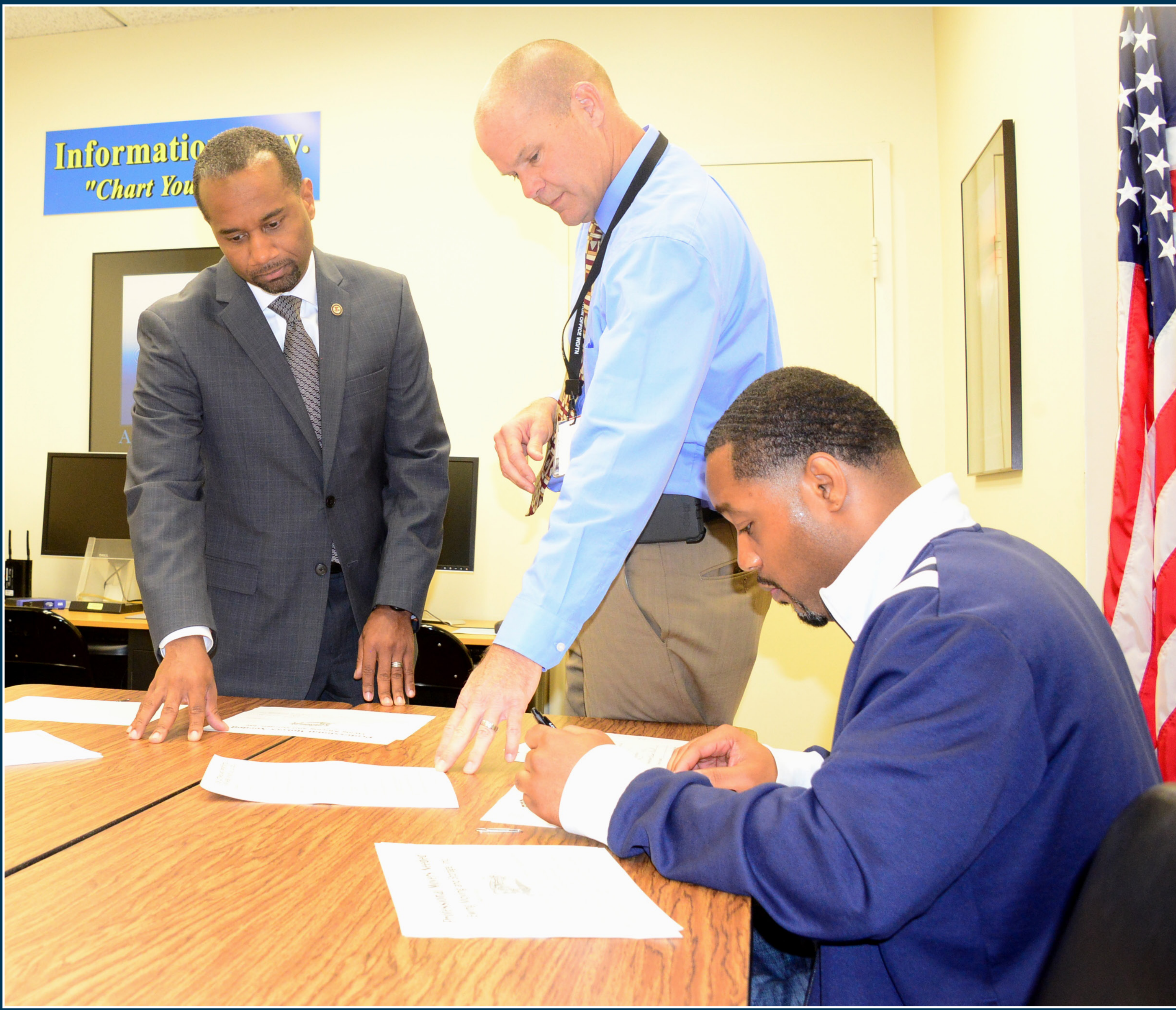
U.S. Department of Justice
United States Attorney's Office

ON THE RECORD

The Newsletter of the U.S. Attorney's Office, Western District of Tennessee

December 2015 Vol. 3, Issue 2



A New Start

Helping ex-offenders successfully reintegrate back into society

A Message from the U.S. Attorney

Since becoming the U.S. Attorney over five years ago, one of my priorities for the district has been to combat the recidivism rate, particularly for nonviolent ex-offenders. According to the Department of Justice, more than 650,000 people are released from state and federal prisons annually. Sadly, around two-thirds of these ex-offenders will recidivate within three years of their release.

U.S. ATTORNEY EDWARD L. STANTON III

No single factor is responsible for the nation's alarming recidivism rate. But there are some clear contributing causes, such as a lack of employment opportunities, transitional housing, and reliable transportation. Evidence has shown that making these resources accessible to nonviolent ex-offenders is incredibly beneficial. Recognizing that, our office dedicates a meaningful amount of time to locating and supporting resources for nonviolent ex-offenders determined to become productive, law-abiding citizens.

One extremely valuable resource is the reentry and drug court program the U.S. District Court launched in 2010. My office fully supports the initiative, which is spearheaded by U.S. District and Magistrate Judges in Memphis and Jackson. The program is voluntary, and provides participating non-violent ex-offenders with the opportunity to reduce their supervised release term by up to a year. Participants must first have some *skin in the game* by meeting defined standards to participate in the program. For example, they are required to set and accomplish monthly goals, as well as adhere to heightened supervised release conditions.

Many participants of the reentry program have managed to successfully migrate back into society. One success story includes an ex-offender who obtained a position at a well-known local manufacturing corporation that provides employment opportunities to reentrants. A one-time hothead on the wrong path, he is now taking advantage of this second chance opportunity and is a model employee, currently working over 50 hours per week.

My office has been working in tandem with our local Federal Bureau of Prisons colleagues to ensure we locate and exhaust all available resources that can potentially stop the revolving prison door that many ex-offenders reenter. One way we're doing this is by meeting quarterly with future reentrants at the federal prisons in both Memphis and Millington. During these visits, we inform inmates who are approaching release of resources available to them, as well as situations to avoid. A second chance is all many of them need. And we all win when these individuals become gainfully employed, productive citizens.

To be clear, we are not dedicating our reentry efforts toward helping individuals who are bent on wreaking havoc and committing reprehensible acts in our community. We will continue to use every available resource to hold them accountable. Instead, our goal is to ensure we take a comprehensive approach to providing deserving ex-offenders with the tools needed to successfully reenter into society.

ON THE COVER

U.S. Attorney Edward L. Stanton III and Chief U.S. Probation Officer Dan Kilgore look over documents as a reentrant completes a job application.

In this issue:

A Message from the U.S. Attorney .... Page 2
The Health Care Fraud Working Group...................... Page 3
Victim-Witness Program Provides Support .... Page 4
Safe Streets Task Force Reduces Crime .... Page 5
Former Obion Jailer, Inmate Indicted .... Page 6
A New Start .... Page 7
Two Brothers Sentenced for Lucrative Schemes ..... Page 8
Father, Sons Indicted in $18M Gold Scheme........... Page 9
Community Outreach...Page 11

Mission Statement

The mission of the United States Attorney's Office for the Western District of Tennessee is to enforce compliance with federal law, act as legal representation of all federal agencies within the District, and provide public safety within the District through equal and fair administration of justice.

On The Record is published at:

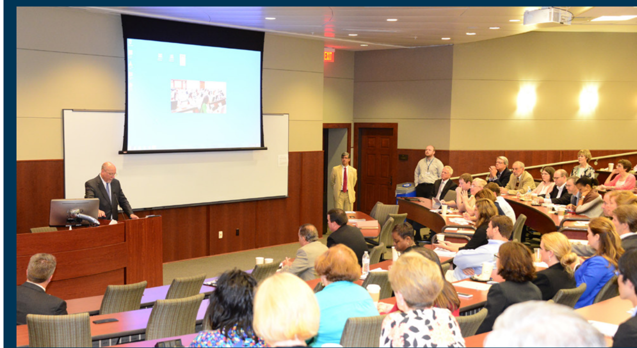
United States Attorney's Office
167 N. Main St., Suite 800
Memphis, TN 38103
Phone: 901-544-4231 FAX: 901-544-4230
TTY: 901-544-3054
Email: louis.goggans@usdoj.gov

United States Attorney
Western District of Tennessee
Edward L. Stanton III

Editor
Louis Goggans

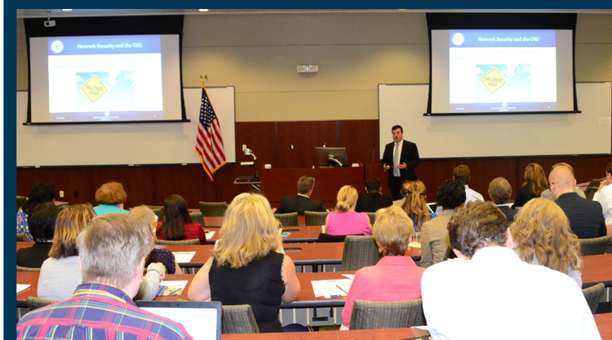
2015 Health Care Fraud Working Group Meeting

Officials gather to discuss cybersecurity in health care compliance, operations



Stuart Canale talks to attendees about the Health Care Working Group's emergence, resources, and goals.

From L to R: Gene Fernandez, Stuart Canale, Scott Vantrease, and Mark Johnson.



Scott Vantrease shares the Health Department's strategies to protect the information of citizens on Medicare and Medicaid.

Gene Fernandez touches on methods the Methodist LeBonheur Hospital utilizes to secure its computers and IT networks.

The Health Care Fraud (HCF) Working Group discussed the importance of cybersecurity in health care during its July meeting at the University of Memphis School of Law. Entitled "Cybersecurity in Health Care: Compliance, Operations, and Enforcement," the gathering was facilitated by Stuart Canale, Assistant U.S. Attorney and Civil Health Care Fraud Coordinator, and John Fabian, the Criminal Health Care Fraud Coordinator. The featured presenters included Gene Fernandez of Methodist Le Bonheur Hospital; Scott Vantrese of the U.S. Department of Health and Human Services; and Mark Johnson of KPMG International.

Each presenter provided an overview of approaches their agencies utilize to shield health care information from cybertheft. Around 100 people attended the event. Attendees included attorneys involved in health care litigation; hospital attorneys and compliance officers; and insurance company representatives.

The HCF Working Group was formed in 2010. The collective brings together leaders from both the public and private sectors to identify and discuss ways to eliminate fraud, waste and abuse in the public and private health care systems. Two to three times a year, the HCF Working Group gathers local, state, and federal law enforcement agencies as well as private insurance companies, hospital-based compliance officers, and compliance attorneys.

Other issues addressed during the speaking engagement included internal privacy and security audits, operationalizing compliance measures, and enforcement.

Canale, who spearheads the HCF Working Group for the U.S. Attorney's Office in West Tennessee, said the group has blossomed from having around a dozen officials attend its meetings to anywhere from 60 to 100 people.

Canale stated, "The ultimate goal is to educate people in our community and in the health care industry about what we do as federal law enforcement to bring together the public and private sectors to focus on issues important to health care."

Restoring Lives

Victim-Witness Program provides essential support

By Louis Goggans

The participation and testimony of victims and witnesses in a crime are essential in successfully prosecuting cases. These individuals can provide information that helps determine whether an alleged culprit is truly innocent or guilty.

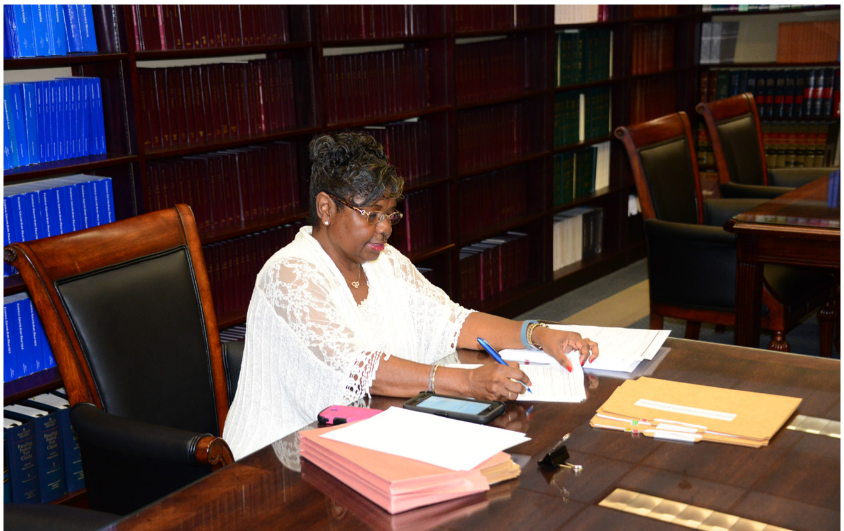
To ensure the cooperation and truthful testimony of as many victims and witnesses as possible, the U.S. Attorney's Office utilizes a Victim-Witness Assistance Program. Implemented in each U.S. Attorney's Office across the nation and abroad, the program provides a variety of services to support victims and facilitate the availability of witnesses for criminal trials and hearings.

Boasting an unwavering passion to help those in need, LaRita Bearden oversees the Victim-Witness Assistance Program for the U.S. Attorney's Office in the Western District of Tennessee.

"Just knowing that somehow, some way, there's some measure of help that I've brought forth to these people, even if it's just lending them an ear or giving them a hug, it makes me feel good," Bearden said.

Through the Victim-Witness Assistance Program, the U.S. Attorney's Office, in collaboration with various law enforcement agencies, provides a variety of notification and assistance services to victims and witnesses of federal crime who have suffered physical, financial, or emotional trauma.

The Victim-Witness Assistance Program identifies potential victims of crimes being investigated and prosecuted by the office; provides information to victims regarding the progress of a trial; provides assistance to victims during trials and with the preparation of victim impact statements used at sentencing; coordinates the provision of emergency assistance to protect witnesses who consider their safety to be in jeopardy; makes travel and hotel reservations, and other arrangements for witnesses to attend depositions, interviews, hearings, and trials.



Victim-Witness Coordinator LaRita Bearden reviews Fact Witness Vouchers. When people are subpoenaed to court by the Grand Jury in connection with a criminal investigation, trial, or pre-trial interviews, they fill out a witness voucher to be compensated for their participation.

Each year, Bearden provides assistance to "hundreds of victims and witnesses" impacted by human trafficking, child exploitation, various forms of fraud, and murder. She admits there's a noticeable distinction between working with victims and witnesses.

"I have spoken to a couple of reluctant witnesses that were afraid to go into the courtroom," Bearden said. "Just talking to them, to let them know what's going to happen in the courtroom has somewhat of a calming effect. But with the victims, you're into their personal lives. Some of them may not be handling things very well. There's a sense of empathy for them. You're talking to them on a different level because they've been violated in one way or the other, whether it's sexually, fraud, or identity theft."

Individuals are primarily connected to the Victim-Witness Unit through law enforcement agencies like the Federal Bureau of Investigation (FBI); Drug Enforcement Administration (DEA) Task Force; Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); United States Secret Service (USSS); and the Department of Homeland Security (DHS).

"I love this position," she said. "And I feel good when I'm helping these people. They have been victimized. We've got bad people out there, and to victimize an innocent person, on no matter what scale, is all wrong. And these people just need somebody to talk to."

Under Investigation

Safe Streets Task Force continues to reduce crime after two decades

By Louis Goggans

Rickey Groves is spending the remainder of his life in federal prison for a string of business robberies and armed car-jackings. Ronnie Jackson is facing a similar dilemma; he received a federal sentence that extends over a century-and-a-half in prison for a slew of business capers.

Both Groves and Jackson's cases were investigated by the Memphis Safe Streets Task Force (SSTF). The multi-agency collective was launched locally in December 1996, according to the Federal Bureau of Investigation (FBI). But SSTF's inception nationwide dates back to January 1992.

The FBI designed SSTF to reduce violent crimes, suppress gang activity, and bolster the apprehension of violent fugitives nationwide. More than two decades after its introduction, the initiative serves as a "force multiplier" between all 56 FBI offices nationally and partnering law enforcement agencies.

Since its emergence in Shelby County, SSTF has impacted the occurrence of robberies, as well as gang and drug-related crimes, significantly. The initiative brings together federal, state, and local law enforcement officers to conduct extensive and proactive investigations and garner substantial sentencings.

Locally, SSTF is presently comprised of personnel from the Shelby County Sheriff's Office; U.S. Marshal's Service; and the Memphis, Desoto County, Bartlett, and Germantown police departments.

Assistant U.S. Attorney (AUSA) Tony Arvin said he has prosecuted more than 200 cases investigated by SSTF over the years.

"Twenty years ago, we had about 150 bank robberies a year within the Memphis/Shelby County area," Arvin said. "There were bank robberies everyday almost. When SSTF was introduced, bank robberies went down. They kind of solved that problem for about 10 years. Then they discovered that business robberies were shooting up, and they were very hard to solve because strangers were doing them. They shifted SSTF to doing that. They kind of got reconstituted, got even more manpower, and business robberies went way down."

To maximize penalties, Arvin and other AUSAs prosecute many of their SSTF-investigated cases under the Hobbs Act, which makes it a crime to rob a business engaging in interstate commerce. Simply robbing an Exxon or McDonalds can earn someone multiple years in prison because those establishments do business across state lines, thus providing law enforcement with federal jurisdiction.

Groves and Jackson were both prosecuted under the Hobbs Act.

In April and May of 2008, Groves carjacked at least two individuals and robbed at least four restaurants at gunpoint near Southeast Memphis. The investigation into Groves' illicit activity was conducted by the MPD and FBI on behalf of SSTF. Ultimately, Groves was sentenced to 118 years in federal prison in January 2013.

Jackson, along with several accomplices, robbed three Dollar General Stores, a Family Dollar, and two Walgreens between April and May of 2012. Jackson's case was investigated by the FBI and police departments of Memphis and Collierville on behalf of SSTF. Jackson was sentenced to 153 years in July 2014.

The local SSTF has managed to reduce crime significantly over the years. According to FBI data, there were 33 bank robberies and 799 business robberies within Shelby County, primarily Memphis, which SSTF investigated in 2006. Those numbers declined to four bank robberies and 298 business robberies by the end of 2014.

Greg Adams, supervisory special agent for the Memphis SSTF, said the collective is currently targeting kidnappings, extortion, gang activity, and narcotic distribution. Nevertheless, combating bank and business robberies remain the agency's "bread and butter."

"We're fortunate that we can prosecute all of our bank robberies federally," Adams said. "Not all districts can do that. Robbing banks in the Western District isn't such a smart idea because it's a guaranteed trip to federal prison."

Unlawful Activity

Former Obion County jailer, inmate indicted for smuggling marijuana

Jackson, TN - A former Obion County Jail correctional officer, a jail inmate, and the inmate's girlfriend were all indicted on federal drug charges in late September.

According to the indictment, from February 2015 until June 2015, Markia Patton, 30, of Henry County; Cara Bing, 34, of Obion County; and Shalyndrea Williams, 25, of Henry County conspired with each other to smuggle and distribute marijuana inside Obion County Jail.

Patton, an inmate at Obion County Jail, had his girlfriend, Williams, bring marijuana into the jail. From there, Bing, a correctional officer at the time, would retrieve the marijuana, smuggle it inside the jail, and distribute it to Patton.

According to information presented in court, agents with the Tennessee Bureau of Investigation (TBI) were informed that Patton was having marijuana brought into the jail. The investigation also revealed that Bing was aiding Patton in the criminal offense.

Based on the aforementioned information, surveillance was set up on the entrance to the women's restroom in the lobby of the facility. In June 2015, agents discovered more than 30 grams of marijuana in the trash can of the restroom. Williams was allegedly directed by Patton to bring the drugs into the restroom.

Williams allegedly dropped off drugs and tobacco in the facility's women's restroom on at least six occasions for Patton, according to court information. Bing was paid several hundred dollars to retrieve and deliver the smuggled drugs to Patton.

All three defendants have been charged with one count of conspiracy to distribute and possess with the intent to distribute marijuana. They each have also been charged with one count of aiding and abetting, distributing, attempting to distribute, and possessing with the intent to distribute marijuana.

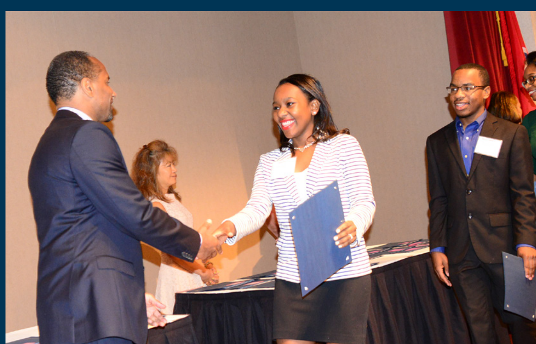
If convicted, the defendants face individual sentences of up to five years imprisonment. They also face individual fines of up to $250,000.

This case's investigation was led by TBI. The Obion County Sheriff's Department and 27th Judicial District Drug Task Force assisted with the investigation. This case is being prosecuted by Assistant U.S. Attorney Beth Boswell.

The charges and allegations contained in the indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

Memphis Bar Association

2015 Summer Law Intern Program Closing Ceremony



U.S. Attorney Stanton congratulates MBA interns Kwinci Britt and Marvel Garrett.

U.S. Attorney Stanton delivers keynote speech at the MBA's 2015 Summer Law Intern Program ceremony.

In July, the Memphis Bar Association (MBA) held a closing ceremony for its 2015 Summer Law Intern Program. The gathering took place at the University of Memphis Holiday Inn and featured U.S. Attorney Stanton as the keynote speaker. Other presenters during the event included Shelby County Circuit Court Judge Gina Higgins and Sue Ann McClellan of the University of Memphis School of Law.

MBA summer interns received certificates and stipends during the ceremony. The MBA's program connected 60 local minority high school students to legal workplaces as summer interns. The main goal of the initiative is to encourage interns to consider law as a career.

A New Start

The Prisoner Reentry Program provides a second chance to offenders

By Louis Goggans

On a sunny afternoon in July, a large group of federal inmates sat attentively as U.S. Attorney Edward L. Stanton III spoke to them about the importance of taking full advantage of life subsequent to reentering society. Slated to be released in the next 90 days, the inmates were housed at the Satellite Prison Camp (SPC) in Millington.

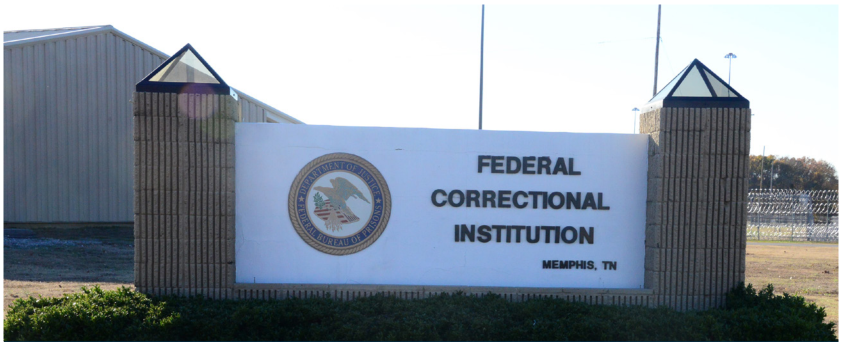
Speaking to offenders who are approaching their release from prison is one tool the U.S. Attorney's Office uses to spread awareness of its reentry efforts. Since 2014, Stanton, along with Executive Assistant U.S. Attorney David Biggers, has visited the federal correctional institutions (FCI) in both Memphis and Millington to speak to inmates. The engagements occur on a quarterly basis. Between 50 and 95 inmates attend each gathering — typically offenders scheduled for release in 90 to 180 days following each lecture.

"The vast majority of people who come in the prison system, they're going to be released at some point," Stanton said. "The question is, 'What are we doing to make our community safer?' Preparing those individuals, when they do reenter into our communities, to be successful, rehabilitated, and in a position to not recidivate is our goal."

Inmates who attend the quarterly sessions are enlightened on potential issues they'll face upon their release; what resources are available to help them with reentry, probation, and educational endeavors; the importance of adhering to the terms and conditions of their supervised release; and the necessity to watch the company you keep.

Since becoming U.S. Attorney for the Western District of Tennessee in 2010, Stanton has had inmate reentry on his list of issues to address and establish helpful resources to support.

A few years later, Stanton's plans have come into fruition on a large scale. He visits schools regularly to speak with students about the importance of education and the consequences that come with pursuing the wrong path.



Several dozen inmates at FCI Memphis attend a reentry speaking engagement presented by the U.S. Attorney's Office on a quarterly basis at the facility.

To strengthen his office's impact in the district, in June, Stanton appointed Biggers as Reentry and Outreach Coordinator. Under the role, Biggers coordinates the office's reentry efforts, which include implementing strategic initiatives that reduce recidivism and victimization rates and remove barriers that many ex-offenders encounter upon their release from prison. In addition, Biggers also oversees the office's community outreach programs, sharing Department of Justice resources with citizens throughout the district and facilitating healthy partnerships between law enforcement and the community.

"Currently, we are working with U.S. Probation on an employer recruitment program designed to afford reentrants with employment opportunities," Biggers said. "Through our collaborative efforts with U.S. Probation and other local agencies, we've identified large companies that can provide well-paying jobs. These companies currently have hiring practices in place that essentially prohibit a person with a criminal record from obtaining employment. We had a seminar for many of those companies, to get them to loosen up their hiring practices, so that people who have served their debt to society, and made significant strides towards rehabilitation and improvement, can get an equal opportunity just like everyone else."

Aside from employment, other resources essential for ex-offenders to successfully reenter society include transportation, transitional housing, photo identification, and positive influences. Skills in financial management and parenting are also imperative.

Dedicated to maintaining the momentum they've established thus far, the U.S. Attorney's Office plans to continue bolstering its reentry efforts by collaborating with relative agencies like the federal facilities in Memphis and Millington; U.S. Probation; Workforce Investment Network; and Industrial Readiness Training.

Paying the Price

Two brothers sentenced for separate federal benefit fraud schemes

Memphis, TN – Two brothers have been sentenced to federal prison time for maintaining separate federal benefit fraud schemes.

Remark Chism masterminded a scheme that cost the government approximately \$2.8 million. The scheme earned him a sentence of 37 months in federal prison. He was sentenced in October 2015.

According to the indictment and information presented in court, from October 2011 to December 2013, Remark Chism, defrauded two public assistance programs: Supplemental Nutrition Assistance Program (SNAP) benefits and Child Care Certificate Program. Chism, along with co-conspirators, recruited multiple SNAP recipients willing to sell their allotted benefits for amounts less than face value. The benefits were redeemed through Maxi Foods, a grocery store owned by Chism, for full monetary value. More than \$1.9 million in SNAP benefits were unlawfully redeemed for cash over the two-year period.

SNAP (formerly known as Food Stamps) is a program designed to help low- and middle-income families purchase food. A SNAP beneficiary is provided a designated amount of funding each month via a rechargeable Electronic Benefits Transfer (EBT) card. Cardholders are able to use the allotted funding to purchase eligible food items at authorized retailers. Maxi Foods possessed a SNAP EBT card system, enabling SNAP beneficiaries to pay for eligible food items with their EBT card.

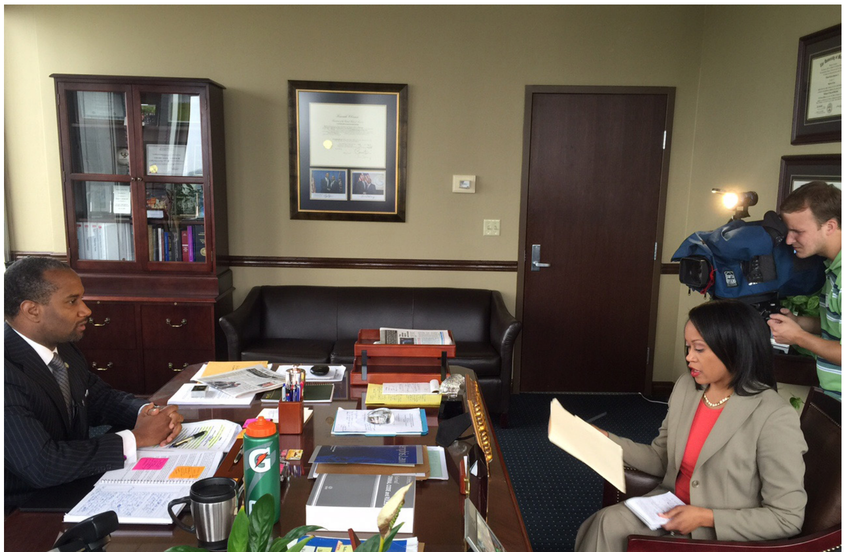
Chism also masterminded a scheme to defraud the Certificate Program, which provides federal funding to assist underprivileged families with child care costs, from October 2011 to December 2013. Chism, along with co-conspirators, paid cash to parents who qualified for Certificate Program benefits in exchange for use of their child care certificates. After acquiring the information, Chism would falsely report the children's attendance at his daycare center, K.A.R.E. 3 Enrichment Center, and receive reimbursement for care.

The loss to the Certificate Program through K.A.R.E. is estimated at more than \$986,000 over the two-year period.

In June 2015, Chism pled guilty to one count of conspiracy to commit SNAP benefit fraud, one count of conspiracy to commit child care benefit fraud, and one count of false statements.

In late October, Senior District Judge Samuel H. Mays sentenced Chism to 37 months in prison on each of the counts. The prison terms will be served concurrently. Chism was also ordered to pay more than \$2.8 million in restitution.

Chism's brother, Ray Chism III, was also sentenced to serve prison time federally for masterminding a separate federal benefit fraud scheme. In early November, Ray Chism was sentenced by District Judge John T. Fowlkes Jr. to 27 months for defrauding the government of \$400,000.



U.S. Attorney Stanton talks with Zaneta Lowe of WREG News Channel 3 about Remark Chism's plea in a federal benefit fraud scheme that cost the government \$2.8 million.

From October 2011 to December 2013, Ray Chism recruited multiple SNAP recipients willing to sell their allotted benefits for amounts less than face value. After purchasing the benefits at a discounted rate, he would redeem the benefits for full monetary value through Maxi Foods, a grocery store owned by his brother, Remark Chism.

Both cases were investigated by the U.S. Department of Agriculture - Office of Inspector General; U.S. Secret Service; U.S. Marshals Service; Memphis Police Department- Organized Crime Unit; and the Tennessee Department of Human Services.

Assistant U.S. Attorneys Larry Laurenzi and Debra Ireland prosecuted the case on the government's behalf.

Family Fraud

Father, sons indicted for defrauding Christians of more than $18 million

Memphis, TN – A father and his two sons were indicted on multiple charges in August for their alleged roles in a ponzi scheme that defrauded victims of more than $18 million.

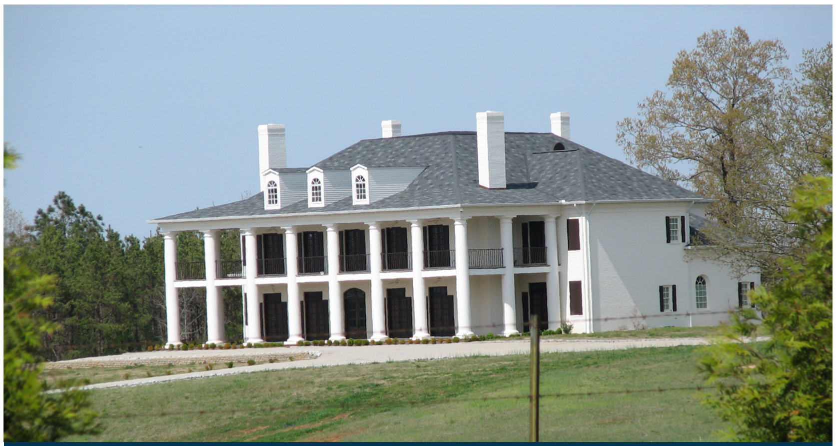
Larry Bates, a former Tennessee state legislator, was CEO of First American Monetary Consultants (FAMC), Inc. A financial company, FAMC engaged in buying, selling and trading gold and silver coins. He was also the CEO of Information Radio Network, Inc. (IRN), a broadcast service that provided radio listeners with information and advice on politics and world economy.

Larry's son, Charles "Chuck" Bates, was executive vice president and news director for IRN and an economist with FAMC. Larry's other son, Robert Bates, was an economist with FAMC.

From May 2002 to October 2013, the trio allegedly encouraged customers, many of whom were Christians and elderly individuals, to purchase copious amounts of gold and silver from FAMC. All of the individuals targeted by the Bates were seeking advice and help from a supposed trusted Christian advisor and/or an alleged reputable Christian financial company, according to the indictment.

The defendants utilized IRN as a means of advertising, promoting, and soliciting the sale or purchase of gold and silver to and from individuals nationwide, according to the indictment. To execute their scheme, the Bates' told potential customers that they needed to purchase gold and silver to protect themselves from "Mystery Babylon," an alleged forthcoming economic, political and religious downturn.

Those who accepted the Bates' offers provided payment via mail, wire transfers, or through private and commercial interstate carriers to FAMC. Subsequent to submitting their payments, the customers would receive an invoice and order confirmation via mail, according to the indictment.



Defendant Larry Bates is alleged to have used proceeds from his multimillion-dollar ponzi scheme to purchase a 9,000-square-foot mansion on 380 acres of land among other things.

After the defendants received money and/or gold and silver from customers, they would partially complete the customers' orders or fail to fill them altogether. The indictment alleges that the defendants utilized a portion of the embezzled proceeds to fund personal expenses. When contacted by customers who didn't receive their orders, the defendants would allegedly provide false promises, delay returning calls or emails, or neglect to respond altogether. This activity continued from weeks up to years.

"As the indictment alleges, the defendants defrauded unsuspecting victims of more than $18 million by promising to purchase gold and silver coins on their behalf," said U.S. Attorney Edward L. Stanton III. "Unfortunately, hundreds of these victims never received the coins they purchased. Instead, their money was used by the defendants to fund lofty salaries and exorbitant lifestyles."

More than 300 people were victimized during the Bates' scheme. In addition to individuals in West Tennessee, the Bates' defrauded people in Texas, Alabama, Kansas, Vermont, Oklahoma, Missouri, Florida, Massachusetts, and a multitude of other states.

All three defendants are being charged with multiple counts of mail and wire fraud. If convicted, they each face up to 20 years imprisonment and up to $1 million in fines per count.

The defendants are also being charged with conspiracy to commit mail and wire fraud. If convicted, they each face up to 20 years imprisonment and up to $1 million in fines.

The case is being investigated by the U.S. Postal Inspection Service and the Federal Bureau of Investigation.

Assistant U.S. Attorneys Larry Laurenzi and David Pritchard are representing the government in this case.

The charges and allegations contained in the indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

Deplorable Decision

Married couple, son, and accomplice indicted for defrauding Medicare

Jackson, TN - The February 2015 indictment of a married couple and their accomplice, charging them with defrauding Medicare, was superseded to add the couple's son as a fourth defendant in late October.

In addition to Calvin Bailey, Sandra Bailey, and Cindy Mallard, Bryan Bailey has been charged in a superseding indictment alleging a conspiracy to commit health care fraud and to pay illegal kickbacks in connection with health care services. Bryan Bailey has also been charged with wire fraud.

According to the superseding indictment, Sandra Bailey and Calvin Bailey sold durable medical equipment including power wheelchairs and back braces. From November 2009 to September 2011, they were both employed at Jaspan Medical Systems, a durable medical equipment company with an office in Jackson, Tennessee.

The Baileys' co-defendant, Mallard, also worked as a salesperson for Jaspan from June 2011 to September 2012. Prior to that, Mallard was employed as an office manager at Medina Family Medical Clinic from November 2009 until June 2011.

Bryan Bailey was the operations manager at Jaspan from December 2009 to July 2013.

From at least November 2009 to April 2013, all four defendants were members of a conspiracy to defraud Medicare, a federal health care benefit program, of thousands and also pay illegal kickbacks to health care providers and patient-referral sources.

In February, three of the defendants — Calvin Bailey, Sandra Bailey, and Mallard — were indicted for conspiracy to commit health care fraud and to pay illegal kickbacks in connection with health care services. Sandra Bailey was also indicted on multiple counts of health care fraud and paying illegal kickbacks to health care providers and patient-referral sources.

Sandra Bailey and Mallard each worked for several years in health care businesses in the Jackson, Tennessee area. Calvin Bailey was employed as the principal at Medina Elementary School in Medina, Tennessee, along with various medical equipment supply companies.

Sandra Bailey paid illegal kickbacks to referral sources to identify Medicare cardholders. She also marketed power wheelchairs and back braces to the Medicare cardholders. Commissions for sales of wheelchairs were distributed among the four defendants.

Sandra Bailey also paid kickbacks to some health care providers who performed — or were supposed to have performed — face-to-face evaluations of cardholders to qualify them for power wheelchairs. Mallard assisted Sandra Bailey by visiting cardholders with her. Mallard also filled out forms that were supposed to be completed during a face-to-face evaluation of a patient by a physician or other qualified health care provider. Mallard then assisted Sandra Bailey in getting those forms signed by providers who were supposed to have conducted face-to-face evaluations of the cardholders. Mallard also received kickback payments on behalf of one of the health care providers who signed the forms.

All four defendants face up to five years imprisonment and fines of up to $250,000 on the conspiracy charge.

Sandra Bailey also faces up to 10 years and a fine of up to $250,000 on each of eight counts of health care fraud.

Sandra Bailey faces up to five years and a fine of up to $250,000 on each of nine counts of paying illegal kickbacks.

In addition to the conspiracy charge, Bryan Bailey faces up to 20 years and a fine of up to $250,000 for wire fraud.

This investigation is being conducted by the Department of Health and Human Services - Office of the Inspector General, the Federal Bureau of Investigation, and the Tennessee Bureau of Investigation.

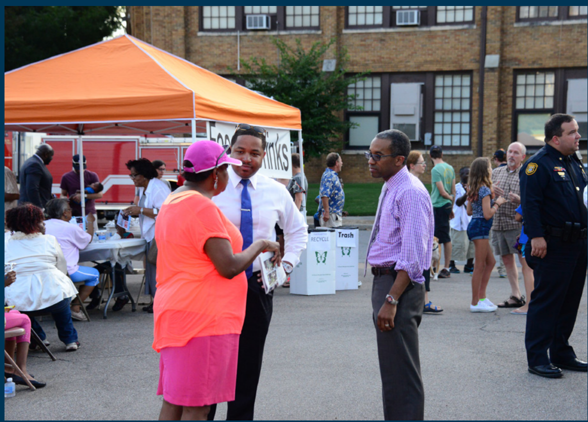
The case is being prosecuted by Assistant U.S. Attorney John Fabian on the government's behalf.

The charges and allegations contained in the indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

Stay Connected with the U.S. Attorney's Office:
Follow us on Twitter: @WDTNNews
Visit http://www.justice.gov/usao-wdtn.

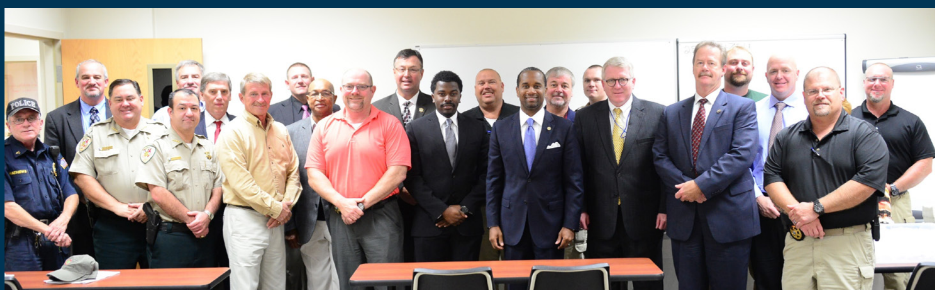
Community Outreach

Connecting with students and citizens throughout West Tennessee

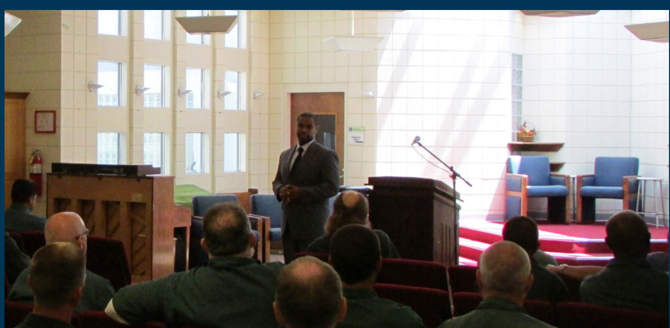


Assistant U.S. Attorney Damon Griffin talks with residents of the VECA community during "National Night Out."

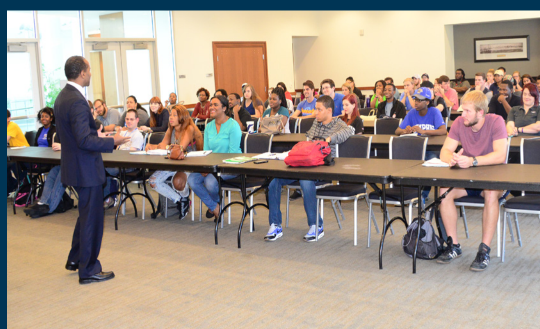
Assistant U.S. Attorney Deb Ireland speaks to seniors at Central High School about Project Safe Childhood and internet safety.



The U.S. Attorney's Office's (USAO) October Sheriffs Meeting took place in Bolivar, TN. U.S. Attorney Stanton; First Assistant U.S. Attorney Larry Laurenzi; Assistant U.S. Attorney Joe Murphy; Intelligence Research Specialist Timothy Kring; and USAO College Intern Andreas Nunley were in attendance. Sheriffs from various counties in West Tennessee participated in the meeting. A presentation on the district's prescription drug abuse issue was delivered during the gathering.



Executive Assistant U.S. Attorney David Biggers talks to federal inmates at SPC Millington about the importance of living a crime-free life after reintegrating into society, and highlights some of the USAO's reentry efforts.

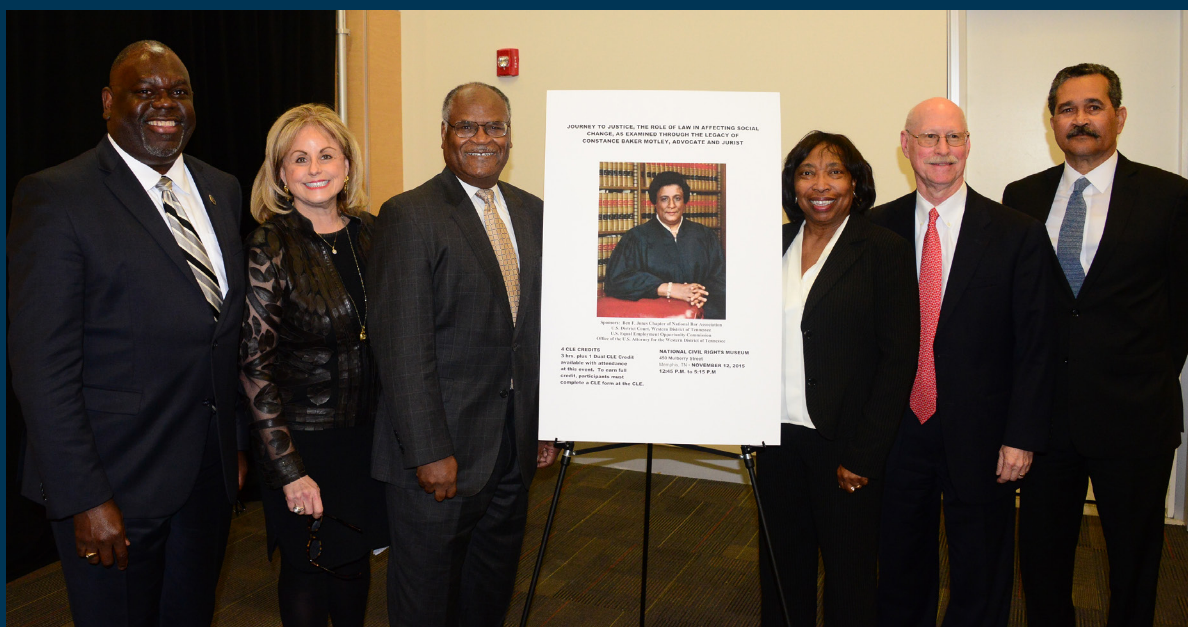


U.S. Attorney Stanton talks to University of Memphis students about various Department of Justice initiatives and current events during a speaking engagement inside of the school's University Center.

UNITED STATES ATTORNEY'S OFFICE
WESTERN DISTRICT OF TENNESSEE
167 N MAIN STREET, SUITE 800
MEMPHIS TN 38103

PRST STD
U.S. POSTAGE
PAID
SEYMOUR, IN
PERMIT NO. 198

The Parting Shot



In November, the U.S. Attorney's Office co-sponsored "Journey to Justice: The Role of Law in Effecting Social Change, As Examined through the Legacy of Constance Baker Motley," along with the National Bar Association; U.S. District Court; and U.S. Equal Employment Opportunity Commission. Several of the event's participants can be viewed in the photo above. (L to R) Carlton Reeves, U.S. District Judge of South Mississippi; Connie Lewis Lensing, Senior V.P., FedEx Express Legal Dept.; Curtis L. Collier, Senior District Judge for East Tennessee; Bernice B. Donald, U.S. Court of Appeals for the Sixth Circuit; Jon P. McCalla, Senior District Judge of West Tennessee; and William J. Haynes Jr., Senior District Judge of Middle Tennessee.