



FEDERAL BUREAU OF INVESTIGATION



WHITE COLLAR CRIME INVESTIGATIONS AND HEALTH CARE FRAUD



WHAT DO FORENSIC ACCOUNTANTS WEAR TO WORK AT THE FBI





EMERGING COVID-19 AND STIMULUS SCAMS

- **COVID-19 Testing and Treatment Schemes:** Scammers are calling individuals claiming they are with the government and that they require people to take a COVID-19 test for public safety. They ask for personal and health insurance information, including Medicaid/Medicare numbers, and then they falsely bill government/private insurance plans for tests and procedures not performed. Additionally, criminals are contacting people through email, phone, and even in-person offering fake vaccines and treatments.
- **IRS Stimulus Check Scam:** Criminals, pretending to be IRS or government officials, are calling or emailing victims asking for personal and banking information to “ensure they receive their IRS stimulus check”.
- **Advance Fee Schemes for Medical Equipment:** Fraudsters will contact legitimate buyers of medical equipment and pretend to be a seller of urgently needed supplies. Fraudsters will accept partial payment up-front and then flee with the money. Medical equipment buyers never receive the supplies and also lose a substantial amount of money.
- **Money Mules (Illegal Transmission of Money):** Criminals claim to be overseas U.S. service members or quarantined U.S. citizens and ask victims to send or receive money on behalf of themselves or a loved one battling COVID-19. This movement of funds allows criminals to better hide their illicit money.
- **Fake Charity Schemes:** Large scale crises frequently prompt criminals to solicit contributions for fake charitable organizations. Criminals will ask for contributions over crowdfunding platforms, email campaigns, or cold calls. Criminals will then steal the funds intended for charities and use them for personal or luxury items.



GUARDING AGAINST COVID-19 AND STIMULUS SCAMS

- **COVID-19 Testing and Treatment Schemes:** Be suspicious of any unsolicited offers requiring—or requests for—your medical insurance information. If you do receive medical treatment for COVID-19, check the medical bills and Explanation of Benefits you receive from your provider and government health program or insurance company following your treatment.
- **IRS Stimulus Check Scam:** Do not trust anyone representing themselves as a government or IRS official over the phone or email. Review the IRS website (www.irs.gov) for information regarding the distribution of stimulus checks and never give your personal or banking information to anyone you do not know!
- **Advance Fee Schemes for Medical Equipment:** Verify the legitimacy of sellers through a known, independent contact. Use a trusted third party to verify the items for sale are physically present and of the promised make, model, and quality. Take delivery immediately upon payment. If immediate delivery is impossible, route payments to a domestic escrow account to be released to the seller upon receipt of the promised items. Be highly suspicious of last minute changes in wiring instructions or recipient account information.
- **Money Mules (Illegal Transmission of Money):** Refuse to send or receive money on behalf of individuals and businesses for which you are not personally and professionally responsible. If you do not know someone, do not accept or transfer money on their behalf.
- **Fake Charity Schemes:** Thoroughly research any charity to which you want to send money. Never send money to individuals who reach out to you, but instead go to a charity’s official website and follow instructions there.



ARKANSAS' COVID-19 WORKING GROUP

- The FBI in Little Rock has partnered with the IRS, Social Security Administration, US Secret Service, DHS, the Arkansas Attorney General's Office, and both Arkansas US Attorney's Offices to form a COVID-19 Working Group.
- This Working Group will use all available resources of each agency to collect tips, investigate, and prosecute anyone who engages in COVID-19 related scams and schemes.
- The investigative experience gathered within this Working Group is pretty astounding. We have a team of veteran agents and practiced investigators from numerous federal and state agencies working shut down COVID-19 scammers in our state.
- Nationwide, the FBI has already made several major arrests of COVID-19 related scammers:
 - Keith Middlebrook of Los Angeles claimed to have personally developed a "patent-pending cure" and a treatment that prevents the coronavirus infection. Middlebrook was arrested on March 25, 2020 during a meeting in which he delivered "COVID-19 treatment" pills to an undercover agent who was posing as an investor. Middlebrook fraudulently solicited funds from investors with promises of massive profits. He falsely claimed that Earvin "Magic" Johnson was a member of the board of directors on this company.
 - Christopher Parris of Atlanta made a series of fraudulent misrepresentations in an attempt to secure orders from the Department of Veterans Affairs for 125 million face masks and other personal protective equipment (PPE) that would have totaled over \$750 million. Parris promised that he could obtain millions of genuine 3M masks from domestic factories when he knew that fulfilling the orders would not be possible. Parris also allegedly made similar false representations to other entities in an effort to enter into other fraudulent agreements to sell PPE to state governments. Parris was arrested on April 10, 2020 and faces up to 20 years in prison if convicted.



WHERE TO TURN FOR HELP AND TO REPORT FRAUD

- Arkansas' COVID-19 Working Group is collecting tips through the National Center for Disaster Fraud (NCDF) Hotline. The NCDF Hotline phone number is **1-866-720-5721**. You may also email disaster@leo.gov with information relating to COVID-19 fraud.
- We know this is a difficult time for our nation. Rest assured, the agencies in Arkansas' COVID-19 Working Group are committed to investigating and prosecuting fraudsters who prey upon Americans during this time. Please let your neighbors, coworkers, family, and friends know about the NCDF Hotline. If you have any questions, contact the FBI Little Rock Field Office at 501-221-9100 and we will be happy to speak with you.



POLLING QUESTION

- Have you or someone you know had COVID-19?
- A. Yes
- B. No
- C. I am not saying in this format, that will be tracked, and I will get sent home



COMMON CRIMINAL STATUTES IN WHITE COLLAR CRIME INVESTIGATIONS

- Wire Fraud (18 U.S.C. § 1343) & Mail Fraud (18 U.S.C. § 1341)
- Bank Fraud (18 U.S.C. § 1344)
- Securities Fraud (18 U.S.C. § 1348; 15 U.S.C. § 78 et seq.)
- False Statements (18 U.S.C. § 1001)
- False Statements in Loan & Credit Applications (18 U.S.C. § 1014)
- False Claims (18 U.S.C. § 287)
- False Representations to the SBA (15 U.S.C. § 645(a))
- Fraud in Connection with Emergency (18 U.S.C. § 1040)
 - Criminalizes any scheme or material false statement involving any benefit authorized, disbursed, or paid in connection with a major disaster declaration. (Maximum 30 years)



MAJOR FRAUD

- Major Fraud Against the United States (18 U.S.C. § 1031)
 - Criminalizes (a) any scheme to defraud the United States or (b) obtain money or property by false or fraudulent representations in connection with any grant, contract, subcontract, subsidy, loan, guarantee, insurance, or other form of Federal assistance if the value of such grant, contract, subcontract, subsidy, loan, guarantee, insurance, or other form of Federal assistance, or any constituent part thereof, is \$1,000,000 or greater.
 - Maximum penalty is 10 years imprisonment and \$1 million fine



VENUE AND STATUTE OF LIMITATIONS

- Venue Considerations
 - Criminalizes (a) any scheme to defraud the United States or (b) obtain money or property by false or fraudulent representations in connection with any grant, contract, subcontract, subsidy, loan, guarantee, insurance, or other form of Federal assistance if the value of such grant, contract, subcontract, subsidy, loan, guarantee, insurance, or other form of Federal assistance, or any constituent part thereof, is \$1,000,000 or greater.
- Statue of Limitations
 - Five-year or ten-year statute of limitations, depending on offense.
 - Some conduct may “affect[] a financial institution” (18 U.S.C. § 3293), and thus be subject to a ten-year statute of limitations.



POLLING QUESTION

- How many loans did SBA give out in Arkansas?

- A. 1 – 10,000
- B. 10,001 – 20,000
- C. 20,001 – 30,000
- D. 30,001 – 40,000
- E. 40,001 – 50,000
- F. Over 50,000



SBA LOAN TYPES AND AMOUNTS

- Payroll Protection Program
- Economic Injury Disaster Loans



PAYCHECK PROTECTION PROGRAM LOAN DATA – UNDER \$150,000 NATIONWIDE

- As of August 8, 2020
- There were 5,212,128 Approved Loans
- \$525,012,201,124 Approved Total Dollars
- \$100,729 Average Loan Size
- 5,460 Participating Lender Organizations



PAYCHECK PROTECTION PROGRAM LOAN DATA – OVER \$150,000 NATIONWIDE

- 662,515 recipients
- \$150,000 to \$10 mil
- 4,316 Lenders



PAYCHECK PROTECTION PROGRAM LOAN DATA – UNDER \$150,000 ARKANSAS

- There were 39,402 Approved Loans
- \$1,155,844,324 Approved Total Dollars
- \$29,334.66 Average Loan Size
- Reported to benefit 169,502 employees
- 425 Participating Lender Organizations



PAYCHECK PROTECTION PROGRAM LOAN DATA – OVER \$150,000 ARKANSAS

- Loans range from \$150,000 to \$10 mil
- 4,273 Loans approved
- 225 Lenders



SBA DISASTER ASSISTANCE UPDATE NATIONWIDE EIDL LOANS / COVID-19

Loans Approved		3,589,667	Dollars Approved		\$190,365,492,858
STATE	APPROVED	DOLLARS	STATE	APPROVED	DOLLARS
Alabama	44,084	\$ 1,971,965,130	Kansas	18,377	\$ 1,055,382,949
Alaska	7,461	\$ 443,771,900	Kentucky	24,164	\$ 1,250,031,800
Arkansas	20,960	\$ 1,008,284,519	Louisiana	65,479	\$ 3,124,394,514
Arizona	60,111	\$ 3,169,718,569	Maine	10,281	\$ 586,698,700
California	546,783	\$ 33,915,379,336	Maryland	64,386	\$ 3,333,866,395
Colorado	55,540	\$ 3,130,776,212	Massachusetts	59,591	\$ 3,464,528,154
Connecticut	34,462	\$ 2,065,249,200	Michigan	84,097	\$ 4,405,181,434
Delaware	9,463	\$ 499,323,700	Minnesota	40,263	\$ 2,256,135,689
Florida	449,915	\$ 19,826,479,670	Mississippi	30,302	\$ 1,261,141,711
Georgia	176,658	\$ 7,632,638,299	Missouri	41,037	\$ 2,058,321,675
Hawaii	18,223	\$ 988,979,099	Montana	9,815	\$ 531,428,600
Idaho	12,010	\$ 668,690,800	Nebraska	14,049	\$ 821,437,244
Illinois	139,746	\$ 6,879,462,222	Nevada	38,934	\$ 2,107,421,650
Indiana	38,899	\$ 1,956,167,905	New Hampshire	11,110	\$ 658,169,749
Iowa	16,799	\$ 1,009,434,150	New Jersey	119,268	\$ 6,996,726,687

Figures as of 9/13/20



NATIONWIDE EIDL LOANS / COVID-19

Loans Approved		3,589,667	Dollars Approved		\$190,365,492,858
STATE	APPROVED	DOLLARS	STATE	APPROVED	DOLLARS
New Mexico	14,288	\$ 777,445,323	Utah	21,920	\$ 1,363,054,358
New York	298,089	\$ 17,182,670,575	Vermont	6,238	\$ 341,984,310
North Carolina	89,575	\$ 4,222,799,361	Virginia	71,437	\$ 3,857,785,266
North Dakota	5,961	\$ 375,828,000	Washington	64,300	\$ 3,831,942,193
Ohio	81,417	\$ 4,041,728,295	West Virginia	7,739	\$ 412,180,800
Oklahoma	31,627	\$ 1,703,385,141	Wisconsin	36,955	\$ 1,887,456,156
Oregon	37,551	\$ 2,073,123,590	Wyoming	5,191	\$ 310,796,400
Pennsylvania	95,860	\$ 5,038,826,044	American Samoa	157	\$ 10,379,800
Rhode Island	10,479	\$ 554,755,000	District of Columbia	9,636	\$ 587,888,939
South Carolina	46,576	\$ 2,138,335,050	Guam	1,309	\$ 77,025,000
South Dakota	7,513	\$ 455,193,393	N. Mariana Islands	263	\$ 16,618,100
Tennessee	52,803	\$ 2,482,784,718	Puerto Rico	22,945	\$ 1,222,247,600
Texas	305,610	\$ 16,231,190,684	U.S. Virgin Islands	1,691	\$ 90,881,100

Figures as of 9/13/20



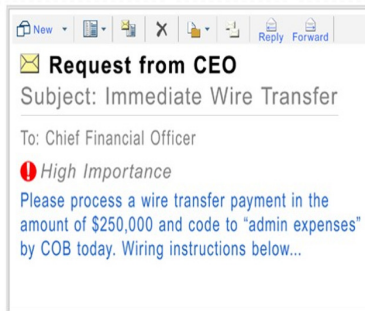
POLLING QUESTION

- What color gloves did we have on in the first picture (white Oompa Loompa suits)
 - A. Black
 - B. Green
 - C. Blue
 - D. Red



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Business Email Compromise

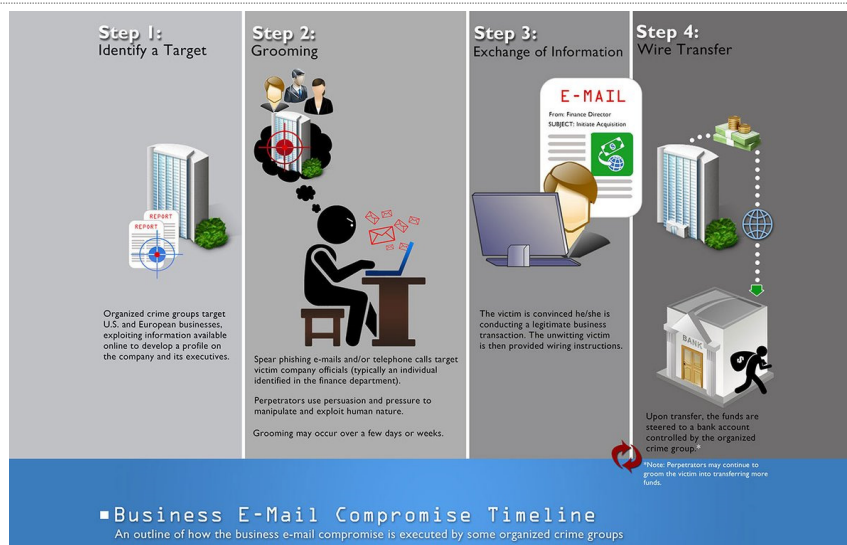


- Sophisticated scam to surveil systems, access documents, and/or hijack wire transfers
- Targets BOTH suppliers and their customers
- Compromise via social engineering or computer intrusion techniques
 - May impersonate an executive in spearphishing email

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BUSINESS EMAIL COMPROMISE



FINANCIAL IMPLICATIONS OF BEC

- The FBI (IC3) received 166,349 BEC complaints from 2013 - 2019 with losses over \$11 Billion. Fraud schemes are continually evolving, targeting both public, government-sponsored health care programs, including Medicare and Medicaid, and private health insurance plans of all sizes and beneficiaries.
- The FBI (IC3) received 166,349 BEC complaints from 2013 - 2019 with losses over \$11 Billion.
- BEC Reports – All 50 States & 177 countries
- BEC From January 2016 – June 2017:

Attempted	\$222,890,660
Returned/Frozen	\$74,831,206 (34%)
Unrecovered	\$148,059,454 (66%)



NEWS

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September 10, 2019

Worldwide Sweep Targets Business Email Compromise

Criminal Cases Show Need to Verify Before Wiring Funds




Operation reWired

The FBI worked with partner agencies domestically and in multiple countries around the world in a large-scale, coordinated effort to dismantle international BEC schemes.

September 2019

The FBI and federal partners today announced scores of arrests in the United States and overseas in a coordinated law enforcement sweep targeting perpetrators of an insidious scam that tricks businesses and individuals into wiring money to criminals.

Operation reWired, a months-long, multi-agency effort to disrupt and dismantle international business email compromise (BEC) schemes, resulted in 281 arrests, including 74 in the United States, officials announced. Arrests were also made in Nigeria, Turkey, Ghana, France, Italy, Japan, Kenya, Malaysia, and the United Kingdom. The sweep resulted in the seizure of nearly \$3.7 million and the disruption and recovery of approximately \$118 million in fraudulent wire transfers.



CAN IT BE AVOIDED

- Make sure policies provide for verification of any changes to existing invoices, bank deposit information, and/or contact information
- Contact requestors by phone before complying with email requests for payments or personnel records transfers.
- Consider requiring two parties sign off on payments
- Cyber Security Awareness



WHO ARE TARGETS

- REAL ESTATE
- LEGAL SERVICES
- PAYMENT PROCESSING
- DATABASES
- GOVERNMENT COMPUTERS
- MOM AND POP STORES
- BANKS
- FORTUNE 500
- RETAIL STORES
- YOU



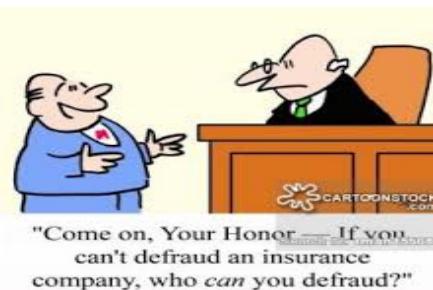
POLLING QUESTION

- Have you had to quarantine due to contact with someone?
 - A. Yes
 - B. No
 - C. No way I am quarantining with these kids I live with



UNDERSTANDING THE THREAT

- Health Care Fraud (HCF) exists in nearly every segment of the health care industry and affects virtually all sectors of the economy.
- Fraud schemes are continually evolving, targeting both public, government-sponsored health care programs, including Medicare and Medicaid, and private health insurance plans of all sizes and beneficiaries.
- The FBI's HCF Program also encompasses:
 - Medical Privacy Violations
 - Threats to the Public Health
 - *i.e., Prescription Drug Diversion*



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UNDERSTANDING THE THREAT: TODAY

- HCF continues to plague the U.S., with losses exceeding tens of billions annually.
- We all pay for Health Care Fraud:
 - ↑ Health insurance premiums
 - ↑ Copayments
 - ↑ Taxes
 - ↓ Benefits
- 2018 National Health Expenditures
\$3.6 Trillion \$11,172 per person
- 2019 National Health Expenditures
\$3.8 Trillion
- Estimation of the losses due to Fraud, Waste and Abuse
3% to 10% of Total Expenditures (\$115 billion - \$386 billion)



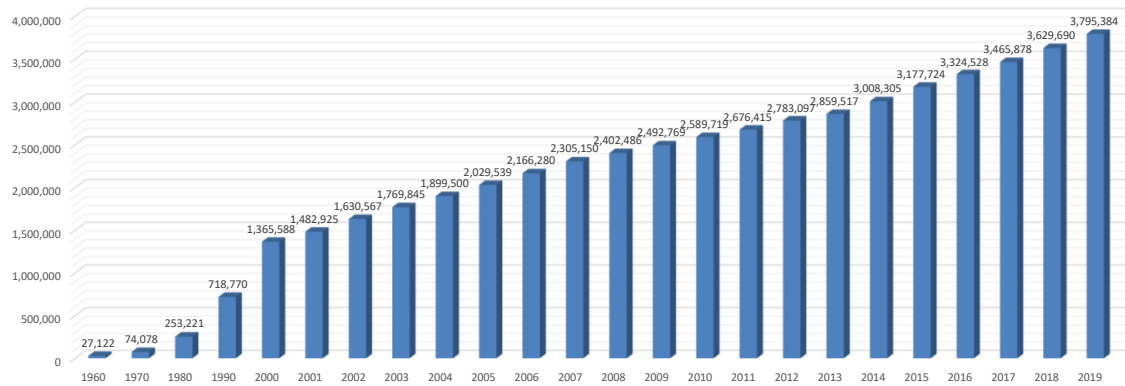


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UNDERSTANDING THE THREAT: U.S. HEALTH CARE EXPENDITURES

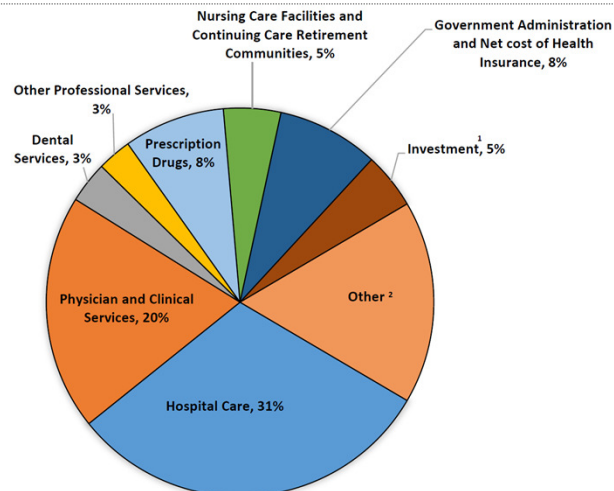
National Health Care Expenditures

Amount in Billions



(UNCLASSIFIED)

U.S. HEALTH CARE EXPENDITURES IN 2020 (\$4.1 TRILLION)





(UNCLASSIFIED)

FBI HEALTH CARE FRAUD PROGRAM



(UNCLASSIFIED)

OUR MISSION

Protect the public by investigating, reducing, and preventing significant financial crimes and harm against individuals, businesses, and industries involved in the administration of America's health care system.



(UNCLASSIFIED)

OUR TEAM

- 56 Field Offices, 400 Smaller Offices, and 60 International Offices
- Currently, approximately 480 Special Agents and 327 Professional Staff are dedicated to investigating Health Care Fraud



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IMPACT IN FISCAL YEAR 2021

- 831 HCF-related investigations initiated (DOJ)
- 741 HCF-related defendants charged
- 312 HCF-related convictions
- 1421 pending civil HCF matters





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IMPACT IN FY 2021

\$5 billion

Government Won or Negotiated HCF Judgments and Settlements

\$1.9 billion

Returned to the Federal Government or Paid to Private Persons

<https://oig.hhs.gov>

Health Care Fraud and Abuse Control (HCFAC) Program
HCFAC Annual Report – provides statistics and gives case examples



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COOPERATION & COORDINATION: PRIVATE SECTOR

- HIPAA expressed intent that the U.S. Attorney General and the Secretary of Health and Human Services establish a program to coordinate the efforts of law enforcement and private insurers to combat health care fraud.
- In response, the Attorney General promulgated a statement of principles to guide federal law enforcement agencies in carrying out this legislative objective.
 - *To the extent permitted by law and policy, investigative information will be shared with private insurers, and, in addition, private health plan personnel will be included on health care fraud task forces.*



Humana



UnitedHealthcare®





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COOPERATION & COORDINATION

- U.S. Department of Justice - Fraud Section
- U.S. Department of Health and Human Services - Office of Inspector General (OIG)
- U.S. Drug Enforcement Administration
- U.S. Food and Drug Administration – Office of Criminal Enforcement
- U.S. Department of Defense – OIG, Defense Criminal Investigative Service
- U.S. Centers for Medicare & Medicaid Services (CMS)
- Internal Revenue Service - Criminal Investigation
- U.S. Postal Inspection Service
- United States Secret Service
- U.S. Department of Labor
- State Attorneys General
- County District Attorneys
- State and Local Law Enforcement Agencies



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FEDERAL CRIMINAL STATUTES

- 18 U.S.C. § 1347 - Health care fraud (engage in a scheme or artifice to defraud any health care benefit program) *Statutory Maximum: 10 years*
- 42 U.S.C. § 1320 - Anti-kickback statute *Statutory Maximum: 10 years*
- 18 U.S.C. § 1035 - False statements relating to health care matters *Statutory Maximum: 5 years*
- 18 U.S.C. § 1349 - Conspiracy to Commit Health Care Fraud & Wire Fraud *Statutory Maximum: 20 years*
- 18 U.S.C. § 1518/1519 - Obstruction / falsification of records
- 18 U.S.C. § 1341 - Mail fraud *Statutory Maximum: 20 years*
- 18 U.S.C. § 1343 - Wire fraud *Statutory Maximum: 20 years*
- 18 U.S.C. § 1028 – Aggravated identity theft *Mandatory Minimum: 2 years*
- False Claims Act (Civil Cases - Qui Tams)



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COMMON SCHEMES

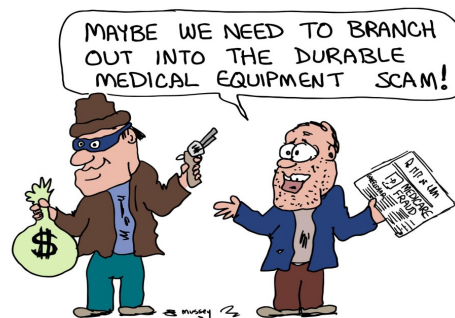
- Billing for Services Not Rendered
- Excessive Services
- Unbundling of Services
- Upcoding of Services
- Double Billing
- Kickbacks on Government Sponsored Programs
- Identity Theft – Selling Beneficiary (Patient) Lists
- Billing for Medically Unnecessary Services
- False Statements



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EMERGING SCHEMES

- Telehealth/Telemedicine
- Sober Homes
- Durable Medical Equipment Scheme Reemergence
- Laboratory Fraud (Genetic Testing)
- Respiratory Pathogen Panels – COVID-19
- Compounding Pharmacies





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PRESCRIPTION DRUG FRAUD

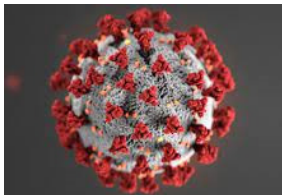
- Address the fraudulent diversion of controlled substances, including Hydrocodone, Oxycodone, and the powerful synthetic opioid painkiller fentanyl, by health care professionals from their lawful purpose into illicit drug traffic.
 - *For example, fraudulent dispensing occurs when a doctor prescribes controlled substances outside the usual course of professional practice, and when there is no legitimate medical purpose for the prescription.*
- Part of the multidisciplinary approach the FBI is employing to address the opioid crisis, as diversion of prescription opioids fuels the opioid crisis.



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COVID-19 ANTI-FRAUD

- As a result of the COVID-19 pandemic, health care fraud related to COVID-19, specifically testing and vaccinations, occurred.
- Schemes targeted government sponsored health care programs, particularly Medicare and Medicaid, private health insurance plans, and other government-sponsored pandemic relief programs.



FOR IMMEDIATE RELEASE


 THE UNITED STATES
 DEPARTMENT OF JUSTICE

Wednesday, April 20, 2022

Justice Department Announces Nationwide Coordinated Law Enforcement Action to Combat Health Care-Related COVID-19 Fraud

Criminal Charges Brought Against Owners and Executives of Medical Businesses, Physicians, Marketers, and Manufacturers of Fake COVID-19 Vaccination Record Cards with Losses Exceeding \$149 Million

The Department of Justice today announced criminal charges against 21 defendants in nine federal districts across the United States for their alleged participation in various health care-related fraud schemes that exploited the COVID-19

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COMPOUNDING FRAUD – CASE STUDY

CBS EVENING NEWS

"Free" pain meds for veterans cost taxpayers big bucks

\$335 million March 2015

\$42.1 million March 2014
(PER MONTH)





MARKETING TO VETERANS

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COMPOUNDING FRAUD – CASE STUDY

- Over 20 defendants entered guilty pleas or found guilty
- In excess of \$11.8 million in court ordered forfeiture
- Prison sentences from several months to 51 months
- Thousands of hours investigation and trial preparation (Hundreds of interviews, numerous bank accounts, numerous digital accounts, etc)

UNITED STATES OF AMERICA)
v.) No. 4:20-CR- 00025 KCB
DEREK CLIFTON and)
JOE DAVID MAY a.k.a. JAY MAY)
18 U.S.C. § 371
18 U.S.C. § 1001(a)(2)
18 U.S.C. § 1028A(a)(1)
18 U.S.C. § 1341
18 U.S.C. § 1343
18 U.S.C. § 1503(a)
18 U.S.C. § 1512(c)(2)
18 U.S.C. § 1519
18 U.S.C. § 1957
42 U.S.C. § 1320a-7b(b)

INDICTMENT

COUNT ONE

All in violation of Title 18, United States Code, Section 1512(c)(2).

COUNT THIRTY FIVE

FOR IMMEDIATE RELEASE Friday, June 10,

Jury Finds Doctor Guilty in \$10 Million TRICARE Scheme

Defendant Convicted of Fraud, Conspiracy, Identity Theft, and Other Crimes

LITTLE ROCK—An Alexander doctor has been convicted for his involvement in a multi-million-dollar kickback conspiracy at the conclusion of a week-long trial. A federal jury found Joe David "Jay" May, guilty on all 22 counts for which he was indicted.

QUESTIONS



FEDERAL BUREAU OF INVESTIGATION