

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA )  
 ) No.  
 v. )  
 ) Violation: Title 18, United States Code,  
 DAVID BALLARD ) Section 1343

The UNITED STATES ATTORNEY charges:

1. At times material to this Information:
  - a. Insurance Company A was an insurance holding company that sold various types of insurance coverage, including coverage for healthcare facilities and providers, through its subsidiaries.
  - b. Healthcare Company A was an operator of general acute care hospitals across the country.
  - c. Defendant DAVID BALLARD was employed by Insurance Company A from in or around 1995 through in or around February 2016, most recently as vice president of an underwriting group. In that capacity, BALLARD was responsible for leading a group that underwrote insurance policies for specific healthcare facilities and providers, including Healthcare Company A.
  - d. BALLARD was responsible for overseeing Healthcare Company A's Pennsylvania account (the "Pennsylvania Account"), which included approximately 20 hospitals. Healthcare Company A first purchased insurance coverage for the Pennsylvania Account from Insurance Company A in or around 2004.
  - e. Healthcare Company A purchased "matching deductible" insurance policies from Insurance Company A for all of the hospitals covered in the Pennsylvania Account.

“Matching deductible” policies provided insurance coverage in an amount equal to the policyholder’s deductible, but the insurer was responsible for paying policy claims if the insured became insolvent.

f. Prior to issuing insurance policies to prospective policyholders, Insurance Company A issued insurance binder letters which outlined the terms of the insurance agreement and confirmed that a policy would be issued.

g. Insurance Company A required BALLARD to enter certain information into Insurance Company A’s internal database for all insurance policies that he issued or approved, including those purchased by Healthcare Company A.

h. Insurance Company A required all insurance coverage premiums for policies it issued to be paid to Insurance Company A.

i. BALLARD controlled a company known as HDM Insurance and Claims Consultants. HDM Insurance and Claims Consultants was not authorized by Insurance Company A to accept payment for any insurance policies issued by Insurance Company A.

2. Beginning no later than in or around 2005, and continuing until in or around February 2016, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID BALLARD,

defendant herein, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that BALLARD fraudulently obtained approximately \$13,575,488 by fraudulently issuing and collecting premium payments on “matching deductible”

insurance renewal policies, on behalf of Insurance Company A, for Healthcare Company A's Pennsylvania Account, without Insurance Company A's knowledge or consent.

4. It was further part of the scheme that BALLARD fraudulently issued the insurance renewal policies, knowing that Insurance Company A had not authorized them, and concealed the issuance of the policies from Insurance Company A by failing to enter any information concerning the policies into Insurance Company A's internal database and by diverting policy premium payments from Healthcare Company A directly to himself.

5. It was further part of the scheme that BALLARD falsely represented to Healthcare Company A that Insurance Company A had approved the insurance renewal policies and had agreed to be bound by their terms.

6. It was further part of the scheme that BALLARD made materially false representations in documents he prepared and caused to be prepared, and submitted and caused to be submitted to Healthcare Company A, including estimates, invoices, binder letters, and policies, which documents fraudulently outlined the terms of coverage and billed Healthcare Company A for insurance renewal policies that he represented were being issued on behalf of Insurance Company A. BALLARD knew that the fraudulent estimates, invoices, binder letters, and policies fraudulently billed Healthcare Company A for the insurance renewal policies, and that Insurance Company A neither consented to nor approved these policies, and in fact, was unaware that these policies were being issued to Healthcare Company A.

7. It was further part of the scheme that as a result of the fraudulent estimates, invoices, binder letters, and policies, BALLARD fraudulently obtained premium payments from Healthcare Company A totaling approximately \$13,575,488, which BALLARD kept and used to

purchase real estate for himself and his family and to pay for his personal expenses, including credit card bills, expensive dinners, and trips.

8. It was further part of the scheme that BALLARD fraudulently directed Healthcare Company A to make premium payments directly to an account held in the name of HDM Insurance and Claims Consultants, a shell entity controlled by BALLARD, and concealed those payments from Insurance Company A.

9. It was further part of the scheme that BALLARD did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purposes of those acts.

10. On or about October 14, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID BALLARD,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an electronic ACH transfer request for the transfer of approximately \$397,636 from Healthcare Company A to an ACH processor located in a different state, which transfer of funds represented a payment for an invoice submitted in the name of Insurance Company A dated October 5, 2015;

In violation of Title 18, United States Code, Section 1343.

## **FORFEITURE ALLEGATION**

The UNITED STATES ATTORNEY further alleges:

1. The allegations in this Information are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1).
2. As a result of his violation of Title 18, United States Code, Section 1343, as alleged in this Information,

DAVID BALLARD,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1), any and all right, title and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the charged offense.

3. The interest of the defendant subject to forfeiture as the result of his violation of Title 18, United States Code, Section 1343, includes, but is not limited to, approximately \$13,575,488.

4. 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 person;
- 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,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) to seek forfeiture of any other property of the defendant up to the value of the forfeitable property.

All pursuant to Title 18, United States Code, Section 981(a)(1).

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UNITED STATES ATTORNEY