

Fraud Section Year In Review | 2023

Foreword

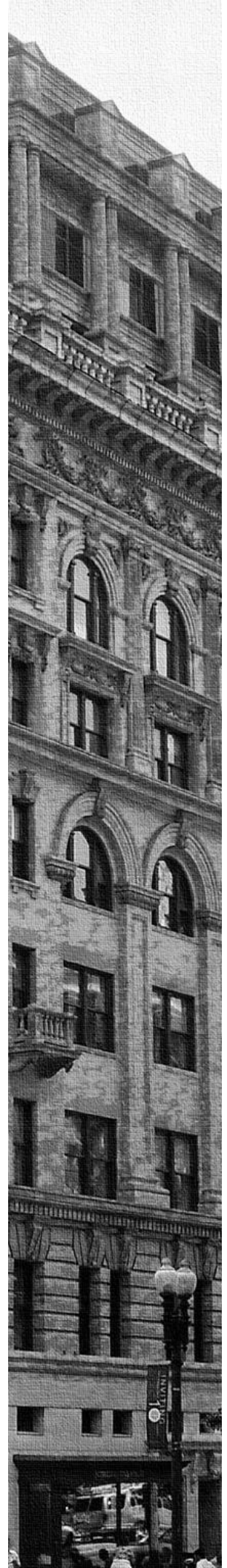
I take great pride in presenting the Fraud Section's Year in Review for 2023. The Fraud Section continues to be a national leader in white collar and corporate enforcement, handling the most complex domestic and international cases and developing corporate enforcement policies and expectations for corporate compliance programs that impact corporate behavior. We continue to bring more ground-breaking, more challenging, and more impactful cases. Year-over-year, the average alleged fraud loss per individual charged, and the average sentence length for individuals convicted in white collar cases, has increased. In 2023, the average fraud loss per individual charged in cases brought by the Fraud Section was over \$28 million, an all-time high. The following document summarizes—and represents a small window into—the great work accomplished by Fraud Section personnel, in coordination with our domestic and foreign law enforcement partners, in 2023.

In 2023, our prosecutors persisted in pursuing impactful and righteous cases and tried cases at impressively high rates. Specifically, 70 Fraud Section attorneys (nearly 50% of the attorneys in the litigating units) tried 43 cases in 19 federal districts and convicted 47 individuals at trial. This trial docket is second in Fraud Section history only to 2022. While maintaining this heavy trial docket, Fraud Section attorneys also charged 240 individuals and convicted 266 individuals. In keeping with our focus on holding gatekeepers to account, about a quarter of the individuals charged this year were executives (23), lawyers (2), or medical professionals (38). The Fraud Section also entered 8 corporate resolutions and 3 corporate enforcement policy declinations involving misconduct across a broad range of industries and regions all around the world. Like all Fraud Section corporate resolutions, these resolutions, will have continued impact beyond 2023. For example, all Fraud Section corporate resolutions require ongoing compliance, cooperation, and disclosure obligations, which are closely overseen by prosecutors. In 2023 alone, Fraud Section prosecutors oversaw 35 active corporate resolutions with reporting obligations for companies with a combined market capitalization of over US\$1.5 trillion.

The Fraud Section continued its role as the Department's thought leader in white collar and corporate enforcement policy. Last year also marked an expansion in the Fraud Section's access and utilization of data and innovative tools to proactively develop cases.

I am continuously impressed by the skill, determination, and commitment of Fraud Section attorneys, staff, and partners. I am beyond grateful for the work of these dedicated public servants and look forward to continued success in 2024.

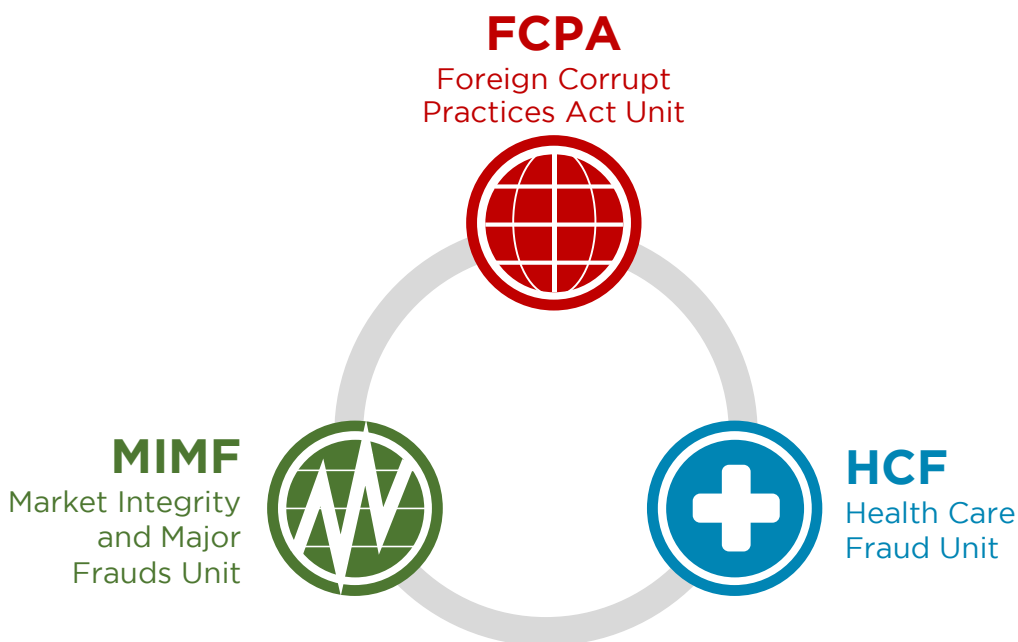
Glenn Leon
Chief
Fraud Section
February 2024



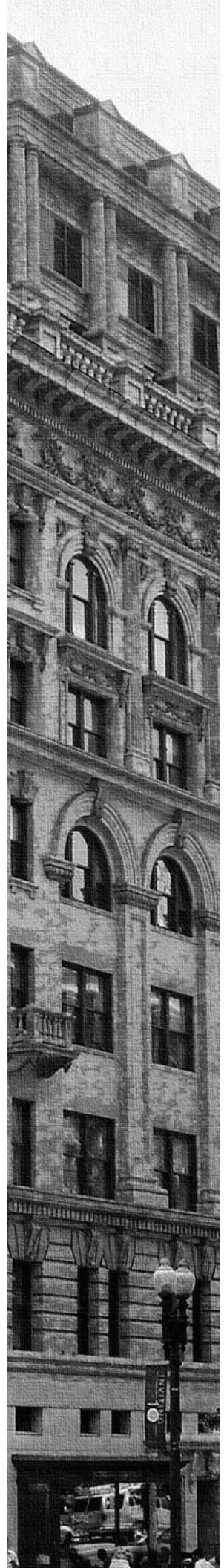
The Fraud Section

The Fraud Section plays a unique and essential role in the Department of Justice's fight against economic crime. Fraud Section attorneys investigate and prosecute complex white-collar crime cases throughout the country, and the Fraud Section is uniquely qualified to act in that capacity, based on its vast experience with sophisticated fraud schemes, corporate criminal cases, and multi-jurisdictional investigations and prosecutions, and its ability to deploy resources effectively to address law enforcement priorities and respond to geographically shifting crime problems. Because of this expertise, the Fraud Section also plays a critical role in the development of Department policy, implementing enforcement initiatives, and advising Department leadership on matters including not only internal policies, but also legislation, crime prevention, and public education. The Fraud Section frequently coordinates interagency and multi-district investigations and international enforcement efforts, and assists prosecutors, regulators, law enforcement, and the private sector by providing training, advice, and other assistance.

The Fraud Section has three litigating units:



<http://www.justice.gov/criminal-fraud>





The **Foreign Corrupt Practices Act (FCPA) Unit** has primary jurisdiction to investigate and prosecute violations of the FCPA and works in parallel with the Securities and Exchange Commission (SEC), which has civil enforcement authority for violations of the FCPA by publicly traded companies. The FCPA Unit has brought criminal enforcement actions against individuals and companies and has focused its enforcement efforts on both the supply side and demand side of corrupt transactions. The FCPA Unit has also brought cases in parallel to the Commodity Futures Trading Commission (CFTC) and other agencies. The FCPA Unit plays a leading role in developing policy as it relates to the FCPA and related statutes, and training and assisting foreign governments in the global fight against corruption.



The **Health Care Fraud (HCF) Unit** focuses on prosecuting 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, and to detect, limit, and deter fraud and illegal opioid prescription, distribution, and drug diversion offenses resulting in patient harm. In 2023, the HCF Unit operated 15 Health Care Fraud and Prescription Opioid 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 securities, commodities, corporate, investment, and cryptocurrency-related fraud cases. The MIMF Unit works in parallel with regulatory partners at the SEC, CFTC, and other agencies to tackle major national and international fraud schemes. The MIMF Unit also focuses on combatting a range of other major fraud schemes, including government procurement fraud, bank fraud, mortgage fraud, federal program fraud, and consumer fraud.

In addition, the Fraud Section has four units that support and enhance the missions of the three litigating units:

The **Corporate Enforcement, Compliance, and Policy (CECP) Unit** is responsible for all aspects of the Fraud Section's corporate criminal enforcement practice, including working with and advising prosecution teams on the structural, monetary, and compliance components of corporate resolutions; evaluating corporate compliance programs and determining whether an independent compliance monitor should be imposed as part of a corporate resolution. The CECP Unit also oversees post-resolution matters, including oversight of monitors and compliance and 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 the most complex matters in the Fraud Section and will join the trial team for certain matters. In addition, the Litigation Unit 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.

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

Fraud Section Committees:

The Fraud Section **Diversity Committee** focuses on attracting, hiring, developing, mentoring, retaining, and promoting a workforce that represents the many communities we serve—including persons of varying age, ethnicity, gender, disability status, race, color, sexual orientation, gender identity, religion, national origin, political affiliation, socioeconomic and family status, and geographic region. The committee has more than 35 members, including both attorneys and staff. The committee has focused on three areas: (1) recruiting; (2) attorney development and retention; and (3) training and education.

The Fraud Section **Mentorship Committee** enables attorneys within the Units to further support each other as we work together to serve the Department's important mission. With the goals of developing key talent, enhancing employee engagement and effectiveness, and promoting diversity and inclusion, the committee has been working to create a program that both assists incoming attorneys with making a successful transition to the Fraud Section and facilitates broader professional development and advancement of attorneys at various experience levels.

Summary of 2023 Fraud Section Individual Prosecutions¹



240 Individuals CHARGED

FCPA



15

HCF



143^{2, 3}

\$3.83 billion in
alleged fraud loss

MIMF



83³



266 Individuals CONVICTED by Guilty Plea and at Trial

FCPA



7

HCF



186²

MIMF



73



23 Executives CHARGED

2 Lawyers CHARGED

38 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 2022 that were unsealed in 2023.

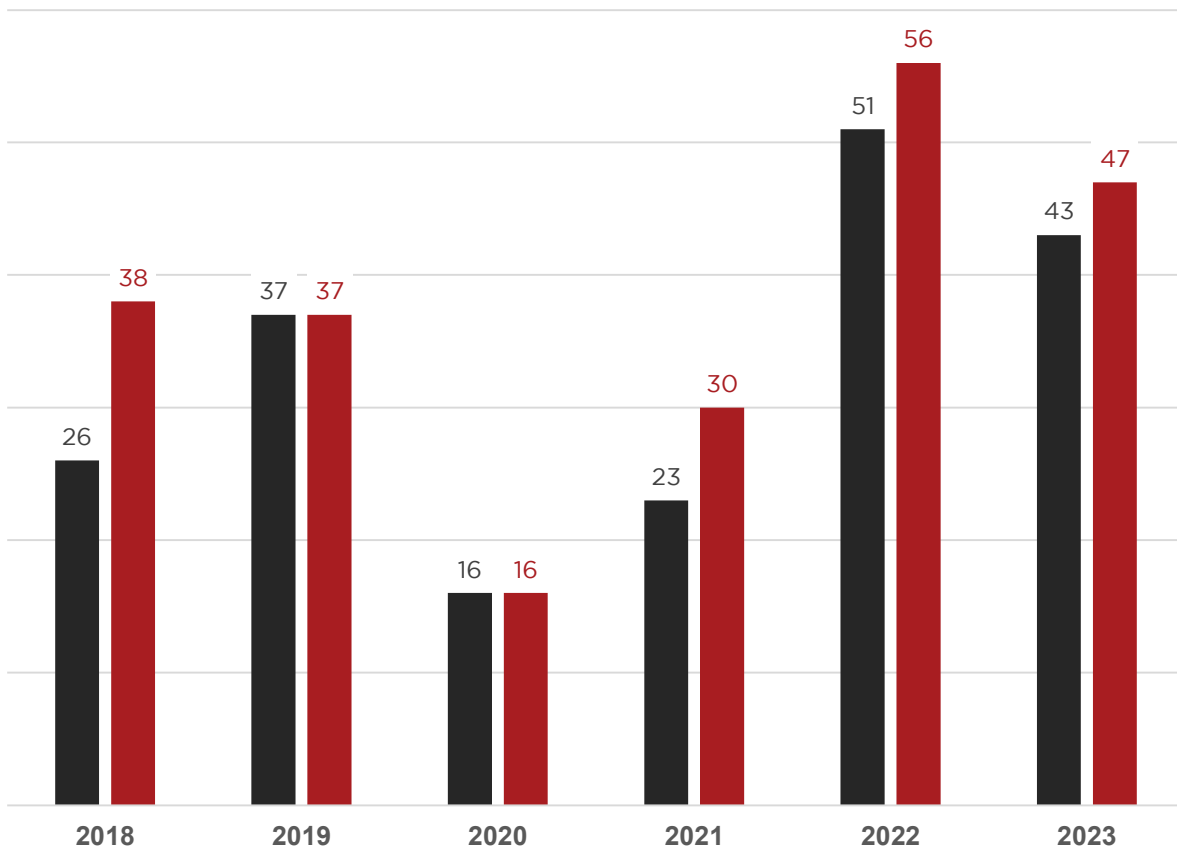
³ Includes an individual charged in a case brought by both HCF and MIMF.

Summary of 2023 Fraud Section Trials



47 Individuals Convicted AT TRIAL

The 2023 cases were tried by 70 Fraud Section attorneys across 19 federal districts.



TRIALS AND TRIAL CONVICTIONS (BY YEAR)

Trials



Trial Convictions



Summary of 2023 Fraud Section Corporate Resolutions¹



8

CORPORATE RESOLUTIONS

FCPA





6

MIMF



2

Involving the Imposition of²:

| | Total Global Monetary Amounts of more than \$689.5 million | Total U.S. Monetary Amounts of more than \$641.2 million | Total U.S. Criminal Monetary Amounts of more than \$489.6 million |
|---|---|---|--|
| FCPA  | \$657.3 million | \$609.0 million | \$457.4 million |
| MIMF  | \$32.2 million | \$32.2 million | \$32.2 million |

¹ The summary statistics in this document provide approximate dollar amounts for all referenced corporate resolutions that were announced in calendar year 2023. 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, after reductions due to inability to pay analysis.
- **“Total U.S. Monetary Amounts”** are the total enforcement action amounts payable to U.S. criminal and civil authorities after reductions due to inability to pay analysis.
- **“Total U.S. Criminal Monetary Amounts”** are the total criminal enforcement amounts payable: (1) to Department of Justice; and (2) through mandatory or permissive restitution or other compensation funds, pursuant to a plea agreement, Deferred Prosecution Agreement (DPA), or Non-Prosecution Agreement (NPA). The Total U.S. Criminal Monetary Amount may include any or a combination of the following monetary components: criminal fine, criminal monetary penalty, criminal forfeiture, criminal disgorgement, restitution, and other compensation payments, after reductions due to inability to pay analysis.

Timeline of Fraud Section Corporate Resolutions and CEP Declinations

2023

(FCPA) Corsa Coal | 3.8.2023

- Corporate Enforcement Policy (CEP) Declination
- Disgorgement/Restitution Amount: **\$1,200,000**¹



3.15.2023 | Sterling Bancorp, Inc. (MIMF)

- Guilty Plea - (E.D. Mich.)
- Total Global Monetary Amounts: **\$27,200,000**¹
- Total U.S. Monetary Amounts: **\$27,200,000**¹
- U.S. Criminal Monetary Amounts: **\$27,200,000**¹



3.21.2023 | Telefonaktiebolaget LM Ericsson (FCPA)

- Guilty Plea - (S.D.N.Y.)
- Total Global Monetary Amounts: **\$206,728,848**
- Total U.S. Monetary Amounts: **\$206,728,848**
- U.S. Criminal Monetary Amounts: **\$206,728,848**



(MIMF) IRB Brasil Resseguros SA | 4.24.2023

- NPA - (S.D. Iowa)
- Total Global Monetary Amounts: **\$5,000,000**¹
- Total U.S. Monetary Amounts: **\$5,000,000**¹
- U.S. Criminal Monetary Amounts: **\$5,000,000**¹



8.10.2023 | Corporación Financiera Colombiana S.A. (FCPA)

- DPA - (D. Md.)
- Total Global Monetary Amounts: **\$86,469,289**
- Total U.S. Monetary Amounts: **\$60,569,289**
- U.S. Criminal Monetary Amounts: **\$20,300,000**



(FCPA) Albemarle Corporation | 9.28.2023

- NPA - (W.D.N.C.)
- Total Global Monetary Amounts: **\$218,509,663**
- Total U.S. Monetary Amounts: **\$218,509,663**
- U.S. Criminal Monetary Amounts: **\$114,891,353**



10.25.2023 | HealthSun Health Plans, Inc. (HCF)

- CEP Declination
- Disgorgement/Restitution Amount: **\$53,170,114.60**



11.16.2023 | Lifecore Biomedical, Inc. (f/k/a Landec Corp.) (FCPA)

- Corporate Enforcement Policy (CEP) Declination
- Disgorgement/Restitution Amount: **\$1,286,060**



(FCPA) Tysers Insurance Brokers Limited | 11.20.2023

- DPA - (S.D. Fla.)
- Total Global Monetary Amounts: **\$46,589,275**
- Total U.S. Monetary Amounts: **\$46,589,275**
- U.S. Criminal Monetary Amounts: **\$46,589,275**



11.20.2023 | H.W. Wood Limited (FCPA)

- DPA - (S.D. Fla.)
- Total Global Monetary Amounts: **\$508,000**¹
- Total U.S. Monetary Amounts: **\$508,000**¹
- U.S. Criminal Monetary Amounts: **\$508,000**¹



(FCPA) Freepoint Commodities LLC | 12.14.2023

- DPA - (D. Conn.)
- Total Global Monetary Amounts: **\$98,551,150**
- Total U.S. Monetary Amounts: **\$76,111,150**
- U.S. Criminal Monetary Amounts: **\$68,473,362**



¹ Reflects total monetary amounts paid after reductions based on inability to pay analysis.

Corporate Resolutions Agreements



35 ACTIVE RESOLUTIONS

With Ongoing Fraud Section-Imposed Reporting Obligations in 2023¹

Corporations Under Compliance Obligations in 2023:

27 Self-Reporting

8 Independent Monitorships

Active Resolutions Involving Corporations²

With over USD \$1 Billion Market Capitalization:

24

That are Publicly Traded:

22

That are S&P 500:

6

¹ Excludes companies for which compliance with reporting obligations were evaluated in 2023.

² Where resolution is with a subsidiary, market capitalization, public listing, and S&P 500 status shown for parent company.

2023 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 Senior Vice President and Chief Ethics and Compliance Officer at a Fortune 500 company for seven years. From 2011-2014, Leon previously served as Acting Deputy Chief and an Assistant Chief in the Fraud Section's Securities and Financial Fraud Unit, the precursor to the Market Integrity and Major Frauds Unit. 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 U.S. District Court for the District of Columbia.

Allan Medina, Fraud Section Senior Deputy Chief¹

Allan Medina joined the Fraud Section in 2012. He became the Senior Deputy Chief of the Fraud Section in November 2022. Medina previously served as the Chief of the HCF Unit since 2019 after serving as an Assistant Chief in the HCF Unit since 2015. Medina served as the Assistant Chief in nine different HCF Unit Strike Force cities. Prior to joining the Department, he worked in private practice at a law firm in Miami, Florida.

David Fuhr, FCPA Unit Chief²

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 previously as an Assistant Chief in 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 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 Deputy Chief of the HCF Unit in December 2020 and has served as a Co-Principal Assistant Deputy Chief of the Unit since September 2021. 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 Acting Unit Chief³

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

¹ Allan Medina left the Department in November 2023. In January 2024, Sean Tonolli was named Fraud Section Senior Deputy Chief.

² David Last served as the FCPA Unit Chief until May 2023, when he left the Department.

³ Avi Perry served as the MIMF Unit Chief until October 2023, when he left the Department.

Andrew Gentin, CECP Unit Chief

Andrew Gentin joined the Fraud Section in 2007. Gentin became the Chief of the CECP Unit in January 2023, after serving as the Acting Chief since 2021 and an Assistant Chief in the Unit for the two prior two years. Gentin was previously a Senior Litigation Counsel in the FCPA Unit. Prior to joining the Fraud Section, Gentin worked in private practice and clerked for a judge on the District of Columbia Court of Appeals.

Sean Tonolli, Litigation Unit Chief¹

Sean Tonolli joined the Fraud Section in January 2023 as the Chief of the Litigation Unit. From 2006 to 2014, Tonolli served as an Assistant U.S. Attorney, first in the District of Columbia, then in the Eastern District of Virginia. After leaving the Department, he worked in private practice at a law firm in Washington, D.C., until September 2021. From then until the end of 2022, Tonolli served as a Senior Investigative Counsel for the U.S. House January 6th Select Committee. Tonolli started his career clerking on the U.S. District Court for the District of Maryland.

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, was appointed Acting Chief in 2021, and became the permanent Chief of the Unit in 2022. Prior to joining the Fraud Section, John was in private practice in New York and Washington, D.C.

Christina Weidner, A&M Unit Chief

Christina Weidner joined the Fraud Section in 2018 as the Chief of the Administration and Management Unit. Prior to joining the Department, she worked for the Administrative Office of the U.S. Courts in the Case Management Systems office as the Chief of the Business Support Division.



¹ In January 2024, Courtney Howard was named Acting Litigation Unit Chief.

Foreign Corrupt Practices Act Unit



The FCPA Unit's 32 prosecutors investigate and prosecute foreign bribery cases under the FCPA and related statutes. In 2023 our prosecutors continued to cooperate with domestic and international law enforcement partners to investigate and prosecute complex foreign bribery offenses. Collectively, the corporate resolutions announced in 2023 reflect the FCPA Unit's nuanced application of various practices and policies implemented by the Criminal Division in 2023, including the revised Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) and the Compensation Incentives and Clawbacks Pilot Program. As a result, these resolutions (as well as the January 2024 criminal resolution with SAP) have begun to set expectations and benchmarks for companies that are the subject of enforcement actions—including the available cooperation and remediation credit; the imposition of forfeiture/disgorgement in non-issuer cases; the consideration of a company's prior misconduct; and the interpretation and application of the Compensation Incentives and Clawbacks Pilot Program. Expect further corporate dispositions in 2024 to provide additional examples of the FCPA Unit's implementation of the various corporate enforcement policy developments in the Criminal Division.

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

FCPA Unit Statistics 2023

INDIVIDUAL
PROSECUTIONS



15 INDIVIDUALS
CHARGED



7 INDIVIDUALS
CONVICTED

CORPORATE
RESOLUTIONS

6 CORPORATE RESOLUTIONS Involving the Imposition of:



Total Global Monetary Amounts: **more than \$657.3 Million**¹

Total U.S. Monetary Amounts: **more than \$609.0 Million**¹

Total U.S. Criminal Monetary Amounts: **more than \$457.4 Million**¹

¹ Reflects total monetary amounts imposed as part of the resolution, after reductions based on inability to pay analysis.

Foreign Corrupt Practices Act Unit

During the past year, the FCPA Unit resolved six criminal corporate cases, including the FCPA Unit's first ever coordinated resolution with Colombia, and issued two CEP declinations. In resolving these matters, the FCPA Unit applied the spectrum of corporate resolution mechanisms: a guilty plea resulting from a breach of a prior deferred prosecution agreement (DPA) in the Ericsson matter, four DPAs (Corficolombiana, H.W. Wood, Tysers, and Freepoint), one non-prosecution agreement (NPA) (Albemarle), and two declinations with disgorgement pursuant to the CEP (Corsa Coal and Lifecore Biomedical).

In addition to resolving these corporate cases, the FCPA Unit continued to hold corrupt individual actors to account. The defendants charged in 2023 include bribe payers, intermediaries, and foreign officials. Prosecutors in the Unit also continued to use other statutes to charge conduct arising out of bribery investigations by alleging money laundering or wire fraud. And the Unit's efforts to bring impactful cases against culpable individuals was reflected in three of the most significant prison terms imposed against corrupt actors, including a 10-year sentence for a former managing director of Goldman Sachs and 15-year sentences against the former national treasurer of Venezuela and her husband following their respective trial convictions in 2022. As in the previous year, FCPA Unit trial attorneys also prosecuted cases outside of the foreign bribery context with the Fraud Section's Health Care Fraud Unit and various U.S. Attorney's Offices, including the "January 6 Capitol Breach" prosecutions.

In 2023, in furtherance of the FCPA Unit's partnerships with foreign law enforcement authorities, the FCPA Unit released its first-ever edition of the FCPA Resource Guide in another language: Spanish—emphasizing the reach and importance of anti-corruption efforts in Spanish-speaking countries and of course, the value of our Spanish-speaking partners.

Lastly, the FCPA Unit will continue to pursue corporate and individual corrupt actors, using the various tools at its disposal. Through an ongoing investment in personnel and resources, the Unit has expanded its ability to obtain and analyze data—both public and non-public—to identify potential corrupt actors, which has assisted ongoing investigations and led to successful prosecutions. A more sustained engagement with foreign authorities is another important part in this effort. To that effect, the announcement in December 2023 of the FCPA Unit's International Corporate Anti-Bribery Initiative (ICAB) will deepen the FCPA Unit's efforts to engage with relevant foreign authorities. In December 2023, the President signed into law the "Foreign Extortion Prevention Act" (FEPA). Legislation that criminalizes the demand side of foreign bribery provides another tool in the FCPA Unit's arsenal to investigate and prosecute corrupt actors.

Foreign Corrupt Practices Act Unit

Significant Corporate Resolutions and Associated Individual Cases

United States v. Telefonaktiebolaget LM Ericsson (S.D.N.Y.)

In March 2023, Telefonaktiebolaget LM Ericsson (Ericsson), a multinational telecommunications company based in Sweden, pleaded guilty to conspiring to violate the FCPA's anti-bribery provisions and the FCPA's internal controls and books and records provisions and agreed to pay a criminal penalty of more than \$206 million. The guilty plea arose from Ericsson's breach of a 2019 deferred prosecution agreement (DPA) and demonstrates the Department's resolve to ensure that companies comply with the obligations contained in corporate resolution agreements.

In pleading guilty to a two-count Information, Ericsson admitted that from 2000 until 2016, the company used third-party agents and consultants to make bribe payments to government officials in Djibouti, China, Vietnam, Indonesia, and Kuwait. Ericsson engaged these agents through sham contracts, paid false invoices using off-the-books slush funds, and falsely recorded the payments in Ericsson's books and records. Ericsson originally resolved this criminal conduct through the 2019 DPA, which included a criminal penalty of over \$520 million and the imposition of a compliance monitor for three years.

Ericsson breached the 2019 DPA by failing to truthfully disclose all facts and evidence related to the Djibouti and China schemes, as well as other potential FCPA violations. The company also failed to promptly report and disclose evidence and allegations of conduct related to its historical business activities in Iraq that may have constituted a violation of the FCPA. These disclosure failures prevented the United States from bringing charges against certain individuals and taking key investigative steps. The 2023 plea agreement required Ericsson to pay an additional criminal penalty of more than \$206 million—which represented the elimination of any cooperation credit originally awarded pursuant to the 2019 DPA—and imposed a one-year extension of the compliance monitor. The Fraud Section and the U.S. Attorney's Office for the Southern District of New York prosecuted the case.

United States v. Corporacion Financiera Colombiana S.A. (D. Md.)

In August 2023, Corporacion Financiera Colombiana S.A. (Corficolombiana), a Colombian financial services institution, entered into a three-year DPA with the Department of Justice in connection with a criminal information charging a conspiracy to violate the anti-bribery provisions of the FCPA. The company agreed to pay more than \$80 million to resolve the Department's investigation, as well as parallel investigations by the U.S. Securities and Exchange Commission (SEC) and Colombia's Superintendencia de Industria y Comercio (SIC). This case represents the first coordinated resolution by the FCPA Unit with authorities in Colombia.

As part of the resolution, Corficolombiana admitted that between 2012 and 2015, it conspired with Brazilian construction conglomerate Odebrecht S.A. to pay more than \$23 million in bribes to Colombian government officials to obtain a contract to construct and operate a highway toll road. Corficolombiana carried out the scheme by causing other entities to enter into sham contracts with intermediaries that funneled bribe payments to Colombian government officials. Corficolombiana earned more than \$28 million in profits from the corrupt scheme. Pursuant to the DPA, Corficolombiana agreed to pay a criminal penalty of \$40.6 million. The calculated criminal penalty reflected a 30% reduction off the bottom of the applicable Sentencing Guidelines fine range, which reflected, among other things, cooperation credit for Corficolombiana's timely provision of facts obtained in the company's internal investigation and consideration of the company's extensive remedial measures.

As part of a coordinated resolution, the Department agreed to credit up to half of the criminal penalty against money paid by the company to resolve a parallel investigation by Colombia's SIC. The company separately agreed to pay over \$40 million in disgorgement and prejudgment interest to resolve a parallel investigation by the SEC. The Fraud Section and the U.S. Attorney's Office for the District of Maryland prosecuted the case.

In re. Albemarle Corporation

In September 2023, Albemarle Corporation (Albemarle), a publicly-traded chemicals manufacturing company headquartered in Charlotte, North Carolina, entered into a three-year non-prosecution agreement (NPA) with the Department and agreed to pay more than \$218 million to resolve investigations by both the Department and the SEC arising from Albemarle's participation in schemes to pay bribes to government officials in multiple foreign countries.

Between 2009 and 2017, Albemarle conspired to pay bribes to government officials to obtain and retain chemical catalyst business with state-owned oil refineries in Vietnam, Indonesia, and India. As a result of the scheme, Albemarle obtained profits of more than \$98 million. Albemarle's NPA included a \$98.2 million penalty and administrative forfeiture of \$98.5 million. The resolution reflected the first application of the Criminal Division's March 2023 Compensation Incentives and Clawbacks Pilot Program, featuring a penalty reduction of \$763,453 for bonuses that the company withheld from qualifying employees.

The resolution also demonstrates the FCPA Unit’s application of various aspects of the CEP, including (i) giving significant recognition to the company’s cooperation and remediation and (ii) evaluating the timeliness of a voluntary self-disclosure. Specifically, Albemarle voluntarily disclosed to the Department the conduct that formed the basis of the resolution; however, the disclosure was not “reasonably prompt” as defined in the CEP and U.S. Sentencing Guidelines § 8C2.5(g)(1). Nonetheless, the Department gave significant weight, in evaluating the appropriate disposition of this matter—including the appropriate form of the resolution and the reduction for cooperation and remediation—to the company’s voluntary, even if untimely, disclosure of the misconduct. These considerations led the Department to accord a 45% reduction off the bottom of the applicable Sentencing Guidelines fine range in calculating the penalty and to resolve the investigation through a non-prosecution agreement.

The SEC resolved a parallel investigation into Albemarle’s misconduct in which Albemarle agreed to pay more than \$103 million in disgorgement and prejudgment interest. As part of the coordinated resolutions, the Department agreed to credit approximately \$81.9 million of the forfeiture to be paid to the Department against disgorgement Albemarle agreed to pay to the SEC. The Fraud Section partnered on this matter with the U.S. Attorney’s Office for the Western District of North Carolina.

United States v. Tysers Insurance Brokers Limited and H.W. Wood Limited (S.D. Fla.)

In November 2023, Tysers Insurance Brokers Limited (Tysers) and H.W. Wood Limited (H.W. Wood), two U.K.-based reinsurance brokers, each entered into three-year DPAs in connection with a criminal information charging both companies with conspiracy to violate the anti-bribery provisions of the FCPA in connection with bribes paid to Ecuadorian government officials.

Between 2013 and 2017, Tysers (which was known and doing business during the relevant period as Integro Insurance Brokers Limited) and H.W. Wood, through their employees and third-party agents, agreed to pay bribes totaling approximately \$2.8 million to the then-chairman of two Ecuadorian state-owned insurance companies, Seguros Sucre S.A. and Seguros Rocafuerte S.A, as well as to three other Ecuadorian government officials. The purpose of the bribes was to secure improper advantages to obtain and retain reinsurance business with the state-owned insurance companies.

Tysers agreed to pay a \$36 million criminal penalty and administrative forfeiture of more than \$10 million. H.W. Wood agreed that the appropriate criminal penalty for its misconduct was more than \$22 million in addition to approximately \$2.3 million in forfeitable proceeds of its criminal conduct; however, based on a demonstrated inability to pay the penalty and forfeiture, and consistent with the Department’s inability to pay guidance, H.W. Wood agreed to pay a penalty of \$508,000 to resolve the case. Both companies received credit for their cooperation with the Department’s investigation, implemented timely remedial measures, and the calculated criminal penalties reflected a 25% reduction off the bottom of the applicable Sentencing Guidelines fine range.

These resolutions illustrate the merits of the Criminal Division's corporate enforcement policies, including its focus on voluntary self-disclosures. The cases against Tysers and H.W. Wood arose from a voluntary self-disclosure by a third reinsurance broker, U.K.-based Jardine Lloyd Thompson Group Holdings Ltd. (JLT). In 2022, JLT received an FCPA Corporate Enforcement Policy declination and disgorged approximately \$29 million in connection with a similar scheme to bribe Ecuadorian officials to obtain and retain contracts with Seguros Sucre. As a result of the JLT disclosure, in addition to Tysers and H.W. Wood, the FCPA Unit has prosecuted numerous culpable individuals. These include, to date, eight individuals, including a former Ecuadorian government official, multiple third-party agents and financial intermediaries facilitating the bribe payments, and the former CEO of JLT's Colombian subsidiary.

United States v. Freepoint Commodities LLC (D. Conn.)

In December 2023, Freepoint Commodities LLC (Freepoint), a commodities trading company based in Stamford, Connecticut, entered into a three-year DPA and agreed to pay more than \$98 million to resolve a criminal information charging the company with conspiracy to violate the anti-bribery provisions of the FCPA in connection with a scheme to pay bribes to Brazilian government officials.

Between 2012 and 2018, Freepoint paid bribes to officials of Brazil's state-owned and state-controlled oil company, Petroleo Brasileiro S.A.-Petrobras (Petrobras). Freepoint obtained confidential pricing and bid information in exchange for the bribes, communicating with co-conspirators using code words and encrypted messaging applications, and funneling bribes through an intermediary using offshore bank accounts and shell companies. Freepoint earned over \$30 million in profits in connection with the scheme. Freepoint agreed to pay a criminal penalty of \$68 million and administrative forfeiture of more than \$30 million. Freepoint received credit for its cooperation and engaged in remedial measures, though its cooperation was initially limited in degree and impact and largely reactive. Considering those factors, Freepoint's criminal penalty reflected a 15% reduction off the bottom of the applicable Sentencing Guidelines fine range. The Department also agreed to credit up to one-third of the criminal penalty against amounts Freepoint pays to resolve a related investigation by Brazilian law enforcement authorities, and up to 25% of the forfeiture will be credited against disgorgement paid to the U.S. Commodity Futures Trading Commission in a related investigation.

Earlier in 2023, the FCPA Unit charged three individuals in relation to Freepoint's bribery scheme, including a then-senior oil trader at Freepoint, the brother of the senior trader who assisted in the scheme, and an agent of Freepoint based in Brazil who received purported consulting fees and commissions that he allegedly used to pay bribes to Petrobras officials on behalf of Freepoint. The Fraud Section and the U.S. Attorney's Office for the District of Connecticut are prosecuting the case.

CEP Declinations

Corsa Coal Corporation

In March 2023, the Fraud Section and the U.S. Attorney's Office for the Western District of Pennsylvania issued a declination letter to Corsa Coal Corporation (Corsa), a coal producer headquartered in Friedens, Pennsylvania, relating to a scheme to bribe Egyptian government officials to obtain and retain contracts to supply coal to Al Nasr Company for Coke and Chemicals, an Egyptian state-owned and state-controlled company. Corsa paid approximately \$4.8 million to a third-party intermediary that Corsa's employees knew would be used, in part, to pay bribes to Egyptian government officials. Corsa voluntarily disclosed the misconduct, cooperated with the Department's investigation, and timely remediated its compliance program. Corsa earned approximately \$32.7 million in profits in connection with the scheme. Based on an independent inability to pay analysis, Corsa agreed to disgorge \$1.2 million of illicit profits.

The Department has charged two former employees of Corsa, including a former sales manager and a former Vice President, in connection with this investigation. One of these individuals pleaded guilty in 2021; the other was charged by indictment in 2022 and is scheduled for trial later in 2024.

Lifecore Biomedical, Inc. (f/k/a Landec Corporation)

In November 2023, the Fraud Section and the U.S. Attorney's Office for the Northern District of California issued a declination letter to Lifecore Biomedical, Inc. (formerly known as Landec Corporation) (Lifecore), in connection with bribes paid to a Mexican government official by employees of Yucatan Food L.P. (Yucatan), Lifecore's former U.S. subsidiary. The purpose of the bribery scheme was to obtain a wastewater discharge permit for a Yucatan manufacturing facility located in Mexico. The scheme involved misconduct that started before Lifecore acquired Yucatan. During Lifecore's pre-acquisition due diligence, at least one Yucatan officer took affirmative steps to conceal the misconduct from Lifecore. After Lifecore learned of the misconduct during post-acquisition integration of Yucatan, Lifecore initiated an internal investigation, voluntarily self-disclosed the misconduct, fully cooperated with the Department's investigation, and timely remediated. Lifecore avoided paying approximately \$1.2 million in expenses to develop a wastewater plant and fees owed to Mexican regulatory authorities as a result of the bribery scheme. However, because Lifecore incurred \$879,555 in expenses to construct a wastewater treatment plant and subsequently paid Mexican regulatory authorities the duties it owed, Lifecore agreed to disgorge \$406,505 to the Department, the remaining amount of costs avoided because of the scheme.

Foreign Corrupt Practices Act Unit

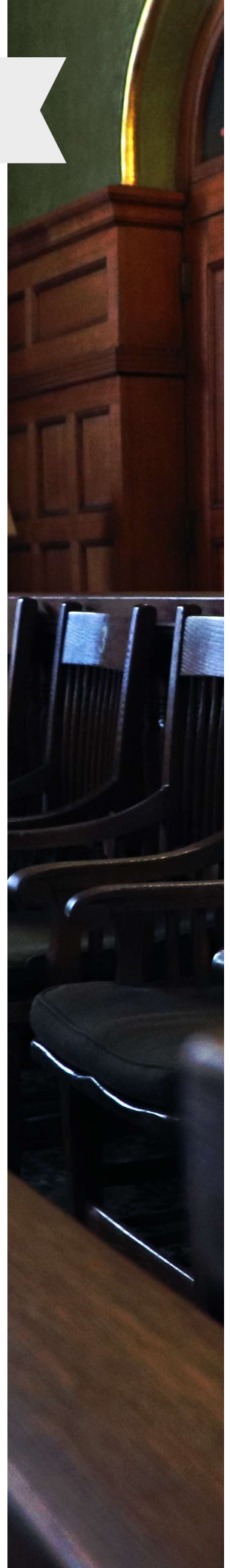
Significant Indictments, Convictions, and Sentencings of Individuals

United States v. Ng Chong Hwa (aka “Roger Ng”) (E.D.N.Y.)

In March 2023, Roger Ng, a former Managing Director of Goldman Sachs, was sentenced to 10 years in prison and ordered to forfeit more than \$35 million for conspiring to launder billions of dollars embezzled from 1Malaysia Development Berhad (1MDB), Malaysia’s state-owned investment and development fund, conspiring to violate the FCPA by paying more than \$1.6 billion in bribes to a dozen government officials in Malaysia and Abu Dhabi, and conspiring to violate the FCPA by circumventing the internal accounting controls of Goldman Sachs. Ng was convicted by a federal jury in April 2022 on all counts following a nine-week trial. During the trial, prosecutors from the Fraud Section, the Eastern District of New York, and the Money Laundering and Asset Recovery Section presented evidence proving how Ng and his co-conspirators laundered billions of dollars that were fraudulently diverted from 1MDB and paid bribes of more than \$1 billion to senior government officials in Malaysia and the United Arab Emirates to assist Goldman Sachs in winning certain lucrative bond transactions. The conviction and sentencing of Roger Ng follow a guilty plea in 2018 by another former Goldman Sachs managing director, Tim Leissner, relating to the same scheme. Goldman Sachs resolved a significant FCPA enforcement action into related conduct in 2020.

United States v. Claudia Diaz and Adrian Velasquez (S.D. Fla.)

In April 2023, Claudia Diaz, the former national treasurer of Venezuela, and her husband Adrian Velasquez, were each sentenced to 15 years in prison and ordered to forfeit more than \$136 million for their roles in a multibillion-dollar bribery and money laundering scheme. Following a three-week trial in December 2022, a federal jury convicted Diaz and Velasquez of conspiracy to commit money laundering and money laundering in connection with more than \$136 million in bribes that Diaz and Velasquez accepted and laundered from a Venezuelan billionaire businessman, who paid Diaz, through her husband, to obtain access to purchase bonds from the Venezuelan national treasurer at a favorable exchange rate.



Evidence presented at trial showed how the conspirators used bulk cash hidden in cardboard boxes, offshore shell companies and Swiss bank accounts, and international wire transfers to purchase private jets and yachts, and to fund a high-end fashion line started by the defendants in Florida. The Fraud Section and the U.S. Attorney's Office for the Southern District of Florida prosecuted the case.

United States v. Carl Zaglin, Aldo Marchena, and Francisco Cosenza (S.D. Fla.)

In December 2023, an indictment was unsealed charging a Georgia businessman, a former Honduran government official, and a former Florida resident in connection with their alleged participation in a scheme to pay and launder bribes to Honduran government officials to obtain contracts worth over \$10 million to provide uniforms and other goods to the Honduran National Police. According to the indictment, from 2015 to 2019, Carl Zaglin, the owner of a Georgia-based manufacturer of law enforcement uniforms and accessories, conspired to bribe Honduran government officials, including Francisco Roberto Cosenza Centeno (Cosenza), the former Executive Director of the *Comite Tecnico del Fideicomiso para la Administracion del Fondo de Proteccion y Seguridad Poblacional (TASA)*, a Honduran government entity that procured goods for the Honduran National Police. To promote the scheme and conceal the bribe payments, Zaglin, Cosenza, Aldo Marchena, and others allegedly laundered the proceeds of the corrupt scheme through bank accounts and front companies in the United States and Belize and sent over \$166,000 to bank accounts controlled by Cosenza and another Honduran foreign official. Zaglin and Marchena are both charged with conspiracy to violate the FCPA, and all three defendants are charged with conspiracy to commit money laundering. Cosenza and Marchena are also both charged with money laundering and engaging in transactions in criminally derived property, and Zaglin is charged with one count of violating the FCPA. The Fraud Section and the U.S. Attorney's Office for the Southern District of Florida are prosecuting the case.

Health Care Fraud Unit

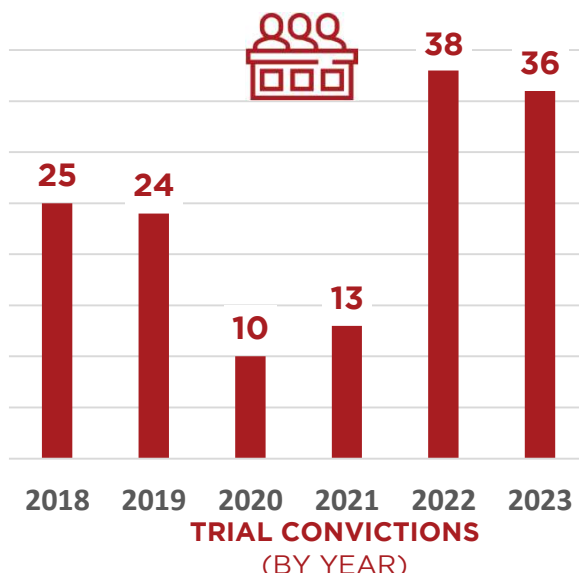
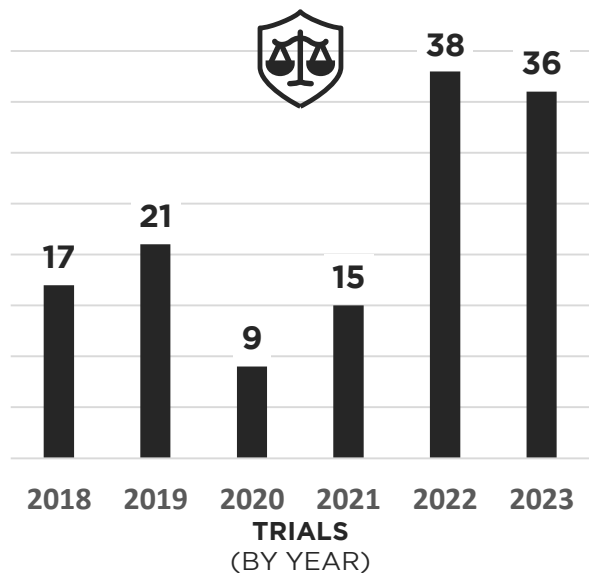


The Fraud Section’s Health Care Fraud Unit (HCF Unit) is comprised of over 70 experienced white-collar prosecutors who focus solely on prosecuting the nation’s most complex health care fraud matters. The HCF Unit is one of the most active litigating components in the Department and nearly equaled 2022’s record-setting year of 38 trials, conducting 36 trials in 2023. In addition to this active trial work, the HCF Unit charged cases involving over \$3.83 billion in health care fraud. A number of these cases were charged as part of two national enforcement actions led by the HCF Unit: the COVID-19 Health Care Fraud Enforcement Action and the National Health Care Fraud Enforcement Action. The HCF Unit also embarked on major initiatives involving revamping its hiring process, realigning its Strike Forces, and expanding its National Rapid Response Strike Force.

Trials and Sentencings: The HCF Unit convicted 186 defendants, including 36 at trial. The number of trials in 2022 and 2023 was more than in the previous four years combined. Fifty-eight Trial Attorneys participated in the 36 HCF Unit trials, and 16 Trial Attorneys each conducted at least two trials, gaining invaluable experience that prepares the Unit for future litigation.

Significant trial results include the conviction and resulting 27-year sentence of a laboratory owner in a \$483 million genetic testing scheme; conviction and four-year sentence of the Chief Compliance Officer of a pharmaceutical wholesaler in connection with a \$50 million scheme; conviction of the self-proclaimed “Rock-Doc” in an opioid distribution scheme at a clinic that was the subject of a reality TV show pilot; conviction of a telemedicine doctor in an over \$100 million scheme; and an eight-year sentence for the President of a Silicon Valley technology company in the first criminal COVID-19 health care and securities fraud case to proceed to trial.

HCF Unit Statistics | 2018 - 2023



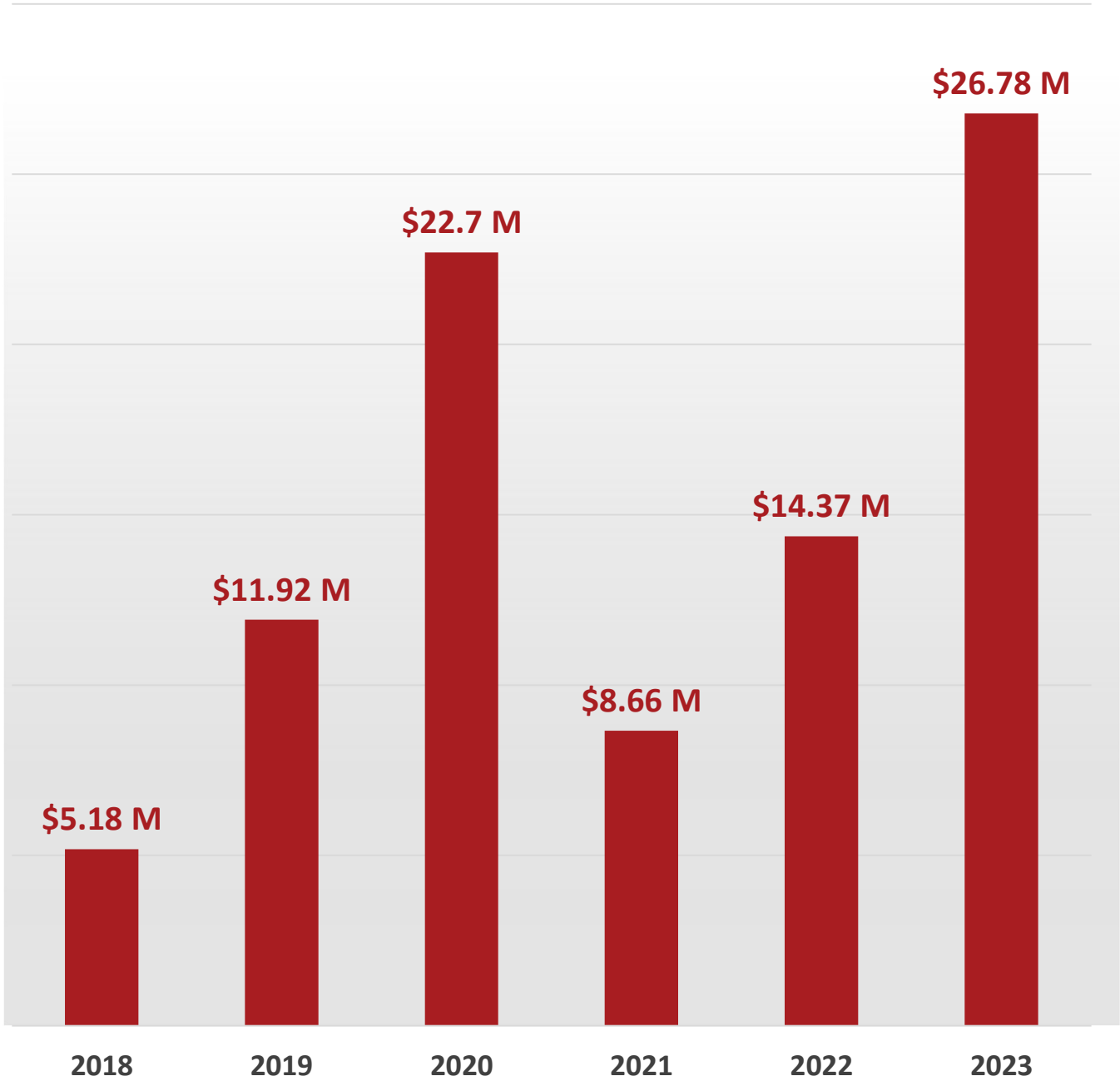
Health Care Fraud Unit Trials and Enforcement Actions | 2023

2023



Health Care Fraud Unit

Average Intended Loss Per Defendant Charged - 2018-2023



Health Care Fraud Unit

CHARGES AND LAW ENFORCEMENT ACTIONS

The HCF Unit charged 143 defendants with over \$3.83 billion in alleged loss in 2023. The HCF Unit also convicted 186 defendants, with 150 guilty pleas in addition to the 36 trial convictions.

The COVID-19 Health Care Fraud Enforcement Action (more fully discussed on p. 26) was the third annual nationwide coordinated effort to combat COVID-19 fraud schemes that have exploited an unprecedented pandemic. Since 2020, the HCF Unit has charged over 75 defendants with nearly \$1 billion in COVID-19 related health care fraud.

The 2023 National Health Care Fraud Enforcement Action (more fully discussed on pp. 27) involved charges in 17 federal districts across the country, and in three states, where federal and local prosecutors brought criminal charges against 78 defendants, including 24 doctors, nurses, and other licensed medical professionals, for health care fraud and illegal opioid distribution schemes that resulted in over \$2.5 billion in alleged losses. 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, its Strike Forces, U.S. Attorneys' Offices across the country, State Attorneys General, Medicaid Fraud Control Units, and law enforcement agency partners made this nationwide enforcement action possible.

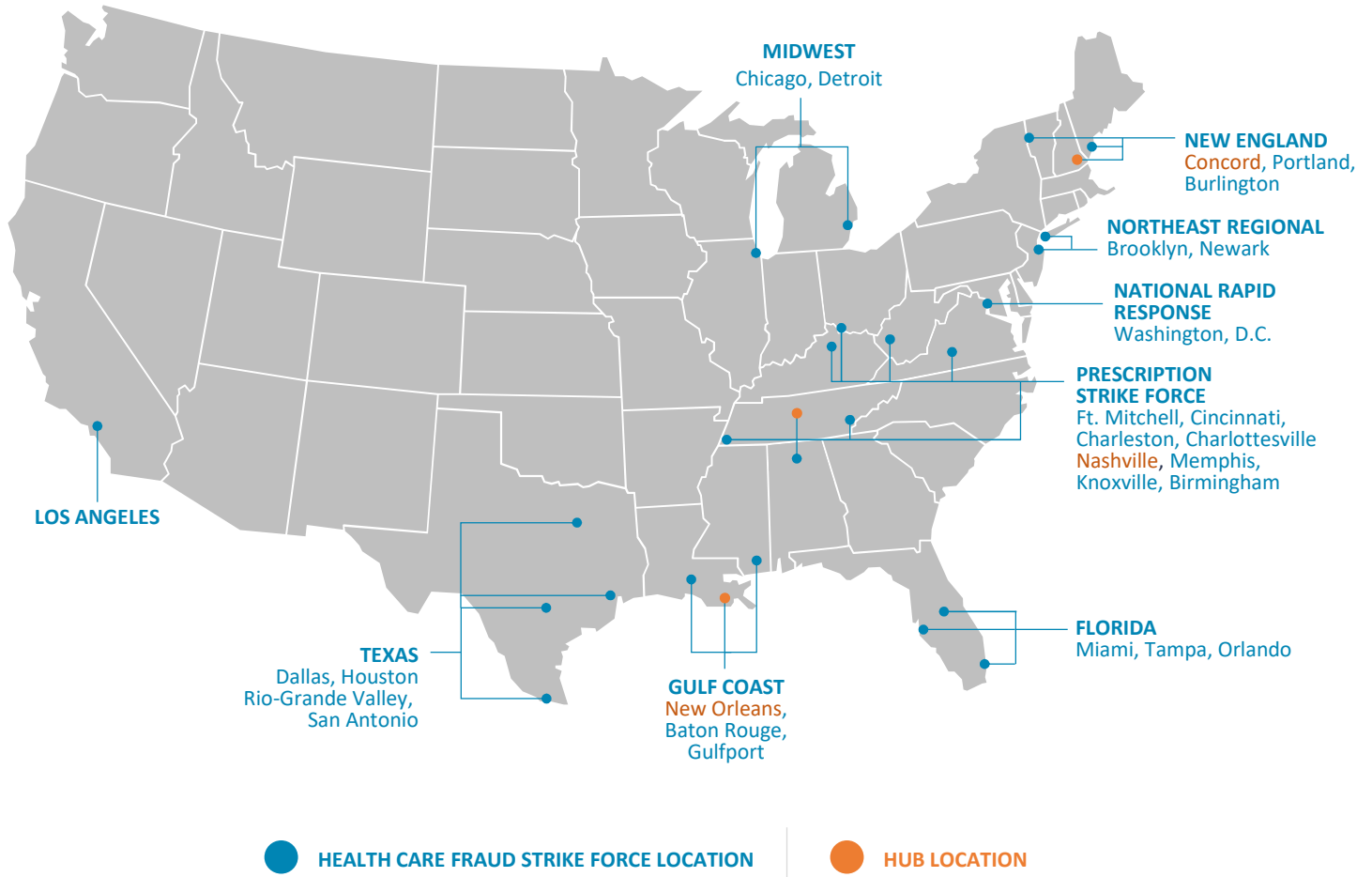
INITIATIVES

The HCF Unit recently revamped its hiring procedures to enable a more efficient process and it will be actively hiring additional Trial Attorneys in 2024. It also realigned the management of its Strike Forces to enable a more flexible, nimble, and efficient regional approach. By coordinating between geographically proximate Strike Force cities, the realignment will enable the Strike Forces—for example, Newark and Brooklyn—to surge resources to each other as necessary to address trial needs and emerging schemes. The HCF Unit also is expanding the National Rapid Response Strike Force and investing additional prosecutorial resources in the prosecution of corporate health care fraud.

Reflecting this increasing emphasis on investigations of both individuals and corporations, the HCF Unit simultaneously announced the first declination of criminal charges against a health care company—HealthSun Health Plans Inc. (“HealthSun”)—pursuant to the Criminal Division’s Corporate Enforcement and Voluntary Self-Disclosure Policy and charges against a HealthSun executive for her role in the multimillion-dollar Medicare fraud scheme. The HCF Unit declined charges against the company based on its prompt voluntary self-disclosure, cooperation, and remediation, as well as HealthSun’s agreement to repay the Department of Health and Human Services’ Centers for Medicare & Medicaid Services (CMS) approximately \$53 million in overpayments.

Health Care Fraud Unit

HCF UNIT MAP



HCF Unit Statistics | 2018 - 2023

\$17.32 bn
in **ALLEGED LOSS**
between 2018 and 2023

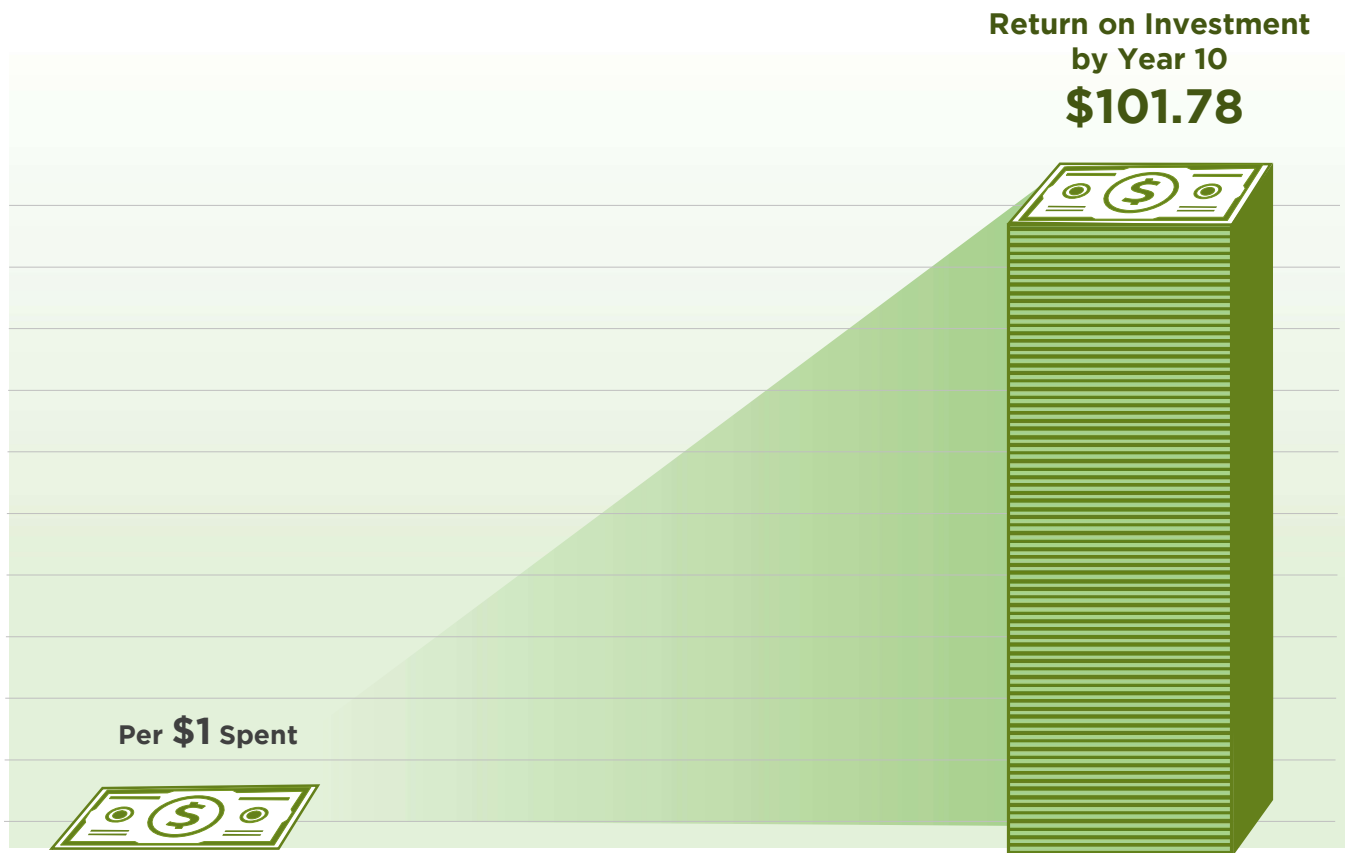
 **1,323**
Individuals **CHARGED**
between 2018 and 2023

Health Care Fraud Unit

PROTECTING THE PUBLIC FISC

The HCF Unit's work provides a significant value for the public. 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 (FY20-22) by year 10 is \$101.78 per \$1 spent, and \$3.92 billion in projected savings per year. 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



\$3.92 bn
in **PROJECTED SAVINGS**
Per year

Health Care Fraud Unit

Enforcement Actions – COVID-19

COVID-19 FRAUD INITIATIVE

In the past three years, the HCF Unit has combated health care fraud related to the COVID-19 pandemic. Since the early days of the pandemic, the HCF Unit has chaired a regular interagency COVID-19 fraud working group with federal law enforcement and public health agencies to combat health care fraud trends emerging during the COVID-19 crisis. The HCF Unit also reoriented its Data Analytics Team to focus on these emerging schemes. These efforts have paid significant dividends, resulting in the charging of over 75 defendants with over \$978 million in loss associated with the pandemic. To date, over 52 of those defendants have been convicted, including four defendants who were convicted at trial. The HCF Unit continues to prioritize COVID-19 health care fraud schemes, and it is emphasizing efforts to investigate and prosecute, among other things, fraud and kickbacks involving COVID-19 over-the-counter tests.

MORE THAN 75 | **DEFENDANTS CHARGED** **MORE THAN \$978 M** | **of ASSOCIATED LOSS**



52

**Individuals
CONVICTED**



4

**Individuals
CONVICTED AT TRIAL**

2023 NATIONAL COVID-19 HEALTH CARE FRAUD LAW ENFORCEMENT ACTION

In April 2023, the HCF Unit announced the largest-ever coordinated law enforcement action in the United States targeting health care fraud schemes that exploited the COVID-19 pandemic. The announcement built on the successes of the 2022 and 2021 COVID-19 enforcement actions and involved criminal charges brought against 18 defendants for fraud schemes involving health care services that exploited the COVID-19 pandemic, resulting in over \$490 million in COVID-19 related false billings. The charges included the submission of fraudulent claims for laboratory testing, billing for services allegedly provided to uninsured individuals but not rendered, defrauding the Provider Relief Fund by misappropriating funds intended for frontline medical providers, creating and distributing fake COVID-19 vaccination record cards, and first-of-their-kind charges against suppliers of COVID-19 over-the-counter tests. In one of the most significant types of COVID-19 health care fraud schemes announced as part of the enforcement action, multiple defendants were charged with defrauding the Health Resources and Services Administration (HRSA) COVID-19 Uninsured Program, which was designed to prevent the further spread of the pandemic by providing access to uninsured patients for testing and treatment.

Health Care Fraud Unit

Enforcement Actions

NATIONAL HEALTH CARE FRAUD ENFORCEMENT ACTION

In June 2023, the Fraud Section and U.S. Attorneys' Office partners charged over \$2.5 billion in false and fraudulent claims in a nationwide coordinated law enforcement action. Certain trends and themes emerged in the enforcement action. First, these cases reflect the HCF Unit's priority in attacking schemes that affect vulnerable populations, such as the elderly, opioid-dependent patients, and patients at risk of contracting HIV. Second, these cases underscore the Department's focus on preventing fraud involving pharmaceuticals, telemedicine, lab testing, and durable medical equipment. Finally, these cases showcase the HCF Unit's commitment to working with all available federal, state, and regulatory partners to stop schemes in their tracks, prevent waste, and preserve taxpayer funds, including several significant matters prosecuted by State Attorneys General and Medicaid Fraud Control Units, as well as 90 Medicare and Medicaid revocations and billing suspensions.

MORE THAN 78 | DEFENDANTS CHARGED **MORE THAN \$3 M | SEIZED**

MORE THAN 17 | JUDICIAL DISTRICTS **MORE THAN \$2.5 bn | of ALLEGED LOSS**

Health Care Fraud Unit

Significant Initiatives

DATA ANALYTICS TEAM

In 2023, the HCF Unit's investment in proactive data analytics paid dividends in the resolution of several high-profile matters and the seizure of millions of dollars for the American taxpayers, a significant return on investment. The Data Analytics Team completed 2,968 data requests and 223 proactive investigative referrals.

In one example, the HCF Unit employed advanced data analytic tools to identify defendants who were suspected of defrauding the CARES Act Provider Relief Fund, which was designed to provide needed financial resources to medical professionals on the front lines of treating patients stricken with COVID-19. In reality, the investigation unveiled that some professionals did not have any expenses related to the treatment or care of COVID-19 and had misappropriated the money for personal expenses. Twelve of the fourteen defendants charged in connection with this initiative have been convicted.

In another example, the Fraud Section data team took a close look at laboratories that were billing Medicare for respiratory pathogen panel (RPP) testing in conjunction with COVID-19 testing. This was a focus of the data team's inquiry because almost immediately after the pandemic began, data analytics had identified a suspicious spike in labs billing for expensive (and rarely needed) RPP tests. It was apparent that labs were leveraging the opportunity to test for COVID-19 to bill for unnecessary tests.

Health Care Providers Lab (HCPL), located in the Los Angeles area, was an extreme outlier for billing the CPT codes for RPP testing. The analysis showed that all of these codes were almost always combined with the codes for COVID-19 tests, patient addresses were sometimes clustered, and that large groups of patients were referred to the lab by the same doctors. This led the HCF Unit to open an investigation.

The investigation showed that the lab was under the control of Imran Shams and his wife Lourdes Navarro. HCPL obtained nasal swab specimens from residents and staff at nursing homes, assisted living facilities, and rehabilitation facilities, as well as from students and staff at primary and secondary schools, for the purported purpose of conducting screening tests to identify and isolate individuals infected with COVID-19. However, Navarro directed HCPL staff to perform RPP tests on some of the specimens, even though only COVID-19 testing had been ordered by medical providers, and even though there was no medical justification for conducting RPP tests on asymptomatic individuals who needed only COVID-19 screening tests.

Through HCPL, Navarro caused the submission of approximately \$359 million in fraudulent claims for the RPP tests to Medicare, the Health Resources and Services Administration COVID-19 Uninsured Program, and a private health insurance company. These programs reimbursed HCPL approximately \$54 million. After being charged, Shams and Navarro both pleaded guilty in 2023. The government also seized and forfeited over \$15 million in assets, a huge return for the taxpayers based on a small investment in data resources. Shams was sentenced to ten years imprisonment and Navarro awaits sentencing.

Health Care Fraud Unit

NATIONAL RAPID RESPONSE STRIKE FORCE

In 2023, prosecutors on the National Rapid Response Strike Force (NRRSF) investigated and prosecuted some of the country's largest and most complex health care fraud cases, including those involving fraudulent telemedicine schemes, COVID-19 programs, wholesale pharmaceutical distribution, and corporate wrongdoing. The NRRSF, which was created in 2020 to respond to emerging health care fraud trends and prosecute the most significant health care fraud cases nationwide, has grown to twelve prosecutors based in Washington, DC, and other strategic locations across the country.

The NRRSF coordinates with U.S. Attorneys' Offices and federal and state law enforcement partners around the country to bring significant, multi-jurisdictional law enforcement actions, such as the June 2023 National Health Care Fraud Enforcement Action, and, with the Gulf Coast Strike Force, the April 2023 National COVID-19 Health Care Fraud Enforcement Action.

In 2023, among other cases, NRRSF prosecutors obtained significant sentences against owners and managers of rural hospitals and billing companies who defrauded insurance companies of millions of dollars by billing them for medically unnecessary urine testing (Perez et al.); obtained an eight-year sentence of a Silicon Valley technology company executive (Schena); charged software company executives with an over \$1 billion fraud in which they used an internet-based platform to allegedly generate false and fraudulent doctors' orders for medically unnecessary orthotic braces in exchange for illegal kickbacks and bribes (Blackman et al.); charged the owner and corporate officer of a pharmaceutical wholesale distribution company for a \$150 million fraud scheme in which the company allegedly purchased illegally diverted prescription HIV medication and then resold the medication by falsely representing that the company acquired it through legitimate channels (Diamantstein); charged a former executive of HealthSun with defrauding CMS of millions of dollars by allegedly orchestrating the submission of false and fraudulent information to CMS about the company's Medicare Advantage plan enrollees (Valle Boza), and issued a declination to HealthSun (HealthSun CEP declination).

Health Care Fraud Unit

TELEMEDICINE FRAUD INITIATIVE

The HCF Unit continues to focus on wrongdoers who exploit the proliferation of telemedicine to expand the reach of their fraud schemes. In the last five years, and particularly since the onset of COVID, fraud schemes utilizing telemedicine have exploded, and the HCF Unit has responded accordingly. Since 2019, the HCF Unit has led six 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 following that these law enforcement actions.

In these telemedicine schemes, call centers and other marketers, located in the United States and abroad, are alleged to have targeted the elderly and disabled either through predictive dialers or with direct mail, television, Internet, and other forms of advertising to induce them to contact offshore call centers. These call centers are allegedly staffed by individuals who “up-sold” the elderly and disabled on unnecessary durable medical equipment, genetic and other diagnostic testing, prescription pain and other skin creams, and other items. These call centers are alleged to have gathered the personal identifiable and health information necessary to draft doctors’ orders without the input of trained medical professionals or staff. This sensitive information is alleged then to have been sent to telemedicine companies. Telemedicine company executives, directly or through staffing companies, are alleged to have offered remuneration to doctors and nurse practitioners to order unnecessary medical equipment, prescriptions, and/or testing, either without any patient interaction at all, or with only a brief telephonic conversation with patients they have never met or seen. The signed doctors’ orders are allegedly used to bill Medicare and other health insurance plans. Proceeds of these telemedicine fraud schemes frequently are alleged to have been laundered through shell corporations and foreign banks and used for the personal benefit of those involved. Prosecutions brought by the HCF Unit aim to provide full-spectrum accountability of actors at all levels of these conspiracies, including medical professionals, laboratory owners, durable medical equipment company owners, purported marketers, and corporate executives of the telemedicine companies.

United States v. Hernandez (S.D. Fla.)

In September 2023, after a five-day trial, a jury found Florida nurse practitioner Elizabeth Hernandez guilty of multiple federal crimes for signing orders for durable medical equipment (DME) and genetic tests without regard to medical necessity, resulting in the submission of over \$200 million in false and fraudulent claims to Medicare, of which Medicare paid over \$100 million to various DME suppliers and genetic test labs. Hernandez was sentenced to twenty-years imprisonment in December 2023.

According to court documents and evidence presented at trial, Hernandez signed thousands of orders for durable medical equipment and genetic testing, each of which contained false certifications that she had personally examined the patients. After the COVID-19 pandemic caused Medicare to loosen rules for telemedicine billing, Hernandez charged Medicare as though she was conducting lengthy office visits for many of these patients that she never spoke to. On some days, Hernandez billed Medicare as though she were conducting over 100 hours of office visits in a single day. The evidence further showed Hernandez herself didn't even sign many of the orders themselves, but rather shared her password with her friend who logged into various platforms and signed hundreds of orders using Hernandez's name.

United States v. Minal Patel (S.D. Fla.)

In August 2023, Minal Patel was sentenced to 27 years in prison. Patel was also ordered to forfeit over \$187 million in health care fraud proceeds, including over \$30 million seized from personal and corporate bank accounts, a 2018 Red Ferrari Spider, a 2019 Land Rover Range Rover, and real property. After a two-week jury trial in December 2022, Patel was found guilty of multiple federal crimes for spearheading a kickback, fraud, and money laundering scheme involving expensive genetic tests and fraudulent telemedicine services that resulted in the submission of over \$463 million in false and fraudulent claims to Medicare, of which Medicare paid over \$187 million to Patel's company LabSolutions LLC (LabSolutions).

According to court documents and evidence presented at trial, Patel conspired with patient brokers, telemedicine companies, and call centers to target Medicare beneficiaries with telemarketing calls falsely stating that Medicare covered the genetic tests. The evidence further showed that after the Medicare beneficiaries agreed to take a test, Patel paid kickbacks and bribes to obtain signed doctors' orders authorizing the tests from telemedicine companies. These doctors approved the expensive testing even though they were not treating the beneficiary for cancer or symptoms of cancer, and often without speaking to the beneficiary. To conceal the kickbacks, Patel required patient brokers to sign contracts that falsely stated that they were performing legitimate advertising services for LabSolutions.

OPIOID ABUSE INITIATIVE

The Fraud Section leads the Prescription Strike Force. 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 85 defendants have been convicted.

United States v. Jay Sadrinia (E.D.K.Y.)

In June 2023, after a five-day trial, a jury found Kentucky dentist Jay Sadrinia guilty of unlawfully prescribing morphine to a patient. The jury further found that the unlawful prescription resulted in the patient’s death by overdose, which carries a mandatory minimum sentence of 20 years imprisonment.

According to court documents and evidence presented at trial, Sadrinia prescribed over 100 opioid pills to his patient (who was a recovering heroin addict) over the course of about 10 days. The evidence further showed that Sadrinia had been repeatedly warned about overprescribing, and expert testimony established that his prescriptions to the charged patient and others were well outside the course of professional practice and without a legitimate medical purpose.

Surveillance video and evidence collected at the scene of the overdose established that the patient swallowed the pills prescribed by Sadrinia shortly before her death. A toxicology report and autopsy demonstrated that the morphine prescribed by Sadrinia was a but-for cause of the patient’s overdose.

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

In April 2023, after a four-day trial, a jury found Tennessee nurse practitioner Jeffrey Young guilty of multiple counts of prescribing controlled substances outside the course of professional practice and without a legitimate medical purpose, including several prescriptions to a pregnant woman. In addition, he was convicted of one count of maintaining a drug-involved premises.

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 “back door” 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

SOBER HOMES INITIATIVE

In September 2020, the Criminal Division announced the Sober Homes Initiative, the first coordinated enforcement action in Department history focused on fraud schemes in the substance abuse treatment industry. Led by the National Rapid Response, Los Angeles, and Florida Strike Forces, with the participation of the United States Attorneys' Offices for the Central District of California and the Southern District of Florida, the initiative focuses on schemes intended to exploit patients suffering from addiction.

Since its inception, the Sober Homes Initiative has resulted in charges and guilty pleas or convictions involving 29 criminal defendants in connection with over \$1 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. In 2023, six defendants were sentenced that were charged in three prior indictments or informations to which they pled guilty, including two doctors, and in the largest addiction treatment fraud case ever charged by the Department of Justice, Dr. Michael Ligotti was sentenced in January 2023.

United States v. Peter Port (S.D. Fla.)

In May 2023, Peter Port pleaded guilty to one count of conspiracy to commit health care fraud based on his conduct as the owner of an addiction treatment facility, Safe Haven, in Miami. Mr. Port was sentenced to 108 months in prison in October 2023. Three other defendants in this case were also sentenced in October 2023.

As charged in the superseding indictment and detailed in other court documents and filings, from approximately March 2015 until September 2019, Safe Haven, which was owned and operated by Peter Port, billed private insurance companies over \$75 million for fraudulent addiction treatment services, including bogus therapy, urine drug tests, and prescription drugs, resulting in payments of more than \$15 million. Port and his co-conspirators used kickbacks and other inducements (such as free rent, airfare, and drugs) to secure a patient population, often using patient recruiters. Once the patients were admitted, they were billed for bogus treatment that was systematically not provided, and were subjected to medically unnecessary urine drug tests, as well as the improper prescription of potentially dangerous controlled substances. Patients were allowed to use illegal drugs without consequence or any meaningful change in treatment.

Health Care Fraud Unit

CRIMINAL DIVISION CORPORATE ENFORCEMENT AND VOLUNTARY SELF-DISCLOSURE POLICY (CEP) DECLINATION

HealthSun Health Plans, Inc.

In October 2023, the Fraud Section issued a declination letter to HealthSun Health Plans, Inc. (HealthSun), a South-Florida Medicare Advantage Organization owned by Elevance Health, Inc., relating to a scheme involving the submission of false and fraudulent information to the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services (CMS) in order to increase the amount that CMS paid to HealthSun for providing Medicare benefits to certain of HealthSun's Medicare Advantage enrollees.

HealthSun voluntarily self-disclosed the criminal conduct to the Fraud Section, fully remediated, and fully cooperated with the Department's investigation, including by providing information obtained by the companies' imaging of several business and personal cell phones. HealthSun agreed to repay CMS the approximately \$53 million that the government determined CMS had overpaid HealthSun as a result of the fraud scheme.

At the same time as the announcement of the declination, the HCF Unit secured the indictment of a former executive of HealthSun for allegedly orchestrating the scheme to submit false and fraudulent information to increase the amount that CMS paid to HealthSun.

Health Care Fraud Unit

Significant Trials, Pleas, and Sentences

United States v. Jorge and Ricardo Perez (M.D. Fla.)

In December 2023, brothers Jorge and Ricardo Perez were sentenced to 100 months and 75 months imprisonment, respectively, for their roles in a multi-state scheme to defraud insurance companies by using rural hospitals to bill for laboratory testing that was not reimbursable and not medically necessary. Over more than a two-year period, the scheme resulted in the submission of approximately \$933 million in claims to insurers for definitive urine drug tests, of which the insurers paid nearly \$150 million. The sentences followed the Perezes' convictions in June 2022, after a four-week trial, of conspiracy to commit health care fraud and wire fraud, substantive counts of health care fraud, and conspiracy to commit money laundering.

According to court documents and evidence presented at trial, Jorge Perez, an owner and manager of hospitals and the owner of a billing company, and Ricardo Perez, the manager of a billing company, targeted and obtained control over financially distressed rural hospitals in Florida and Missouri in order to submit claims through the hospitals rather than through a group of independent laboratories where most of the testing took place. The claims were submitted in such a way that it falsely appeared the hospitals themselves performed the testing, so the conspirators could take advantage of in-network insurance contracts that provided significantly higher reimbursement rates to the hospitals than to the independent laboratories. The evidence further showed that much of the testing was for vulnerable addiction treatment patients and patients of pain clinics, with samples often obtained through kickbacks paid to recruiters and substance abuse treatment facilities.



United States v. Mark Schena (N.D. Cal.)

In October 2023, Mark Schena, the president of Arrayit Corporation, a publicly traded Silicon Valley-based medical technology company, was sentenced to eight years imprisonment for his trial conviction on a scheme to mislead investors, commit health care fraud, and pay illegal kickbacks in connection with the submission of over \$77 million in false and fraudulent claims for COVID-19 and allergy testing. This was the first COVID-19 securities fraud case charged by the DOJ, the first COVID-19 health care fraud case to go to trial, and the first conviction at trial on Eliminating Kickbacks in Recovery Act kickback charges outside of the addiction rehabilitation context.

Schena engaged in a scheme to defraud Arrayit's investors by claiming that he had invented revolutionary technology to test for virtually any disease using only a few drops of blood. Schena also orchestrated an illegal kickback and health care fraud scheme that involved submitting fraudulent claims to Medicare and private insurance for unnecessary allergy testing. In early 2020, Schena then falsely announced that Arrayit "had a test for COVID-19" based on Arrayit's blood testing technology, before developing such a test, and orchestrating a deceptive marketing scheme that falsely claimed that Dr. Anthony Fauci and other prominent government officials had mandated testing for COVID-19 and allergies at the same time, while returning inaccurate COVID-19 test results to patients.

United States v. Lazaro Hernandez (S.D. Fla.)

In June 2023, Lazaro Hernandez was sentenced to 15 years in prison for distributing more than \$230 million in adulterated HIV drugs that were ultimately dispensed to unsuspecting patients throughout the country.

According to court documents, Hernandez was part of a nationwide scheme to defraud the U.S. Food and Drug Administration (FDA). Hernandez and his co-conspirators acquired large quantities of HIV medication illegally—often directly from vulnerable Medicare and Medicaid patients—and then created false drug labeling and other documentation to make it appear as though these high-priced drugs had been obtained legitimately. To carry out the scheme, Hernandez and co-conspirators established licensed wholesale drug distribution companies in Florida, New Jersey, Connecticut, and New York. Hernandez and his co-conspirators used those companies to sell the adulterated drugs at steep discounts to other co-conspirators at wholesale pharmaceutical distributors in Mississippi, Maryland, and New York. Those wholesale pharmaceutical distributors then resold the drugs to pharmacies throughout the country, which billed the drugs to health insurers, including Medicare, and dispensed the adulterated and misbranded HIV medication to unsuspecting patients.

United States v. Steven King (E.D. Mich.)

In June 2023, a federal jury convicted Steven King of conspiracy to commit health care fraud and wire fraud as a result of his role as the Chief Compliance Officer (CCO) of A1C Holdings, LLC, a pharmacy holding company, that fraudulently billed Medicare over \$50 million for dispensing lidocaine and diabetic testing supplies which Medicare beneficiaries did not need or want. King and his co-conspirators took several steps to conceal their scheme, including enrolling their mail order pharmacies as brick-and-mortar retail locations to evade more rigorous oversight, shipping prescription refills for high-reimbursing medications and supplies without patient consent, concealing the ownership of A1C Holdings LLC and its pharmacies, and transferring patients among pharmacies without patient consent. As CCO, King was in a unique position to prevent and report the fraudulent scheme, but he used his position to defraud Medicare instead.

United States v. Victor Kirk (M.D. La.)

In January 2023, Victor Kirk was sentenced to 82 months in prison following his convictions for conspiracy to commit health care fraud and health care fraud relating to a scheme to defraud the Louisiana Medicaid Program of over \$1.8 million and causing false medical diagnoses of children.

According to court documents and evidence presented at trial, Kirk was the Chief Executive Officer (CEO) of St. Gabriel Health Clinic, Inc., a Louisiana non-profit corporation that provided health care services to Medicaid recipients. St. Gabriel operated in local elementary and high schools to provide routine medical services. Evidence at trial showed that St. Gabriel practitioners, at Kirk's direction, also provided educational programs—including a program called "Character Counts!"—to entire classrooms of students during regular class periods. These educational classes taught students character traits such as respect and trustworthiness. However, evidence at trial showed that for several years, Kirk caused the fraudulent billing of these programs to Medicaid as group psychotherapy. The evidence further showed that to facilitate the fraudulent scheme, Kirk directed that St. Gabriel practitioners falsely diagnose students, including children as young as kindergartners, with serious mental health disorders, such as impulse control disorder and attention deficit disorder. From 2011 through 2015, Kirk caused over \$1.8 million in fraudulent claims for purported group psychotherapy services. A federal jury convicted Kirk after a six-day trial. Two other defendants pled guilty as part of the scheme.

Market Integrity and Major Frauds Unit



The Market Integrity & Major Frauds (MIMF) Unit's approximately 45 prosecutors investigate and prosecute a wide variety of complex financial fraud schemes across four distinct concentrations: (1) securities and commodities fraud; (2) cryptocurrency-related fraud; (3) consumer and investment fraud; and (4) fraud involving federal programs, including pandemic relief and government procurement fraud and bribery. Working in parallel with its regulatory partners, as well as domestic and international law-enforcement agencies, the MIMF Unit handles a broad array of sophisticated fraud schemes, including market manipulation schemes, corporate accounting fraud, insider trading, cryptocurrency scams, large-scale investment frauds, and fraud in connection with the Coronavirus Aid, Relief, and Economic Security Act programs and other federal benefits programs.

Working in parallel with its regulatory partners, as well as domestic and international law-enforcement agencies, the MIMF Unit handles a broad array of sophisticated fraud schemes, including market manipulation schemes, corporate accounting fraud, insider trading, cryptocurrency scams, large-scale investment frauds, and fraud in connection with the Coronavirus Aid, Relief, and Economic Security Act programs and other federal benefits programs. In these areas, the MIMF Unit focuses on investigating and prosecuting the most culpable individuals involved in wrongdoing, including those at the highest levels of corporate leadership, attorneys, and other bad actors.

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

MIMF Unit Statistics 2023

INDIVIDUAL
PROSECUTIONS



83 Individuals
CHARGED

73 Individuals
CONVICTED

11 Individuals
CONVICTED AT TRIAL



CORPORATE
RESOLUTIONS

2 CORPORATE RESOLUTIONS Involving the Imposition of:



Total U.S. Criminal Monetary Amounts of more than **\$32.2 million**

Market Integrity and Major Frauds Unit

Significant Initiatives

SECURITIES AND COMMODITIES FRAUD

The MIMF Unit continued to focus on prosecuting securities and commodities fraud and manipulation schemes, particularly those perpetrated by senior executives. For example, MIMF prosecutors charged the CEO and Chairman of Ontrak, Inc., a publicly traded health care company, in the first-ever insider-trading case based exclusively on an executive's use of Rule 10b5-1 trading plans. MIMF prosecutors also charged a former insurance executive with allegedly masterminding and directing a \$2 billion fraud scheme that involved deceiving state insurance regulators and defrauding thousands of policyholders; three executives of Austal USA LLC, a shipbuilder for the U.S. Navy, for allegedly orchestrating a multimillion-dollar accounting fraud scheme; and a Wall Street director and head bond trader for his alleged role in a scheme to manipulate the U.S. Treasuries market. In addition, MIMF prosecutors secured the guilty pleas of a biotech-company CEO in connection with his scheme to defraud investors about the purported development of a new, blood-based COVID-19 test; and a former SEC attorney and his co-conspirator for their roles in a penny-stock manipulation scheme.

Prioritizing deterrence in white-collar crime, MIMF prosecutors also secured an eight-year prison sentence for the President of a Silicon Valley-based medical technology company who participated in a scheme to defraud investors and a scheme to commit health care fraud and pay illegal kickbacks in connection with the submission of over \$77 million in claims for COVID-19 and allergy testing. And as part of the Unit's continued emphasis on prosecuting manipulation and fraud in the commodities markets in 2023, MIMF prosecutors charged and secured the guilty plea of the former CEO of an investment firm in the first-ever criminal charge against a commodities trading advisor and commodities pool operator for a "cherry-picking" scheme involving cryptocurrency futures contracts.

CRYPTOCURRENCY FRAUD

The MIMF Unit also prosecuted a broad array of fraud and manipulation schemes within the cryptocurrency markets, including schemes exploiting decentralized finance as well as those utilizing automated trading systems. MIMF prosecutors charged four founders of Forsage, a purportedly decentralized finance (DeFi) cryptocurrency investment platform, in the first-ever criminal fraud case involving a DeFi Ponzi scheme, for their alleged roles in a global \$340 million Ponzi and pyramid scheme; and five individuals, including two CEOs, a CTO, and a Chief of Financial Engineering, in an alleged \$2 million virtual asset and securities manipulation scheme that used a trading “bot” to place thousands of bogus “spoof” orders and wash trades to manipulate the market for the HYDRO token on the Ethereum blockchain platform and reap illicit trading profits. MIMF prosecutors also secured the guilty plea of a former investment banker and registered broker for his role in a scheme to defraud and misappropriate the funds of clients of a purported cryptocurrency investment fund he operated.

FEDERAL PROGRAMS AND PROCUREMENT FRAUD

MIMF Unit prosecutors also prioritized their efforts to combat fraud in federal government programs and procurement that resulted in substantial losses to the government. In 2023, MIMF prosecutors charged two businessmen for an alleged kickback scheme to fraudulently steer and award subcontracts by a major engineering firm for work on nuclear weapons manufacturing projects; and a former professional wrestler, Theodore DiBiase, Jr., for allegedly conspiring with several others to fraudulently misappropriate millions of dollars in federal safety-net funds, including from The Emergency Food Assistance Program and the Temporary Assistance for Needy Families Program, intended for needy families and low-income individuals in Mississippi. In addition, MIMF prosecutors continued to hold accountable fraudsters who exploited federal COVID-19 pandemic-relief programs, including by securing the trial conviction of a Texas man for his role in a \$35 million scheme to fraudulently obtain, and launder the proceeds of, forgivable Paycheck Protection Program loans guaranteed by the Small Business Administration.

CONSUMER AND INVESTMENT FRAUD

MIMF Unit prosecutors 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 2023, MIMF prosecutors obtained trial convictions against the former CEO, President, and COO of Outcome Health, a Chicago-based health technology start-up company, for their roles in a \$1 billion-dollar fraud scheme targeting the company's clients, lenders, and investors. In addition, MIMF prosecutors secured the trial conviction of four men for their roles in a global investment-fraud and money-laundering scheme that cheated victims out of more than \$18 million through an entity known as the Brittingham Group. MIMF prosecutors also secured the guilty plea of the CEO of Highguard Capital, a hedge fund management company, for his role in a years-long, multimillion-dollar Ponzi scheme. In addition, MIMF prosecutors charged a Texas couple for allegedly operating an illegal pyramid scheme, called Blessings in No Time (BINT), that targeted the African-American community during the COVID-19 pandemic and defrauded thousands of participants of more than \$10 million. Finally, MIMF prosecutors obtained a six-year prison sentence of a Florida man for his role in orchestrating a \$55 million investment fraud scheme that defrauded more than 10,000 victims.

COVID-19 RELIEF FRAUD

The MIMF Unit spearheaded the Department's effort to combat fraud in connection with the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program, which were created by Congress in the Coronavirus Aid, Relief, and Economic Security (CARES) Act in late March 2020 to assist American businesses that were suffering from the economic impact of the COVID-19 pandemic. MIMF prosecutors have handled a wide range of cases in this area, including matters focused on employees of financial institutions and large PPP fraud rings. The initiative is ongoing and has leveraged the Unit's expertise in data-driven investigations, an approach that also has been deployed in other areas of the Unit's work.

In 2023, Fraud Section prosecutors charged 40 individuals in CARES Act cases, alleging intended losses in excess of \$89 million. The MIMF Unit led four trials of PPP fraud defendants across multiple districts, yielding four convictions, and resolved a significant volume of additional cases through plea agreements. Since the program's inception, the Fraud Section and its law-enforcement partners have charged nearly 250 defendants in over 130 criminal cases related to CARES Act programs and seized almost \$85 million in cash proceeds together with numerous real-estate properties and luxury items purchased with such proceeds.

PPP and CARES Act Enforcement | 2020 - 2023

MORE THAN **250** | DEFENDANTS CHARGED

MORE THAN **\$520 MILLION** | of INTENDED LOSS

MORE THAN **\$85 MILLION** | of SEIZED / FROZEN FUNDS

Market Integrity and Major Frauds Unit

Significant Corporate Resolutions

United States v. Sterling Bancorp, Inc. (E.D. Mich.)

In April 2023, Sterling Bancorp, Inc., the holding company for its wholly owned subsidiary Sterling Bank & Trust F.S.B. (Sterling), pleaded guilty in the Eastern District of Michigan to one count of securities fraud for filing false securities statements relating to its 2017 initial public offering and 2018 and 2019 annual filings. According to the plea agreement, Sterling originated fraudulent residential mortgages under its Advantage Loan Program in a years-long scheme and then artificially inflated its revenues based upon the program as the bank went public. As part of the resolution, Sterling Bancorp., Inc. agreed that the misconduct caused more than \$69 million in losses to non-insider victim-shareholders and agreed to pay more than \$27.2 million in restitution. A former managing director of residential lending and two loan officers previously pleaded guilty in connection with the underlying Advantage Loan Program fraud. They currently await sentencing

United States v. IRB Brasil Resseguros SA, aka IRB Brasil RE

In April 2023, a publicly traded Brazilian reinsurance company, IRB Brasil Resseguros SA, aka IRB Brasil RE (IRB), with shareholders around the world including the United States, entered into a non-prosecution agreement (NPA) to resolve the government's investigation into a securities fraud scheme to fraudulently prop up IRB's stock price by spreading false information that U.S. investment firm Berkshire Hathaway Inc. had invested in the company. As part of the NPA, IRB agreed to pay \$5 million in victim compensation. IRB's former CFO was previously charged in connection with the scheme and remains a fugitive

Market Integrity and Major Frauds Unit

Significant Trials, Charges, and Guilty Pleas

Trials

United States v. Rishi Shah, Shradha Agarwal, and Brad Purdy (N.D. Ill.)

In April 2023, following a three-month trial, a federal jury convicted three former executives of Outcome Health (Outcome), a Chicago-based health technology start-up company, for their roles in a fraud scheme that targeted the company's clients, lenders, and investors and involved approximately \$1 billion in fraudulently obtained funds. Rishi Shah was the co-founder and CEO of Outcome; Shradha Agarwal was its President; and Brad Purdy was its CFO and COO. Outcome installed television screens and tablets in doctors' offices around the United States and then sold advertising space on those devices to clients, most of whom were pharmaceutical companies. According to the evidence presented at trial, the defendants sold advertising inventory the company did not have to Outcome's clients, and then under-delivered on its advertising campaigns while still invoicing its clients as if it had delivered in full. The defendants lied or caused others to lie to conceal the under-deliveries from clients and make it appear as if the company was delivering advertising content to the number of screens in the clients' contracts. The scheme targeting Outcome's clients began in 2011, lasted until 2017, and resulted in at least \$45 million of overbilled advertising services. In addition, the defendants were convicted of defrauding Outcome's lenders and investors. The under-delivery to Outcome's clients resulted in a material overstatement of Outcome's revenues for the years 2015 and 2016. The defendants used the inflated revenue figures in Outcome's 2015 and 2016 audited financial statements to raise hundreds of millions of dollars in debt financing, which yielded substantial dividends to both Shah and Agarwal.

The defendants currently await sentencing.

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



United States v. John Nock, Brian Brittsan, Kevin Griffith, and Alexander Ituma (W.D. Ark.)

In September 2023, a federal jury convicted four men for their roles in an investment-fraud and money-laundering conspiracy that cheated victims out of more than \$18 million. According to the evidence presented at trial, the defendants conspired to engage in an investment-fraud scheme through an entity known as “The Brittingham Group,” which John Nock founded. Together, the defendants falsely represented the nature of their investment offerings and promised outsize returns to victims that, in reality, they could not and did not produce. To promote and conceal the conspiracy, Nock and Brian Brittsan directed victims to send their money to bank accounts that Kevin Griffith, Alexander Ituma, and other co-conspirators controlled. Once the money was in the hands of the co-conspirators, the defendants transferred victim money through a complex web of worldwide bank accounts.

The defendants currently await sentencing.

Charges

United States v. Vladimir Okhotnikov, Olena Oblamska, Mikhail Sergeev, and Sergey Maslakov (D. Or.)

In February 2023, MIMF prosecutors charged four founders of Forsage, a purportedly decentralized finance (DeFi) cryptocurrency investment platform, for their roles in a global Ponzi and pyramid scheme. According to court documents, the defendants, all Russian nationals, allegedly touted Forsage as a decentralized matrix project based on network marketing and “smart contracts,” which were self-executing contracts on the blockchain. As alleged in the indictment, the defendants aggressively promoted Forsage to the public through social media as a legitimate and lucrative business opportunity, but in reality, the defendants operated Forsage as a Ponzi and pyramid investment scheme that took in approximately \$340 million from victim-investors around the world.

The defendants currently remain at large.

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

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

In February 2023, MIMF prosecutors charged a North Carolina man with allegedly masterminding and directing a \$2 billion scheme to deceive state insurance regulators and defraud thousands of policyholders and others in connection with insurance companies he controlled. According to court documents, from no later than 2016 through at least 2019, Greg Lindberg, together with others, allegedly deceived the North Carolina Department of Insurance and other regulators, evaded regulatory requirements meant to protect policyholders, concealed the true financial condition of his insurance companies, and improperly used insurance company funds for his personal benefit. In particular, the indictment alleges that Lindberg personally benefitted from the fraud in part by using insurance company funds to finance his lavish lifestyle, including the purchase and refinancing of personal real estate and “forgiving” more than \$125 million in loans from his affiliated companies to himself.

The defendant currently awaits trial. The Fraud Section partnered on this case with the U.S. Attorney’s Office for the Western District of North Carolina.

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

In March 2023, MIMF prosecutors charged Terren S. Peizer, the CEO and Chairman of the Board of Directors of Ontrak Inc. (Ontrak), a publicly traded health care company, for allegedly engaging in an insider-trading scheme in which he fraudulently used Rule 10b5-1 trading plans to trade Ontrak stock. According to court documents, between May and August 2021, Peizer allegedly avoided more than \$12.5 million in losses by entering into two Rule 10b5-1 trading plans while in possession of material, nonpublic information concerning the serious risk that Ontrak’s then-largest customer would terminate its contract. In May 2021, Peizer allegedly entered into his first 10b5-1 trading plan shortly after learning that the relationship between Ontrak and the customer was deteriorating and that the customer had expressed serious reservations about continuing its contract with Ontrak. The indictment alleges that Peizer later learned that the customer informed Ontrak of its intent to terminate the contract. Then, in August 2021, Peizer allegedly entered into his second 10b5-1 trading plan approximately one hour after Ontrak’s chief negotiator for the contract confirmed to Peizer that the contract likely would be terminated. Six days later, Ontrak announced that the customer had terminated its contract, and Ontrak’s stock price declined by more than 44%. The indictment represents the first time that the Department has brought criminal insider-trading charges based exclusively on an executive’s use of 10b5-1 trading plans. The investigation is part of a data-driven initiative led by the Fraud Section to identify executive abuses of 10b5-1 trading plans.

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.

United States v. Craig Perciavalle, Joseph Runkel, and William Adams (S.D. Ala.)

In March 2023, MIMF prosecutors charged three Alabama men with allegedly orchestrating an accounting-fraud scheme at Austal USA LLC, a Mobile-based shipbuilder that constructs vessels for the U.S. Navy, including the Independence-class Littoral Combat Ship (LCS). Austal USA is a wholly owned subsidiary of Austal Limited, an Australian company that is traded over the counter in the United States via American Depositary Receipts, as well as on the Australian Securities Exchange. Craig Perciavalle was Austal USA's President; Joseph Runkel was its Director of Financial Analysis; and William Adams was its Program Director over the LCS program. According to court documents, from at least in or around 2013 through at least in or around July 2016, the defendants and their co-conspirators allegedly conspired to mislead Austal Limited's shareholders and the investing public about Austal USA's financial condition. Specifically, the defendants are alleged to have artificially reduced and suppressed an accounting metric known as "estimate at completion" (EAC) in relation to multiple LCS ships that Austal USA was building for the U.S. Navy. Suppressing the EACs allegedly falsely overstated Austal Limited's reported earnings in its public financial statements. When the higher costs were eventually disclosed to the market, the stock price was significantly negatively impacted and Austal Limited wrote down over \$100 million.

The defendants 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. Jeyakumar Nadarajah (D. N.J.)

In November 2023, MIMF prosecutors charged a Wall Street bond trader for an alleged scheme to manipulate the U.S. Treasuries market. According to court documents, between approximately April 2018 and May 2019, Jeyakumar Nadarajah, who was employed as a director at a bank in New York and head of the desk that was responsible for trading U.S. Treasuries, allegedly engaged in a scheme to mislead market participants in the secondary (or cash) market for U.S. Treasuries. Nadarajah is alleged to have engaged in a spoofing and layering scheme that involved placing orders that he did not intend to execute in order to create the appearance of false supply and demand, and to fraudulently induce other market participants to trade at prices, quantities, and times that they otherwise would not have traded.

The defendant currently awaits trial.

Guilty Pleas

United States v. Michael Gaspie (D. Neb.)

In February 2023, MIMF prosecutors secured a guilty plea by a man who orchestrated an investment-fraud scheme that defrauded more than 10,000 victims of over \$55 million. According to court documents, Michael Gaspie marketed an investment opportunity under the name “CoinDeal” or “Coin Deal.” Gaspie claimed that CoinDeal would yield extremely high returns on the premise that one or more his co-conspirator’s technology companies was about to be acquired by a consortium of wealthy buyers. To entice investors to put money into CoinDeal, Gaspie falsely promised that in the event the returns from CoinDeal failed to materialize, he would repay investors their money with seven percent annual interest over three years. In fact, Gaspie knew he had no means of making such repayments. To support his false repayment promise, Gaspie deceptively claimed that he had an exclusive and lucrative contract with AT&T to distribute government-funded phones, and that an app that he developed was being distributed by the Better Business Bureau and would yield over \$400 million in revenue, when he had no such contract or distribution agreement.

Gaspie was sentenced to six years in prison.

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

United States v. Phillip Offill and Justin Herman (E.D. Va.)

In March 2023, MIMF prosecutors secured guilty pleas from two men who conspired to commit securities and wire fraud in connection with a penny-stock manipulation scheme involving over 1,000 investors. One of the defendants, Phillip Offill, was formerly employed as an attorney with the SEC for over 14 years. According to court documents, from at least November 2016 through October 2018, Offill and Justin Herman, together with others, conspired to misappropriate millions of shares of a publicly traded company, MCPI, that held mining claims in Arizona and Idaho. The defendants then fraudulently marketed the shares for sale through third parties, including call centers, who made materially false statements to potential investors, while manipulating the market so that the stock falsely appeared to be trading more actively than it actually was. Offill coordinated the co-conspirators, created and submitted fraudulent documents to gatekeepers such as the Financial Industry Regulatory Authority (FINRA), and knowingly caused two materially false press releases to be issued to fraudulently pump up demand for MCPI stock. Offill, a recidivist, committed the offense involving MCPI stock while on supervised release following a prior conviction and eight-year sentence for his participation in other multimillion-dollar pump-and-dump stock manipulation schemes.

Offill was sentenced to six years in prison.

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

United States v. Peter Kambolin (S.D. Fla.)

In October 2023, MIMF prosecutors secured a guilty plea by the former CEO of an investment firm in connection with a “cherry-picking” scheme in which he fraudulently misappropriated profitable trades to himself and saddled his investors with losses. According to court documents, Peter Kambolin was the owner and CEO of Systematic Alpha Management LLC (SAM), an investment firm that he marketed as offering algorithmic trading strategies involving futures contracts. Between January 2019 and November 2021, Kambolin, who at the time was a commodity trading advisor and a commodity pool operator, fraudulently allocated profits and losses from futures trades in a manner designed to benefit his own accounts unfairly at the expense of his clients. Kambolin also misrepresented to his clients that SAM employed trading strategies focused on cryptocurrency futures contracts and foreign exchange futures contracts when, in reality, approximately half of Kambolin’s trading in each pool involved equity index futures contracts. Kambolin used the proceeds of the scheme to fund personal expenses, including rent for a beachfront apartment, and transferred proceeds to foreign bank accounts his co-conspirator controlled in Belarus and Dominica.

The defendant was sentenced to two years in prison.

United States v. Boruch “Barry” Drillman (D.N.J.)

In December 2023, MIMF prosecutors secured a guilty plea by a real-estate investor who engaged in an extensive multi-year conspiracy to fraudulently obtain over \$165 million in loans and fraudulently acquire multi-family and commercial properties. According to court documents, between 2018 and 2020, Boruch “Barry” Drillman conspired with others to deceive lenders into issuing multi-family and commercial mortgage loans. Drillman and his co-conspirators provided the lenders with fictitious documents, including purchase and sale contracts with inflated purchase prices. As one example in the fraud scheme, Drillman managed BRC Williamsburg Holdings LLC, which purchased multi-family property Williamsburg of Cincinnati in Cincinnati, Ohio for \$70 million. However, Drillman and his co-conspirators utilized a stolen identity to present a lender and Fannie Mae with a purchase and sale contract for \$95.85 million and other fraudulent documents. A title company thereafter performed two closings, one for the true \$70 million sales price and another for the fraudulent \$95.85 million sales price presented to the lender.

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. Keith Berman (D.D.C.)

In December 2023, MIMF prosecutors secured a guilty plea by a biotech CEO in connection with his scheme to defraud investors by making false and misleading statements about the purported development of a new, blood-based COVID-19 test, leading to millions of dollars in investor losses. According to court documents, Keith Berman was the CEO and sole director of Decision Diagnostics Corp. (DECN), a public medical device company. Berman and DECEN were in precarious financial condition in the lead up to the COVID-19 pandemic, and Berman wrote in internal emails that he needed a “new story” to “raise millions.” Faced with these financial difficulties, from February through December 2020, Berman engaged in a scheme to defraud investors by falsely claiming that DECEN had developed a 15-second test to detect COVID-19 in a finger prick sample of blood. Despite his claims to the investing public, Berman knew that no such test existed. Berman also falsely told investors that the Food and Drug Administration (FDA) was on the verge of approving DECEN’s request for emergency use authorization of its purported COVID-19 test. In truth, Berman knew that his company was unwilling and unable to meet the clinical testing required by the FDA but concealed these material facts and misled investors. Berman also obstructed a SEC investigation into his conduct, using a false online identity to surreptitiously direct an investor to write a series of false and threatening letters to the highest levels of SEC management, including the SEC Chairman.

The defendant currently awaits sentencing.

Corporate Enforcement, Compliance, & Policy Unit

The Corporate Enforcement, Compliance, & Policy (CECP) Unit has responsibility for all aspects of the Fraud Section's corporate criminal enforcement practice, including working with and advising prosecution teams on the structural, monetary, and compliance components of corporate resolutions; evaluating corporate compliance programs; 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 2023, CECP participated in 35 corporate resolution-related presentations and oversaw compliance with obligations under corporate resolution agreements for 35 corporate defendants, including 8 independent compliance monitorships. The CECP Unit also: (1) provides advice and assists in drafting and revising the Fraud Section's, Criminal Division's, and Department's corporate criminal enforcement policies; (2) oversees data analytics initiatives for the Fraud Section; (3) responds to and proactively develops legislative and regulatory 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 CECP Unit works closely with litigating unit attorneys during all stages of the corporate criminal resolution process. CECP takes the lead role in evaluating a company's compliance program and internal controls and works closely with litigating unit attorneys in formulating an appropriate offer, obtaining approval, negotiating the corporate resolution, and finalizing the resolution papers.

Compliance and Monitorship Matters

Since the hiring of its first compliance attorney in 2015, the CECP Unit has enhanced the Fraud Section's expertise in compliance and monitorship matters. As of December 2023, the CECP Unit has four dedicated compliance and monitorship experts who work closely together with Fraud Section prosecutors in evaluating companies' compliance programs and determining whether an independent compliance monitor should be imposed as part of a corporate resolution or what level of compliance reporting obligations should be imposed on the company.

The CECP Unit advises prosecution teams on post-resolution matters, including the selection and oversight of monitors and compliance and reporting obligations. The CECP Unit also provides training on compliance and monitorship matters to prosecutors within and outside the Fraud Section and educates the business community on these topics through speaking engagements and policy guidance.

Corporate Enforcement, Compliance, & Policy Unit

White Collar & Corporate Criminal Enforcement Policy

The CECP Unit has responsibility for responding to a high volume of incoming legislative and other proposals, and proactively developing the Section's legislative and regulatory proposals. Over the past several years, Fraud Section and CECP Unit representatives have worked with Criminal Division and Department leadership to develop, revise, and implement corporate enforcement policies aimed at providing greater transparency concerning the Department's approach to corporate criminal enforcement, such as the 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.

Corporate Enforcement Policy

The FCPA Corporate Enforcement Policy was formally adopted and incorporated into the DOJ's Justice Manual in November 2017, and 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 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 2023, the Fraud Section announced three CEP declinations, including the first Health Care Fraud CEP declination.

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

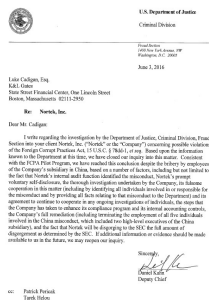
Declinations announced by the Fraud Section can be found on the Fraud Section's website.

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

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, and March 2023. The ECCP sets forth a framework based on three fundamental questions for prosecutors to evaluate corporate compliance programs. The 2023 updates to the ECCP focused primarily on evaluating compensation structures and consequence management and management of communication channels in the context of internal investigations.

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



cc: Patrick Prusak
Tara Hideo

U.S. Department of Justice
Criminal Division
Evaluation of Corporate Compliance Programs
(Updated June 2023)

Mission
The "purpose of Federal Prosecutors' Business Operations" in the Justice Manual describes the factors that prosecutors should consider in evaluating an investigation of a corporate compliance program. The purpose of this guidance is to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program. The purpose of this guidance is to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program. The purpose of this guidance is to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program.

The document is a guidance document for prosecutors. It is intended to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program. The document is a guidance document for prosecutors. It is intended to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program. The document is a guidance document for prosecutors. It is intended to provide guidance on the factors that prosecutors should consider in evaluating a corporate compliance program.

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. This Memorandum, which revises and supersedes the October 11, 2018 Criminal Division memorandum on monitor selection, provides additional clarity on certain factors that prosecutors should consider when assessing the necessity and benefits of a monitor, as well as details concerning the Criminal Division's process for selecting monitors.



 <https://www.justice.gov/criminal/criminal-fraud/file/1100366/dl?inline>




The Criminal Division's Pilot Program Regarding Compensation Incentives and Clawbacks

In March 2023, the Deputy Attorney General announced the Criminal Division's Pilot Program Regarding Compensation Incentives and Clawbacks, which has two parts. The first part requires that all Criminal Division corporate development resolutions include requirements that the resolving company develop compliance-promoting criteria within its compensation and bonus system. The second part of the pilot program provides fine reductions to companies who seek to claw back compensation from corporate wrongdoers.



 <https://www.justice.gov/criminal/criminal-fraud/file/1571941/dl?inline>

Additional Criminal Division and Department-Wide Corporate Enforcement Policies:

- September 2022 Memorandum on Revisions to Corporate Criminal Enforcement Policies
 <https://www.justice.gov/opa/speech/file/1535301/download>
- October 2019 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>
- May 2018 "Anti-Piling On" Policy regarding coordination of corporate resolution penalties in parallel and/or joint investigations and proceedings arising from the same misconduct.
 <https://www.justice.gov/opa/speech/file/1061186/download>

Participation in Global Anti-Corruption Bodies

The United States is a party to several international anti-corruption conventions, including the OECD Anti-Bribery Convention, the United Nations Convention against Corruption, and the Inter-American Convention Against Corruption. Under these conventions, member countries undertake commitments to adopt a range of preventive and criminal law enforcement measures to combat corruption. The conventions incorporate review processes that permit other parties to monitor the United States' anti-corruption laws and enforcement to ensure that such enforcement and legal frameworks are consistent with the United States' treaty obligations.

The Fraud Section, and the CECP Unit and FCPA Unit in particular, play an integral role in working with the State Department and other U.S. agencies to ensure that the United States is meeting its treaty obligations. Aside from participating in meetings related to foreign bribery and corruption hosted by the OECD, the United Nations, and other intergovernmental bodies and liaising with these bodies throughout the year on anti-corruption matters, the Fraud Section has actively participated in the reviews of other countries pursuant to anti-bribery conventions. The Fraud Section also has taken a leading role in the OECD Working Group on Bribery's Law Enforcement Officials (LEO) Group meetings, where prosecutors discuss best practices with law enforcement authorities from around the world. The Chief of the CECP Unit is currently the Chair of the LEO Group.

The CECP Unit also collaborates with United Kingdom enforcement authorities. The Fraud Section has detailed a prosecutor to the United Kingdom's Serious Fraud Office (SFO) and Financial Conduct Authority (FCA) to further develop and expand the close collaboration and cooperation between those agencies and the Department; the Fraud Section began this program with a prior detailee to the SFO and FCA from 2017 to 2020 and continued the program with a new detailee in 2021. Deployed from and overseen by the CECP Unit, this unique position reflects the Department's commitment to international cooperation in the fight against sophisticated cross-border economic crime. The Fraud Section's detailee participates in FCA and SFO investigations, advises DOJ, FCA, SFO and other UK regulatory and law enforcement personnel on effective interagency coordination, and otherwise serves as a liaison between the Fraud Section and some of its most critical overseas law enforcement and regulatory partners.

Crime Victim and Witness Assistance and FOIA Requests

The CECP Unit also oversees the Fraud Section's crime victim and witness assistance program and handles all incoming FOIA requests to the Fraud Section.

Corporate Enforcement, Compliance, & Policy Unit

Data Analytics

The Fraud Section has long played a leading role in the innovative use of data analytics to generate new cases and improve efficiency across existing ones. Over the past several years, the Section has used algorithms 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. In the securities context, the Section has developed advanced capabilities to assess equity trading patterns and media traffic for indicators of insider trading, spoofing and other types of market manipulation. The Section has similarly improved its capability to analyze data generated by public sources (e.g., NGO or foreign government generated data) and enrich it with corporate registry information and other data from existing or historical Department activity to launch new FCPA investigations. The Section is committed to continuing to invest in its data analytics capabilities, to include building data assets which learn from past investigations, incorporating data and knowledge from across the Department, and creating predictive analytics.







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 assist and provide advice in connection with trials, including trial preparation and strategy. The Unit helps supervise the most complex matters in the Fraud Section and will join the trial team for certain matters. 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 2023, the appellate attorneys in the Litigation Unit, in coordination with the Appellate Section of the Criminal Division, oversaw 145 separate criminal appeals pending in 12 separate Courts of Appeals across the country, with 84 new notices of appeals filed. Over the course of the year, Fraud Section prosecutors filed 8 appellate merits briefs and 2 substantive motions to dismiss or affirm and presented oral argument in 3 different appeals.

| 2023 | | |
|---|--------------------------------------|------------|
|  | Total Appeals Pending | 145 |
|  | New Appeals Filed | 84 |
|  | Appellate Merits Briefs Filed | 8 |
|  | Oral Arguments | 3 |

Training

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 smaller group training on a range of topics. In addition to Fraud Section training, the Litigation Unit, together with the litigating units, conducts training for other components within the Department.