

## Department of Justice

Office of Public Affairs

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### **Georgia Man Sentenced to 244 Months in Prison for His Role in Ponzi and COVID-19 Fraud Schemes**

Christopher A. Parris, 42, formerly of Rochester, New York, and currently of Lawrenceville, Georgia, who was convicted of conspiracy to commit mail fraud related to a Ponzi scheme, as well as to wire fraud involving the fraudulent sale of purported N95 masks during the pandemic, was sentenced to serve 244 months in prison by U.S. District Judge Frank P. Geraci Jr.

“The schemes for which this defendant was sentenced, including the purported sale of non-existent medical supplies during the pandemic, were outrageous,” said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department’s Civil Division. “The Department of Justice will continue to work closely with its law enforcement partners to prosecute those responsible for these types of fraud.”

“Christopher Parris, and his co-defendant Perry Santillo, engaged in an elaborate scheme to defraud hundreds of victims out of approximately \$115 million dollars,” said U.S. Attorney Trini Ross for the Western District of New York. “These defendants went to great lengths to perpetuate their fraud and did so over a substantial period of time. This office, along with our law enforcement partners, committed significant resources to investigate this scheme, resulting in the prosecution of both Christopher Parris and Perry Santillo, who have now been sentenced to substantial periods of incarceration for victimizing their innocent clients in this Ponzi scheme. In addition, defendant Parris was also convicted for his part in a COVID-19 fraud scheme, during which he obtained approximately \$7.4 million dollars by falsely purporting to have N95 masks, made in the United States, that he could sale to various medical companies, including the VA hospital, during the height of the pandemic.”

“This defendant exploited the unprecedented situation presented by the pandemic,” said U.S. Attorney for the District of Columbia Matthew M. Graves. “Fraud like this, playing off fears during a pandemic, merits a significant sentence, as the court imposed today. This sentence should be a warning to anyone who thinks they can get away with defrauding the government or others during a crisis.”

“Mr. Parris’ conduct was deceptive and manipulative, ultimately defrauding consumers out of hundreds of millions of dollars,” said Acting Special Agent in Charge Michael Stansbury of the FBI Buffalo Office. “This example of blatant greed is an affront to every hard-working taxpayer. Scammers are trying everything they can to defraud people of their hard-earned money, but the FBI is doing everything we can to make sure they don’t succeed. Today’s sentencing is further commitment that we will continue to work with our partners to protect the financial well-being of honest, hard-working Americans.”

“Today’s sentencing should give clear warning that the U.S. Postal Inspection Service will aggressively investigate and seek prosecution of individuals like Christopher Parris, who swindled investors out of their retirement savings and created financial devastation for so many victims,” said Inspector in Charge Ketty Larco-Ward of the U.S. Postal Inspection Service, Boston Division. “We will continue to support and collaborate with our federal law enforcement partners to stop those who are engaged in these types of schemes.”

“It seems Parris’ multi-million-dollar Ponzi scheme to defraud investors out of their hard-earned cash was not enough, so he turned his attention to a multi-million-dollar COVID fraud scheme,” said Special Agent in Charge Thomas M. Fattorusso of IRS Criminal Investigations New York. “There were no boundaries in Parris’ cons, and no one person was safe as long as he was lining his pockets with their money. Now, with today’s sentencing, Parris will face justice; putting his scamming days behind him as he spends his time behind bars.”

“The pandemic and subsequent distribution of billions of dollars in relief funds created novel opportunities for bad actors and left VA vulnerable to various fraud schemes” said Inspector General Michael J. Missal of the Department of Veterans Affairs. “The vigilance and agility of our agents helped our office prevent the government and taxpayers from being defrauded of hundreds of millions of dollars. We will remain proactive in looking at high-risk areas and work with our law enforcement partners to stop these schemes before it is too late.”

“Homeland Security Investigations (HSI) special agents have sworn an oath to protect the American public, which they continued to uphold during the global health crisis,” said Special Agent in Charge David Denton of HSI New Orleans. “Our agents quickly reacted to protect Americans from opportunistic individuals who exploited a public health crisis to harm and deceive others for their own profit. This sentencing is a gratifying outcome for HSI and our law enforcement partners who were at the forefront of the government’s investigation response to COVID-19-related crime.”

### **The Ponzi Scheme**

Between January 2011 and June 2018, Parris conspired with co-defendant Perry Santillo and others to obtain money through an investment fraud, commonly known as a Ponzi scheme. Specifically, in 2007, Parris and Santillo, as equal partners, formed a business known as Lucian Development in Rochester. Prior to approximately July 2007, Lucian Development raised millions of dollars from investors in Rochester, and elsewhere, by soliciting investments for City Capital Corporation, a business operated by Ephren Taylor. In July 2007, Parris and Santillo were advised by Ephren Taylor that their investors’ money had been lost. In response, in August 2007, Parris and Santillo agreed to acquire the assets and debts of City Capital Corporation. The acquisition proved financially ruinous, with the amount of the acquired debt far exceeding the value of the acquired assets. Taylor was later prosecuted and convicted of operating a Ponzi scheme.

Subsequently, Parris and Santillo chose not to disclose the truth to investors that their money, entrusted to Lucian Development for investment in City Capital Corporation, was gone. Instead, Parris and Santillo continued to solicit ever-increasing amounts of money from new investors in an unsuccessful attempt to recoup the losses. In order to find potential investors to solicit and defraud, Parris and Santillo purchased businesses from established investment advisors or brokers who were looking to exit their businesses. Between approximately 2008 and September 2017, Parris and Santillo, using money obtained from prior investors, purchased the businesses of at least 15 investment advisors or brokers, located in Tennessee, Ohio, Minnesota, Nevada, California (five businesses), Florida, South Carolina (two businesses), Texas, Pennsylvania, Maryland, and Indiana.

The investment offerings pitched by Parris and Santillo consisted principally of unsecured promissory notes and preferred stock issued by various entities controlled by Parris and Santillo. Potential investors were offered an apparent array of investment options to create the illusion of a diversified investment portfolio. Those investment options included products issued by purported issuers such as First Nationale Solutions (FNS), Percipience Global Corporation, United RL Capital Services, Boyles America, Middlebury Development Corporation and NexMedical Solutions, among others. None of these issuers had substantial bona fide business operations or used investor money in the manner and for the purposes represented to investors. To the extent that an issuer may have had some minor legitimate business activities, it was not profitable, and insufficient revenues were generated to pay investors any returns (let alone return the principal amounts of their investments).

Over the years, to keep the Ponzi scheme from being detected, a substantial portion of incoming new investor monies were depleted by making promised interest and other payments to earlier investors. Most of the rest of incoming investor money was used by Parris, Santillo, and other co-conspirators to finance lavish lifestyles of the conspirators, their families and associates; to expand the scheme by purchasing investment advisor/brokerage businesses to obtain access to fresh investors; and to pay operating expenses – salaries for a sales force and administrative staff, office rents and related expenses, housing for employees, and interest on loans – all of which were used to keep the scheme going and maintain a façade of legitimate business operations.

Very little investor money was deployed in productive investments, and when so deployed, the investments yielded meager income and were not profitable, or failed altogether. The Ponzi scheme was headquartered and based out of locations in Rochester, with a number of satellite offices around the country. Administrative and banking functions were largely performed out of Rochester. The conspiracy employed a variety of salespeople, including Parris and Santillo, who traveled around the country to meet with and solicit new investors.

Between January 2012 and June 19, 2018, Parris and Santillo obtained at least \$115.5 million from approximately 1,000 investors. By the time the scheme collapsed in late-2017 and early 2018, Parris and Santillo, doing business through an array of corporate entities, had returned approximately \$44.8 million to investors as part of their scheme, but continued to owe investors approximately \$70.7 million.

Among the Rochester-area victims of the Ponzi scheme were the following:

- A resident of Webster, New York, who held a total asset value of \$94,341.89 with a fictitious company known as First Nationle Solutions (FNS), which, as of Dec. 31, 2017, was in fact worthless or close to worthless; and
- A resident of Victor, New York, and his wife, who invested approximately \$221,758.67 with FNS and Middlebury Development. The couple received three payments of \$2,500 but lost approximately \$214,258.67.

Parris and Santillo controlled hundreds of different business bank accounts opened under numerous different business names at various financial institutions, including but not limited to Bank of America, Citizens Bank, Genesee Regional Bank, and ESL Federal Credit Union. Santillo and Parris directed and authorized the transactions that occurred in the accounts, including deposits, withdrawals, check writing and funds transfers. The various bank accounts were used to transfer money from one account to another. Incoming investor money was routinely transferred through several accounts before the funds were finally spent on whatever purpose Parris and/or Santillo authorized. By moving investors' funds through various accounts in various entity names, Parris and Santillo were able to conceal and obscure the fact that new investor money was being used to repay earlier investors, finance the operations of the Ponzi scheme, and fund their lifestyles.

Santillo was previously convicted and sentenced to serve 210 months in prison.

### **The COVID-19 Fraud Scheme**

Parris also pleaded guilty in a case originally charged in the U.S. District Court for the District of Columbia to defrauding the U.S. Department of Veterans' Affairs (VA), as well as at least eight other victim companies, in a scheme involving personal protection equipment (PPE). Between February and April 10, 2020, the defendant, as the owner and operator of Encore Health Group, a company based in Atlanta, that purported to broker medical equipment, offered to sell scarce PPE, including 3M-brand N95 respirator masks, to various medical supply companies and governmental entities. In these proposals, Parris knowingly misrepresented his access to, and ability to obtain and deliver on time, vast quantities of 3M N95 masks and other PPE. The defendant falsely represented that he was able to obtain 3M N95 masks directly from authorized sources in the United States, when in fact, he had no ready access to 3M factories or 3M N95 masks or other PPE, no proven source of supply, and no track record of procuring and delivering such items.

For example, in March 2021, Parris offered to sell the VA 125 million 3M N95 masks at a cost of \$6.45 per mask. In this process, the defendant attempted to obtain an upfront payment of \$3.075 million from the VA, even though he knew at the time that he had no access to the promised masks or present ability to deliver the promised masks.

As part of his guilty plea, Parris admitted that, in addition to attempting to defraud the VA, he actually obtained upfront payments totaling approximately \$7.4 million from at least eight clients for 3M N95 masks that he knew he had no access to or present ability to obtain or deliver on time. Parris also

admitted that the proceeds of the scheme totaled approximately \$6,218,525. In total, Parris sought orders in excess of \$65 million for the non-existent PPE equipment.

The sentencing is the result of an investigation by Inspector in Charge Ketty Larco-Ward of the U.S. Postal Inspection Service Boston Division; Acting Special Agent-in-Charge Michael Stansbury of the FBI Buffalo Division, Special Agent in Charge Thomas Fattorusso of the IRS Criminal Investigation Division; Acting Special Agent in Charge Jonathan Mellone of the U.S. Department of Labor, Office of Inspector General, Office of Investigations – Labor Racketeering and Fraud New York Region; Superintendent Adrienne A. Harris of the New York State Department of Financial Services; the Securities and Exchange Commission; Inspector General Michael J. Missal of the VA OIG; and Special Agent in Charge Douglas Williams of the HSI New Orleans Field Office.

Assistant U.S. Attorney Richard A. Resnick for the Western District of New York, Assistant U.S. Attorney Peter Lallas for the District of Columbia, and Trial Attorney Patrick Runkle of the Civil Division's Consumer Protection Branch are prosecuting the case.

On May 17, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources, and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of fraud related to COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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