

PRESS RELEASE

United States Attorney Erek L. Barron Announces that the Maryland United States Attorney's Office Continues the Fight Against Fraud, Waste and Abuse Related to the COVID-19 Pandemic

Tuesday, August 29, 2023

For Immediate Release

U.S. Attorney's Office, District of Maryland

Maryland U.S. Attorney's Office is One of Five National Specialized COVID-19 Strike Forces

Baltimore, Maryland – Erek L. Barron, the United States Attorney for Maryland, announced that the U.S. Attorney's Office continues to prioritize the investigation and prosecution of fraud, waste and abuse relating to pandemic relief enacted by Congress, including fraud involving the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act was designed to provide emergency financial assistance to Americans suffering the economic effects caused by the COVID-19 pandemic. Attorney General Merrick B. Garland previously selected the Maryland U.S. Attorney's Office to help lead the U.S. Justice Department's response to COVID-19 fraud, along with U.S. Attorney's Offices in California and Miami, Florida.

On August 23, 2023, the Justice Department announced the results of a coordinated, nationwide enforcement action to combat COVID-19 fraud, including federal criminal charges filed against 371 defendants for offenses related to over \$836 million in alleged COVID-19 fraud. Deputy Attorney General Lisa Monaco also announced the formation of additional Strike Forces in the New Jersey and Colorado U.S. Attorney's Offices.

“Maryland’s Strike Force has proven through dedicated resources, partnerships with local, state and federal law enforcement, that those who would steal from American taxpayers are held accountable and our efforts to investigate and prosecute is making a demonstrated difference,” said U.S. Attorney Erek L. Barron. “We cannot, and will not, tolerate those who would take advantage of a global pandemic by stealing funds and defrauding programs intended to help Americans who were suffering during the pandemic.”

Led by senior Assistant United States Attorneys Harry Gruber and Paul Riley as well as specially assigned Fraud and Public Corruption Assistant U.S. Attorneys and support staff, the Maryland Strike Force is one of three Strike Force Teams established throughout the United States by the U.S. Department of Justice to investigate and prosecute COVID-19 fraud, including fraud relating to the CARES Act. The Strike Forces focus on large-scale, multi-state pandemic relief fraud perpetrated by criminal organizations and transnational actors. The Strike Forces are interagency law enforcement efforts, using prosecutor-led and data analyst-driven teams designed to identify and bring to justice those who stole pandemic relief funds.

Since establishing the Maryland COVID-19 Fraud Strike Force in August 2022, the number of pandemic fraud-related criminal investigations and prosecutions has significantly increased. More than 20 defendants have been charged for various offenses with an alleged loss of approximately \$40 million. In addition, there are numerous ongoing criminal COVID-19 fraud investigations. Some of our ongoing COVID-19 fraud investigations involve other criminal activity, including those by repeat violent offenders. The Office’s civil enforcement is also quite active, with 19 active civil fraud cases pending with a total of 19 defendants and approximately \$30 million in potential loss.

As further commitment to fight pandemic fraud, waste and abuse, the Maryland U.S. Attorney’s Office has also established partnerships with Special Inspector for Pandemic Recovery (SIGPR) General Brian D. Miller. The collaboration with SIGPR allows the U.S. Attorney’s Office and SIGPR to enhance their efforts to combat CARES Act funding fraud, waste and abuse with an emphasis on swift accountability for large-scale and organized fraud schemes. The Maryland U.S. Attorney’s Office has also partnered with the U.S. Department of Labor, Office of Inspector General (DOL-OIG), Office of Investigations. The DOL-OIG partnership includes four DOL-OIG Special Agents working on location in the Maryland U.S. Attorney’s Office, allowing for a quicker response and more comprehensive and coordinated investigations involving CARES Act fraud, waste and abuse and the ability to specifically target suspects of violent crime who are illegally exploiting the CARES Act and other pandemic related programs.

As highlighted below, the Maryland U.S. Attorney's Office's efforts to combat COVID-19 related fraud, waste and abuse including schemes targeting the Paycheck Protection Program ("PPP"), Economic Injury Disaster Loan ("EIDL") program and Unemployment Insurance ("UI") programs have led to significant results.

Paycheck Protection Program and Economic Injury Disaster Loans Fraud

The PPP and EIDL fraud cases charged federally in Maryland since passage of the CARES Act involve a range of conduct, including many individuals who used shell business entities to fraudulently apply on multiple occasions for benefit funds that they used their personal benefit, such as the purchase of houses, cars, jewelry, high-end electronics and other luxury goods. Some conduct also involves legitimate business owners who inflated their payroll expenses to obtain larger loans than they otherwise would have qualified for, and/or used funds for improper purposes.

For example, in [U.S. v. Keon Ball](#), defendant Ball was sentenced to more than five years in federal prison for a wire fraud conspiracy and aggravated identity theft in relation to multiple identity theft schemes and fraud schemes—including schemes conducted while on probation for a past state fraud conviction and while on pre-trial release in connection with state fraud charges.

Specifically, in June and July 2020, defendant Ball submitted fraudulent PPP loan applications and obtained \$256,664 in government-backed PPP funds for purported businesses that did not exist in any legitimate capacity. Included with each application were fraudulent documents, including fabricated Internal Revenue Service forms, that contained false information concerning purported wages paid and purported number of employees of each business. In total, defendant Ball caused a loss of \$750,000 and intended losses of over \$1,450,000 and used the identifying information of more than 10 victims in connection with his schemes. In addition to his prison sentence, defendant Ball was ordered to pay at least \$715,504 in restitution.

Unemployment Insurance Fraud

The CARES Act also expanded states' ability to provide UI benefits for many workers impacted by the COVID-19 pandemic, including for workers who are not ordinarily eligible for unemployment benefits. Many of the defendants charged in Maryland used the personal identifying information ("PII") of individuals without their knowledge or permission to fraudulently obtain identity documents and obtain UI benefits.

In [U.S. v. Jerry Phillips](#), twin brothers and co-defendants Jerry and Jaleel Phillips were sentenced to seven years and 30 months in prison, respectively, and were ordered to

pay more than \$1 million in restitution, for a wire fraud scheme to fraudulently obtain more than \$1 million in PPP and EIDL loans, and UI benefits. Defendant Jerry Phillips also pleaded guilty to aggravated identity theft and possession of a machine gun. The Phillips brothers admitted that they created and used fictitious aliases, used the personal identifying information of real people, and used defunct corporate entities or new business entities with no actual business operations to repeatedly obtain EIDL and PPP loans, and UI benefits. Law enforcement also recovered four “ghost guns” during a search of the Phillips’ residence that defendant Jerry Phillips had purchased online. Defendant Jerry Phillips illegally modified one of the ghost guns into a machine gun.

Examples of COVID-19 CARES Act Cases in Maryland

The cases in the chart below highlight that many Maryland U.S. Attorney defendants participated in other fraud schemes, including elder fraud and business email compromise schemes. In addition, a number of defendants possessed illegal firearms, including privately manufactured firearms, commonly called “ghost guns.”

<u>Case</u>	<u>Case number</u>	<u>Program Targeted</u>	<u>Intended Loss to Taxpayer</u>
<u>U.S. v. Reginald Davis**</u>	23-CR-269	PPP	\$1,400,000
<u>U.S. v. David Epstein**</u>	23-CR-210	PPP, EIDL	\$1,500,000
<u>U.S. v. Denish Sahadevan*</u>	23-CR-191	PPP, EIDL	\$2,500,000
<u>U.S. v. Tomeka Glenn and Kevin Davis**</u>	23-CR-027	PPP	\$305,854

<u>U.S. v. Ryan E. Dales</u> **	23-CR-026	UI	\$25,000
<u>U.S. v. Bearden</u> **	23-CR-023	PPP	\$734,609
<u>U.S. v. Mikivas Kefyalew</u> **	22-CR-382	EIDL	\$1,600,000
U.S. v. Yannice Nunez, et al. **	22-CR-342	PPP	\$674,216
U.S. v. Ayaz Qureshi *	22-CR-330	PPP	\$250,723
<u>U.S. v. Sherrie Lynne Bryant</u>	22-CR-308	PPP	\$419,100
<u>U.S. v. Raissa Kaossele et al.</u> **	22-CR-303	EIDL	\$475,000
<u>U.S. v. Larry Walker</u> *	22-CR-290	PPP	\$262,252
<u>U.S. v. Tyshawna Davis, et al.</u> **	22-CR-248	UI	\$3,000,000

<u>U.S. v. Alexander Barabash</u>	22-CR-232	PPP	\$1,317,352
<u>U.S. v. Dana Hayes, Jr.</u>	22-CR-224	PPP, EIDL	\$50,036
<u>U.S. v. Michael Makoge et. al.,*</u>	22-CR-219	UI	\$1,600,000
U.S. v. Ahmed Sary**	22-mj-1286	PPP, EIDL	\$10,000,000
<u>U.S. v. Ron Elfenbein*</u>	22-CR-146	Medicare	\$15,000,000
<u>U.S. v. Mboutchock Kabiwa*</u>	22-CR-109	EIDL, Medicaid	\$3,500,000
<u>U.S. v. Jerry Phillips et. al.,</u>	22-CR-073	PPP, EIDL, UI	\$1,235,213
<u>U.S. v. Nichelle Henson**</u>	21-CR-470	PPP, EIDL	\$1,835,340
<u>U.S. v. Oluwaseyi Akinyemi</u>	21-CR-454	UI	\$486,119

<u>U.S. v. Olaolu Alabi</u>	21-CR-413	UI	\$1,500,000
<u>U.S. v. Rudolph Elwood Brooks, Jr.</u> *	21-CR-371	PPP	\$3,500,000
<u>U.S. v. Gladstone Njokem et. al.</u>	21-CR-338	UI	\$2,700,000
<u>U.S. v. Brandon Fitzgerald-Holley</u>	21-CR-250	PPP	\$305,854
<u>U.S. v. Christopher Guy</u>	21-CR-238	UI	\$176,970
<u>U.S. v. Medard Ulysse</u>	21-CR-054	UI	\$618,767
<u>U.S. v. Idowu Raji</u>	20-CR-369	UI	\$1,793,472
<u>U.S. v. Keon Ball et. al.</u>	20-CR-248	PPP	\$1,500,000

*Defendant(s) is pending sentencing

** Defendant(s) indicted. An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

Other COVID-19 Related Fraud Schemes

Additional COVID-19 related cases brought by the Maryland U.S. Attorney's Office include shutting down fraudulent websites believed to have been used to collect the personal information of individuals visiting the site; the prosecution of health care fraud related to billing of COVID-19 related treatment or testing; and the prosecution of threats against federal officials involved in COVID-19 pandemic policy.

To date, the U.S. Attorney's Office for the District of Maryland has shut down 17 fraudulent websites which appear to have been used to collect the personal information of individuals visiting the site, in order to use the information for nefarious purposes, including fraud, phishing attacks, and/or deployment of malware. The seized websites were almost identical to the names of authentic U.S. websites, including COVID-19 vaccine manufacturers, retailers, and purported COVID-19 treatment. Several of the seized websites purported to sell vaccines and other treatments for the COVID-19 virus. Often, the fake domains mimicked the stylistic designs and language of the authentic U.S. website. After the seizures, individuals visiting the website see a message that the website has been seized by the federal government and are redirected to another website for additional information.

On August 4, 2023, a federal jury convicted medical doctor [Ron Elfenbein](#) for five counts of health care fraud related to the submission of false and fraudulent claims to Medicare and other insurers for patients who received COVID-19 tests at sites operated by the defendant. In total, defendant Elfenbein submitted more than \$15 million in claims to Medicare and other insurers for patients who received COVID-19 tests at sites operated by defendant Elfenbein. Sentencing is scheduled for November 7, 2023 at 4:00 p.m.

On August 4, 2022, [Thomas Patrick Connally, Jr.](#) was sentenced to 37 months in federal prison for making threats against a federal official, specifically for sending emails threatening harm the then Director of the National Institute of Allergy and Infectious Diseases at the National Institutes of Health (NIH). Defendant Connally further admitted to threatening the Assistant Secretary for Health at the U.S. Department of Health and Human Services, as well as a Massachusetts public health official and a religious leader. Defendant Connally admitted that he sent the threats with the intent to intimidate or interfere with the performance of these public officials' duties and with the intent to retaliate against these government officials for performing their official duties, including discussing COVID-19 and its testing and prevention.

U.S. Attorney Erek Barron recognized the efforts of a wide range of law enforcement partners for their work in COVID-19 related cases, including the DOL-OIG, the IRS-CI, the FBI, SIGPR, the U.S. Postal Inspection Service, Homeland Security Investigations, the U.S.

Secret Service, the Department of Defense Office of Inspector General, Defense Criminal Investigative Service, and the Offices of Inspectors General from SBA, Department of Homeland Security, Social Security Administration, Federal Deposit Insurance Corporation, Department of Health and Human Services, and the Department of Veterans Affairs.

For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

To report a COVID-19-related fraud scheme or suspicious activity, contact the National Center for Disaster Fraud (NCDF) by calling the NCDF Hotline at 1-866-720-5721 or via the NCDF Web Complaint Form at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

For more information on the Maryland U.S. Attorney's Office, its priorities, and resources available to fight fraud, please visit www.justice.gov/usao-md and <https://www.justice.gov/usao-md/report-fraud>.

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