, such as office visits and laboratory testing, that were medically necessary and ordered by licensed medical doctors or other qualified health care providers.

4. Medicare “providers” included independent clinical laboratories, physicians, and other health care providers who provided items or services to beneficiaries. To bill Medicare, a provider was required to submit a Medicare Enrollment Application Form (“Provider Enrollment Application”) to Medicare. The Provider Enrollment Application contained certifications that the provider was required to make before the provider could enroll with Medicare. Specifically, the Provider Enrollment Application required the provider to certify, among other things, that the provider would abide by the Medicare laws, regulations, and program instructions, including the Federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b), and that the provider would not knowingly present or cause to be presented a false or fraudulent claim for payment by Medicare.

5. A Medicare “provider number” was assigned to a provider upon approval of the Provider Enrollment Application. A health care provider that received a Medicare provider number was able to file claims with Medicare to obtain reimbursement for reasonable and necessary services provided to beneficiaries.

6. A Medicare claim was required to contain certain information, including: (a) the beneficiary’s name and Health Insurance Claim Number; (b) a description of the health care benefit, item, or service that was provided or supplied to the beneficiary; (c) the billing codes for the benefit, item, or service; (d) the date upon which the benefit, item, or service was provided or supplied to the beneficiary; (e) the name of the referring physician or other health care provider; and (f) the referring provider’s unique identifying number, known either as the Unique Physician Identification Number or National Provider Identifier (“NPI”). The claim form could be submitted

in hard copy or electronically.

7. When submitting claims to Medicare for reimbursement, providers were required to certify that: (1) the contents of the forms were true, correct, and complete; (2) the forms were prepared in compliance with the laws and regulations governing Medicare; and (3) the services that were purportedly provided, as set forth in the claims, were medically necessary.

8. Medicare claims were required to be properly documented in accordance with Medicare rules and regulations. Medicare would not reimburse providers for claims that were procured through the payment of kickbacks and bribes.

Medicare Coverage for Genetic Testing

9. Cancer genetic testing (“CGx”) used DNA sequencing to detect mutations in genes that could indicate a higher risk of developing certain types of cancers in the future. CGx testing was not a method of diagnosing whether an individual presently had cancer.

10. Genetic testing for cardiovascular disease (“cardio testing”) used DNA sequencing to detect mutations in genes that could indicate an increased risk of developing serious cardiovascular conditions in the future and could assist in the treatment or management of a patient who presently had signs or symptoms of a cardiovascular disease or condition. Genetic testing for cardiovascular disease was not a method of diagnosing whether an individual presently had a cardiac condition.

11. Laboratories purported to offer other kinds of genetic testing that used DNA sequencing to detect mutations in genes that could indicate an increased risk of developing diseases such as Parkinson’s disease, Alzheimer’s disease, dementia, diabetes, obesity, pulmonary diseases, and hearing loss (collectively, with CGx, and cardio testing, “genetic testing”). All genetic testing was a form of diagnostic testing.

12. For genetic testing, a beneficiary provided a saliva sample or cheek or nasal swab containing DNA material. The DNA sample was then submitted to a laboratory to conduct genetic testing. Tests were then run on different “panels” of genes. Genetic testing typically involved performing lab procedures that resulted in billing Medicare using certain billing codes, each with its own reimbursement rate.

13. DNA samples were submitted along with requisitions that identified the beneficiary, the beneficiary’s insurance, and indicated the specific type of genetic testing to be performed. In order for laboratories to submit claims to Medicare for genetic testing, the requisitions had to be signed by a physician or other authorized medical professional, who attested to the medical necessity of the genetic testing.

14. Medicare did not cover diagnostic testing that was “not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member.” 42 U.S.C. § 1395y(a)(1)(A). Except for certain statutory exceptions, Medicare did not cover “examinations performed for a purpose other than treatment or diagnosis of a specific illness, symptoms, complaint or injury.” 42 C.F.R. § 411.15(a)(1).

15. If diagnostic testing was necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member, Medicare imposed additional requirements before covering the testing. Title 42, Code of Federal Regulations, Section 410.32(a) provided, “All . . . diagnostic laboratory tests . . . must be ordered by the physician who is treating the beneficiary, that is, the physician who furnishes a consultation or treats a beneficiary for a specific medical problem and who uses the results in the management of the beneficiary’s specific medical problem.” “Tests not ordered by the physician who is treating the beneficiary are not reasonable and necessary.” *Id.*

Victim Financial Institution

16. PrimeWay Federal Credit Union (“PrimeWay”) was a federally insured financial institution with a branch located in Houston, Texas. PrimeWay’s deposits were insured by the National Credit Union Administration (“NCUA”). The NCUA was an agency of the United States established to protect depositors by insuring the deposits of member credit unions. The NCUA insurance fund was backed by the United States government.

The Relevant Entities, Defendants, and Relevant Individuals

17. Redwood Lab Services, LLC (“Redwood”) was a Texas company with a principal place of business in Harris County, Texas. Redwood was an independent clinical laboratory enrolled with Medicare that purportedly provided laboratory services and diagnostic testing, including genetic testing, to individuals, including Medicare beneficiaries.

18. Elite Clinical Laboratory, Inc (“Elite Clinical”) was a Texas corporation with a principal place of business in Harris County, Texas. Elite Clinical was an independent clinical laboratory enrolled with Medicare that purportedly provided laboratory services and diagnostic testing, including genetic testing, to individuals, including Medicare beneficiaries.

19. Elite Bio Reference, LLC (“Elite Bio”) was a Florida company with a principal place of business in Manatee County, Florida. Elite Bio was an independent clinical laboratory enrolled with Medicare that purportedly provided laboratory services and diagnostic testing, including genetic testing, to individuals, including Medicare beneficiaries.

20. Ohio River Laboratories, LLC (“Ohio River”) was a Texas company with a principal place of business in Harris County, Texas. Ohio River was an independent clinical laboratory enrolled with Medicare that purportedly provided laboratory services and diagnostic testing, including genetic testing, to individuals, including Medicare beneficiaries. Redwood, Elite

Clinical, Elite Bio, and Ohio River were collectively “the Labs.”

21. Covus Holdings LP (“Covus Holdings”) was a Texas company with a principal place of business in Harris County, Texas. Covus Holdings received proceeds generated by the Labs.

22. Peerless Staffing Inc (“Peerless Staffing”) was a Texas corporation with a principal place of business in Harris County, Texas. Peerless Staffing purportedly operated as a staffing company.

23. Fifty Four Partners, LLC (Fifty Four Partners”) was a Texas company with its principal place of business in Harris County, Texas.

24. Wild Capital, Inc (“Wild Capital”) was a Texas corporation with a principal place of business in Harris County, Texas.

25. Sawdust Capital LLC (“Sawdust Capital”) was a Texas company with its principal place of business in Harris County, Texas.

26. Covus Holdings, Peerless Staffing, Fifty Four Partners, Wild Capital, and Sawdust Capital were collectively the “Shell Entities.”

27. [REDACTED] (“[REDACTED]”) was a Texas company with a principal place of business in Harris County, Texas. [REDACTED] purported to provide services to medical practices related to practice consulting, marketing, and partnerships.

28. The Life Group, Incorporated (“Life Group”) was a Texas corporation with its principal place of business in Harris County. Life Group purportedly provided marketing services for medical companies.

29. Marketing Group 1 was a Florida company with its principal place of business in Miami-Dade County, Florida.

30. Marketing Group 2 was a Georgia company.
31. Marketing Group 3 was a Michigan limited partnership with its principal place of business in Northville, Michigan.
32. Marketing Group 4 was a Texas company with its principal place of business in McKinney, Texas.
33. Marketing Group 5 was a Texas company with its principal place of business in Dallas County, Texas.
34. Marketing Group 6 was a Texas company with its principal place of business in Trophy Club, Texas.
35. Marketing Group 7 was a Texas company with its principal place of business in Houston, Texas.
36. Marketing Group 8 was a Louisiana company with its principal place of business in Covington, Louisiana.
37. BKJ Business Equipment (“BKJ”) was a Texas company originally formed under a different name that became BKJ in or around November 2017. BKJ’s principal place of business was in Harris County, Texas.
38. Defendant **CHAD HARPER (“HARPER”)** was a resident of Harris County, Texas, and was an owner of the Labs and the Shell Entities. **HARPER** signed the Provider Enrollment Application on behalf of Redwood.
39. Defendant [REDACTED] (“[REDACTED]”) was at times a resident of Harris and Brazoria Counties, Texas, and was an owner of the Labs and the Shell Entities.
40. Defendant [REDACTED] was a resident of Harris County, Texas. [REDACTED]

owned [REDACTED] [REDACTED] used the email address jfmarketinggenius@gmail.com.

41. Markus Thierry was a resident of Harris County, Texas. Thierry owned Life Group.

42. Collectively, Thierry and marketers associated with Marketing Groups 1 – 8 were “the Marketers.”

43. Loan Broker 1 and Loan Broker 2 operated BKJ.

COUNT ONE

**Conspiracy to Defraud the United States and Pay and Receive Health Care Kickbacks
(18 U.S.C. § 371)**

44. Paragraphs 1 through 43 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

45. From in or around January 2019, and continuing through in or around 2024, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER,

[REDACTED]
and
[REDACTED]

did knowingly and willfully combine, conspire, confederate, and agree with one another and with others known and unknown to the Grand Jury, to commit offenses against the United States, that is:

a. to defraud the United States by cheating the United States government and any of its agencies and departments out of money and property, and by impairing, impeding, obstructing, and defeating through deceitful and dishonest means, the lawful government functions of HHS and CMS in their administration and oversight of Medicare;

b. to violate Title 42, United States Code, Section 1320a-7b(b)(1), by soliciting and receiving any remuneration, including kickbacks and bribes, directly and

indirectly, overtly and covertly, in cash and in kind, in return for referring an individual to a person for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole and in part under a Federal health care program, that is, Medicare; and in return for the purchasing, leasing, ordering, arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a Federal health care program, that is, Medicare; and

c. to violate Title 42, United States Code, Section 1320a-7b(b)(2), by offering and paying any remuneration, including kickbacks and bribes, directly and indirectly, overtly and covertly, in cash and in kind, to any person to induce such person to refer an individual for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole and in part under a Federal health care program, that is, Medicare; and to purchase, lease, order, and arrange for and recommend purchasing, leasing, and ordering any good, facility, service, and item for which payment may be made in whole and in part under a Federal health care program, that is, Medicare.

Purpose of the Conspiracy

46. It was a purpose of the conspiracy for HARPER, [REDACTED] [REDACTED] and their co-conspirators to unlawfully enrich themselves by, among other things: (a) soliciting, receiving, offering, and paying kickbacks and bribes in exchange for the referral of Medicare beneficiaries' DNA samples and arranging for and recommending doctors' orders for genetic testing to the Labs; (b) submitting and causing the submission of false and fraudulent claims to Medicare for genetic testing that were procured through kickbacks and bribes, were not medically necessary, and were not eligible for reimbursement; (c) concealing and causing the concealment

of kickbacks and bribes and the submission of false and fraudulent claims to Medicare; and (d) diverting the proceeds for their personal use and benefit, the use and benefit of others, and to further the conspiracy.

Manner and Means

The manner and means by which **HARPER**, [REDACTED] [REDACTED] and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, among other things, the following:

47. **HARPER**, [REDACTED] and their co-conspirators recruited a network of marketers, including [REDACTED] the Marketers, and others, each of whom had access to, influence with, and control over providers treating Medicare beneficiaries.

48. [REDACTED] advertised [REDACTED] as providing the following services, among others: New Patient Acquisition, Marketing, and Practice Management.

49. [REDACTED] through [REDACTED] acted as Clinic 1's practice manager. As practice manager, [REDACTED] exercised control over the authorization and referral of diagnostic testing, including genetic testing, from Clinic 1.

50. On or about September 1, 2020, [REDACTED] and **HARPER** executed a Sales Consultant Agreement that purported to govern the relationship between [REDACTED] and Redwood. The Sales Consultant Agreement contained a Compliance section, in which [REDACTED] and **HARPER** purportedly agreed that "there is no type of payment what so ever based on volume or value of referrals."

51. Contrary to the terms of the Sales Consultant Agreement, **HARPER** and [REDACTED] agreed with [REDACTED] to pay [REDACTED] illegal kickbacks based on the value of the referrals [REDACTED] sent to the Labs, including referrals from Clinic 1's providers.

52. Induced by **HARPER** and [REDACTED] offer to pay [REDACTED] kickbacks, [REDACTED] ordered, or caused others to order, genetic testing and other diagnostic testing for Medicare beneficiaries in the name of Clinic 1's providers and others, and directed those orders to the Labs, including in the following ways:

a. [REDACTED] often authorized genetic testing and other diagnostic testing without the knowledge and permission of Clinic 1's providers.

b. [REDACTED] used, and directed others to use, fraudulent means to authorize orders for genetic testing and other diagnostic testing on behalf of Clinic 1's providers. For example, [REDACTED] used, and directed others to use, a stamp purporting to bear Physician 1's signature. Furthermore, [REDACTED] photocopied, and directed others to photocopy, Physician 1's signature on genetic testing and other diagnostic testing order forms.

c. [REDACTED] ordered, and directed others to order, cardio testing for Medicare beneficiaries in the name of Physician 1, a hand surgeon, when Physician 1 was not treating the beneficiary for any cardiac condition.

d. [REDACTED] used, and directed others to use, order forms provided by the Labs and bearing the name of one or more of the Labs.

e. [REDACTED] delivered, often in person, DNA samples and order forms to the Labs.

53. **HARPER** and [REDACTED] through the Labs and the Shell Entities, offered to pay, and paid, kickbacks and bribes to the Marketers and others, in exchange for the referral of DNA samples of Medicare beneficiaries and for the ordering and arranging for and recommending the ordering of genetic testing for Medicare beneficiaries by the Labs, knowing that the Labs would bill Medicare for genetic testing that was purportedly provided on behalf of

these beneficiaries and that was predicated on kickbacks and bribes.

54. [REDACTED] the Marketers, and others solicited and received kickbacks and bribes from **HARPER**, [REDACTED] and their other co-conspirators in exchange for DNA samples and doctors' orders for genetic testing, knowing that the Labs would bill Medicare for genetic testing purportedly provided on behalf of beneficiaries.

55. The Marketers influenced, directed, and controlled providers regarding whether to order genetic testing and to refer genetic testing orders and DNA swabs to the Labs.

56. Some of the Marketers, including Thierry and others, induced providers with illegal kickbacks and bribes to authorize genetic testing and refer the same to the Labs.

57. **HARPER** and [REDACTED] established the Shell Entities.

58. **HARPER**, [REDACTED] and their co-conspirators hired "collectors" to work inside the offices of providers who referred DNA samples and orders for genetic testing to the Labs. "Collectors" were required to prepare order forms, collect DNA samples, and send all orders and samples to one of the Labs. Collectors often took instruction from one or more of the Marketers.

59. **HARPER** and [REDACTED] attempted to disguise and conceal the source and unlawful nature of kickbacks and bribes to the Marketers and others, including by using accounts in the names of one or more of the Shell Entities; by describing the payments as having a "set rate" and "not based upon the volume or value of any patient referrals;" by fraudulently describing conspiratorial agreements as "independent contractor agreements" and "marketing agreements;" by concealing the payments as "partnership distributions;" and by concealing from the Labs' employees how payments were calculated.

60. **HARPER** and [REDACTED] falsely and fraudulently failed to disclose to

Medicare the Labs' true ownership. Instead, **HARPER** and [REDACTED] submitted, and caused others to submit, false information about who owned and controlled the Labs.

61. **HARPER**, [REDACTED] and their co-conspirators caused the Labs to submit false and fraudulent claims to Medicare for genetic testing knowing that they were procured through the payment of kickbacks and bribes, medically unnecessary, unrelated to the purported provider's practice area (for example, a podiatrist referring tests for breast cancer), and ineligible for reimbursement for one or more of the following reasons: the services were not authorized by a licensed provider (such as by forgery or unauthorized copying), the services were not reasonable and necessary, the beneficiaries did not qualify for services, the services were not provided as billed (including by unbundling, stacking, and fraudulent use of modifiers).

62. From in or around 2019, and continuing through in or around 2024, **HARPER** and [REDACTED] made or caused payments to [REDACTED] and the Marketers totaling approximately \$18 million, using one or more accounts held by the Shell Entities and the Labs.

63. In exchange for kickbacks, the Marketers and other marketers referred or caused the referral of DNA samples orders for genetic testing to the Labs, knowing that the Labs would bill Medicare.

64. From in or around January 2019, and continuing through in or around February 2024, **HARPER**, [REDACTED] and others submitted and caused the Labs to submit approximately \$115 million in false and fraudulent claims to Medicare for genetic testing that was often: (a) induced through kickbacks and bribes; (b) not medically necessary; and (c) not eligible for reimbursement. In reliance on these representations, Medicare paid approximately \$73 million on those claims.

Overt Acts

65. In furtherance of the conspiracy, and to accomplish its objects and purpose, at least one co-conspirator committed and caused to be committed, in the Houston Division of the Southern District of Texas, and elsewhere, at least the following overt acts, among others:

a. On or about September 1, 2020, [REDACTED] and **HARPER** executed the Sales Consultant Agreement between [REDACTED] and Redwood.

b. On or about October 22, 2020, **HARPER** and [REDACTED] through Covus, paid to Marketing Group 1 approximately \$243,421.

c. On or about December 9, 2020, **HARPER** and [REDACTED] through Covus, paid to Thierry approximately \$400,000.

d. On or about March 4, 2021, **HARPER** and [REDACTED] through Covus, paid to Marketing Group 4 approximately \$49,000.

e. On or about April 8, 2022, **HARPER** and [REDACTED] through Peerless, paid to Marketing Group 2 approximately \$38,890.20.

f. On or about January 9, 2023, **HARPER** and [REDACTED] through Peerless, paid to [REDACTED] approximately \$30,479.

g. On or about January 16, 2023, [REDACTED] sent an email with the following to two employees of the Labs about [REDACTED] monthly kickback payment: “[The Labs’ employee] said my payment this month was \$37k, but only \$30k was deposited. \$91 kx40% = NOT 30k[.]”

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH FOUR

**Payment of Health Care Kickbacks in Connection with a Federal Health Care Program
(42 U.S.C. § 1320a-7b(b)(2) and 18 U.S.C. § 2)**

66. Paragraphs 1 through 43, and 46 through 64 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

67. On or about the dates set forth below, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER and
[REDACTED]

aiding and abetting, and aided and abetted by, others known and unknown to the Grand Jury, did knowingly and willfully offer and pay remuneration, that is, kickbacks and bribes, directly and indirectly, overtly and covertly, in cash and in kind, to any person to induce such person to refer an individual for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole and in part under a Federal health care program, that is, Medicare; and to purchase, lease, order, and arrange for and recommend purchasing, leasing, and ordering any good, facility, service, and item for which payment may be made in whole and in part under a Federal health care program, that is, Medicare as set forth below:

COUNT	Approximate Date of Payment	Approximate Amount	Description
2	December 9, 2020	\$243,421	Payment from Covus to Thierry via Life Group
3	March 4, 2021	\$49,000	Payment from Covus to Marketing Group 4

4	January 9, 2023	\$30,479	Payment from Peerless to [REDACTED] via [REDACTED]
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Each in violation of Title 42, United States Code, Section 1320a-7b(b)(2) and Title 18, United States Code, Section 2.

COUNT FIVE

**Receipt of Kickbacks in Connection with a Federal Health Care Program
(42 U.S.C. § 1320a-7b(b)(1) and 18 U.S.C. § 2)**

68. Paragraphs 1 through 43, and 46 through 64 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

69. On or about January 9, 2023, the exact date being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendant,

[REDACTED]

aided and abetted by, and aiding and abetting, others known and unknown to the Grand Jury, did knowingly and willfully solicit and receive remuneration, that is, kickbacks and bribes, directly and indirectly, overtly and covertly, in cash and in kind, in return for referring an individual to a person for the furnishing and arranging for the furnishing of any item or service for which payment may be made in whole and in part under a Federal health care program, that is, Medicare; and for purchasing, leasing, ordering, and arranging for and recommending purchasing, leasing, and ordering any good, facility, service, and item for which payment may be made in whole and in part under a Federal health care program, that is, Medicare, as set forth below:

COUNT	Approximate Date of Payment	Approximate Amount	Description
5	January 9, 2023	\$30,479	Payment from Peerless to [REDACTED] via [REDACTED]

In violation of Title 42, United States Code, Section 1320a-7b(b)(1) and Title 18, United States Code, Section 2.

COUNT SIX
Bank Fraud Conspiracy
(18 U.S.C. § 1349)

70. Paragraphs 1 through 43, and 46 through 64 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

71. Beginning in and around January 2020, and continuing through at least in and around September 2021, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER and
[REDACTED]

did knowingly and willfully combine, conspire, confederate, and agree with each other and with Loan Broker 1, Loan Broker 2, and others known and unknown to the Grand Jury, to execute and attempt to execute a scheme and artifice to defraud a financial institution, namely PrimeWay Federal Credit Union, the deposits of which were insured by NCUA, and to obtain moneys, funds, and credits owned by and under the control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

Purpose of the Conspiracy

72. It was a purpose of the conspiracy for HARPER, [REDACTED] and their

co-conspirators to unlawfully enrich themselves by, among other things: (a) submitting false and fraudulent records and information to PrimeWay in order to obtain an equipment loan; (b) concealing and causing the concealment of false and fraudulent records and information provided to PrimeWay; and (c) diverting loan proceeds for the defendants' and their co-conspirators' personal use, and the personal use of others, and to further their other unlawful conduct.

Manner and Means of the Conspiracy

The manner and means by which **HARPER**, [REDACTED] and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, among other things, the following:

73. **HARPER** and [REDACTED] agreed with Loan Broker 1 that Loan Broker 1 would obtain for Redwood a fraudulent equipment loan, in exchange for Loan Broker 1 receiving a percentage of the loan's proceeds.

74. **HARPER** and [REDACTED] provided personal and business financial records to Loan Broker 1 and Loan Broker 2, for Loan Broker 1 and Loan Broker 2 to modify and send to PrimeWay.

75. **HARPER** and [REDACTED] falsely represented to PrimeWay that Redwood was purchasing new equipment from BKJ. **HARPER** and [REDACTED] knew and intended that Redwood was not purchasing equipment from BKJ.

76. BKJ provided to PrimeWay a fraudulent invoice purporting to list the new equipment BKJ was selling to Redwood. The fraudulent invoice instead listed equipment Redwood already owned.

77. **HARPER** and [REDACTED] falsely represented to PrimeWay that Redwood would use the proceeds of the equipment loan to purchase new equipment from BKJ. **HARPER**

and [REDACTED] agreed with PrimeWay that PrimeWay would send the loan's proceeds to BKJ to cover the purported equipment purchase.

78. Induced by **HARPER** and [REDACTED] materially false and fraudulent pretenses, representations, and promises, PrimeWay agreed to loan Redwood approximately \$2,253,327, with an eight-year repayment plan and an interest rate of 4.25%, and to wire the loan proceeds to BKJ directly for the purported purchase of new equipment.

79. **HARPER**, [REDACTED] and Loan Broker 1 agreed that Loan Broker 1 would transfer the loan's proceeds, minus Loan Broker 1's agreed upon percentage, to Wild Capital for **HARPER** and [REDACTED] benefit.

80. **HARPER** sent wiring instructions to Loan Broker 1, instructing Loan Broker 1 to transfer the fraudulent loan proceeds to an account in the name of Wild Capital.

81. Upon PrimeWay wiring to BKJ \$2,241,076 for the purported purchase of new equipment, Loan Broker 1, via BKJ, in five separate transactions, transferred approximately \$2 million in fraudulently obtained loan proceeds to Wild Capital for the benefit of **HARPER** and [REDACTED]

All in violation of Title 18, United States Code, Section 1349.

COUNT SEVEN
Bank Fraud
(18 U.S.C. §§ 1344, 2)

82. Paragraphs 1 through 43, 46 through 64, and 72 through 80 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

83. Beginning in and around January 2020, and continuing through at least in and around June 2021, the exact date being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER and
[REDACTED]

aiding and abetting, and aided and abetted by, others known and unknown to the Grand Jury, did knowingly and with intent to defraud, execute and attempt to execute a scheme and artifice to defraud a financial institution, namely PrimeWay, the deposits of which were insured by NCUA, and to obtain money, funds, credits, assets, securities, and other property owned by, and under the custody and control of PrimeWay, by means of materially false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice

84. The object of the scheme and artifice was for **HARPER**, [REDACTED] and their co-schemers to obtain a business loan in the amount of approximately \$2,253,327, from PrimeWay by making material misrepresentations on the business loan application, including the loan's purpose and the nature of the agreement between Redwood and BKJ, that **HARPER** and [REDACTED] caused to be submitted to PrimeWay on behalf of Redwood.

Execution of the Scheme and Artifice to Defraud

85. On or about June 4, 2021, the Defendants, **HARPER** and [REDACTED] closed a business loan between Redwood and PrimeWay, in which PrimeWay agreed to pay approximately \$2,253,327 to BKJ, based on **HARPER** and [REDACTED] materially false and fraudulent pretenses, representations, and promises, including that Redwood was purchasing new equipment from BKJ. In fact, **HARPER** and [REDACTED] knew and intended that BKJ was not selling new equipment to Redwood, and that the equipment listed was equipment already owned by **HARPER** and [REDACTED] via the Labs.

In violation of Title 18, United States Code, Sections 1344 and 2.

COUNT EIGHT
Conspiracy to Launder Monetary Instruments
(18 U.S.C. § 1956(h))

86. The allegations contained in Counts One through Seven of this Indictment are realleged and incorporated by reference as though fully set forth herein.

87. Beginning in or around 2019, and continuing through in or around 2024, the exact dates unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER and
[REDACTED]

did knowingly combine, conspire, confederate, and agree with each other and others, known and unknown to the Grand Jury, to commit offenses under Title 18, United States Code, Sections 1956 and 1957, as follows:

a. to knowingly conduct, attempt to conduct, and aid and abet others in conducting financial transactions affecting interstate and foreign commerce, involving the proceeds of specified unlawful activity, that is, offering, paying, soliciting, and receiving health care kickbacks, in violation of Title 42, United States Code, Section 1320a-7b(b); conspiracy to defraud the United States and pay and receive health care kickbacks, in violation of Title 18, United States Code, Section 371; bank fraud, in violation of Title 18, United States Code, Section 1344; and conspiracy to commit bank fraud, in violation of Title 18, United States Code, Section 1349 (collectively, “Specified Unlawful Activity”), knowing that the property involved in such transactions represented the proceeds of some form of unlawful activity and knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said Specified Unlawful Activity, in violation of Title 18, United States Code,

Section 1956(a)(1)(B)(i); and

b. to knowingly engage, attempt to engage, and cause and aid and abet others to engage in, monetary transactions by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a Specified Unlawful Activity, in violation of Title 18, United States Code, Section 1957.

Purpose of the Conspiracy

88. It was a purpose of the conspiracy that **HARPER, MACLAUHCLAN**, and their co-conspirators concealed and disguised the kickback and bank fraud conspiracies, the payment and receipt of kickbacks, bank fraud, and the proceeds of those schemes by laundering the proceeds into assets, instruments, and properties and by engaging in monetary transactions with criminally derived property that was of a value greater than \$10,000.

Manner and Means

89. The manner and means by which **HARPER**, [REDACTED] and co-conspirators sought to accomplish the purpose of the conspiracy included, among other things, the following:

90. **HARPER** and [REDACTED] received proceeds of their conspiracy to pay and receive kickbacks from Medicare into accounts held in the names of the Labs.

91. **HARPER** and [REDACTED] transferred, and directed others to transfer, proceeds from accounts held in the names of the Labs to accounts held in the names of the Shell Entities, often greater than \$10,000.

92. **HARPER** and [REDACTED] directed BKJ, Khath, and Almaguer to transfer to an account held in the name of Wild Capital proceeds of bank fraud and their conspiracy to

commit bank fraud.

93. **HARPER** and [REDACTED] used and directed others to use proceeds from accounts held in the names of the Shell Entities to purchase real property and make investments, which were then held in the names of the Shell Entities. Such purchases and investments were often greater than \$10,000.

94. **HARPER** and [REDACTED] transferred and directed others to transfer proceeds from accounts held in the names of the Shell Entities to accounts held in the names of holding companies set up for **HARPER's** and [REDACTED] benefit. Such transfers were often greater than \$10,000.

All in violation of Title 18, United States Code, Section 1956(h).

COUNTS NINE THROUGH THIRTEEN
Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity
(18 U.S.C. §§ 1957 and 2)

95. The allegations contained in Count Seven of this Indictment are realleged and incorporated by reference as though fully set forth herein.

96. On or about the dates enumerated below, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendants,

CHAD HARPER and
[REDACTED]

aiding and abetting, and aided and abetted by, others known and unknown to the Grand Jury, did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a Specified Unlawful Activity, as follows:

COUNT	Approximate Date	Description of Transaction	Approximate Amount
9	June 14, 2021	ACH Transfer from BKJ to Wild Capital	\$1,000,000.00
10	July 7, 2021	ACH Transfer from BKJ to Wild Capital	\$250,000.00
11	July 28, 2021	ACH Transfer from BKJ to Wild Capital	\$250,000.00
12	August 17, 2021	ACH Transfer from BKJ to Wild Capital	\$250,000.00
13	September 1, 2021	Wire Transfer from Hospital 1 to Wild Capital	\$250,000.00

Each in violation of Title 18, United States Code, Sections 1957 and 2.

NOTICE OF CRIMINAL FORFEITURE
18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), 982(a)(2), & 982(a)(7)
28 U.S.C. § 2461(c)

97. Pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(7) and Title 28, United States Code, Section 2461(c), the United States gives notice that upon a defendant's conviction of Counts One through Five, all property, real or personal, which constitutes or is derived, directly or indirectly, from gross proceeds traceable to such offenses is subject to forfeiture.

98. Pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(2), and Title 28, United States Code, Section 2461(c), the United States gives notice that upon a defendant's conviction of Counts Six and Seven, all property, which constitutes or is derived from proceeds, obtained directly or indirectly as a result of such violation is subject to forfeiture.

99. Pursuant to Title 18, United States Code, Section 982(a)(2), the United States gives notice that upon a defendant's conviction of Counts Eight through Thirteen, all property, real or personal, involved in money laundering offenses or traceable to such property is subject to forfeiture.

Property Subject to Forfeiture

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

- a. The real property located at **4041 Ravenwood Court, Pearland, TX 57182**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Ravenwood Estates Section 1, Block 2, Lot 7;
- b. The real property located at **16811 Forest Bend Ave., Friendswood, TX 77546**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Lot 18, Block 3, Forest Bend, Section 1;
- c. The real property located at **3600 S. Gessner, Houston, TX 77063**, together with all improvements, buildings, structures, and appurtenances, and legally described as: a 3.3516 acre tract of land out of the C. Ennis Survey, Abstract No. 253, out of Block 12, Reserve L, of Westchase Subdivision, Section 5;
- d. The real property located at **4819 Summer Lakes, Missouri City, TX 77459**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Lake Colony Section 4, Block 2, Lot 14;
- e. The real property located at **7602 Bailey Rd, CR 101, Pearland, TX 77584**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Centennial Place, Lot 3;
- f. The real property located at **11567 Twain, Montgomery, TX 77356**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Lot 30, Block 44, in Walden on Lake Conroe, Section 5;
- g. The real property located at **1822 Strawberry Rd, Pasadena, TX 77502**, together

with all improvements, buildings, structures, and appurtenances, and legally described as:
Lot 164, Block 8, South Pasadena Villas;

h. The real property located at **740 Lakeview Plaza Blvd, Unit 125, Worthington, OH 43085**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Stonehenge Professional Park at Worthington Condominiums, Unit 125;

i. The real property located at **2645 Broadway, Pearland, TX 77581**, together with all improvements, buildings, structures, and appurtenances, and legally described as: All of Restrict Lot "C," Providence Village General Business Amending Plat 1; and

j. The real property located at **501 N. 13 St., La Porte, TX 77571**, together with all improvements, buildings, structures, and appurtenances, and legally described as: Lots 17 and 18, Block 645, La Porte.

Money Judgment and Substitute Assets

101. The United States gives notice that it will seek a money judgment against each defendant. If any of the property described above, as a result of any act or omission of the defendant:

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

the United States of America shall be entitled to forfeiture of substitute property up to the amount

of the money judgment pursuant to Title 21, United States Code, Section 853(p).

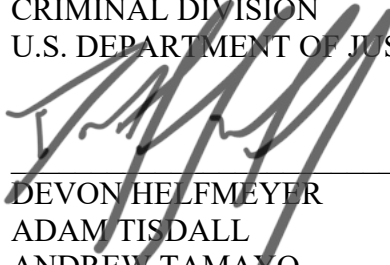
A TRUE BILL

Original Signature on File

FOREPERSON

NICHOLAS J. GANJEI
UNITED STATES ATTORNEY

LORINDA LARYEA
ACTING CHIEF, FRAUD SECTION
CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE



DEVON HELFMEYER
ADAM TISDALL
ANDREW TAMAYO
TRIAL ATTORNEYS
FRAUD SECTION, CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE