

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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### **Missouri Health Care Charity Pays Over \$8 Million to Resolve Federal Embezzlement, Bribery Investigation**

Preferred Family Healthcare, a Springfield, Missouri-based non-profit, will pay more than \$8 million in forfeiture and restitution to the federal government and the state of Arkansas under the terms of a non-prosecution agreement announced yesterday, which acknowledges the criminal conduct of its former officers and employees.

“Preferred Family Healthcare must relinquish the illegal profits it garnered from a wide-ranging fraud and bribery scheme,” said U.S. Attorney Teresa Moore for the Eastern District of Missouri. “Several former officers and employees are being prosecuted in separate criminal cases for their individual criminal conduct. This non-prosecution agreement holds the charity itself responsible for their actions as agents of the charity. Public tax dollars were stolen and misused in the course of this public corruption scheme, and through this agreement and these separate prosecutions, those dollars are being restored to the public coffers.”

“Employees of Preferred Family Healthcare used charitable organizations to illegally line their own pockets through fraud and bribery,” said Special Agent in Charge Tyler Hatcher of IRS-Criminal Investigation (IRS-CI). “IRS-Criminal Investigation and our law enforcement partners will continue to work diligently to uncover large frauds designed to divert funds that were meant to help those in need of medical services. Preferred Family Healthcare has acknowledged that its former employees engaged in criminal activity, and they are taking steps to make amends by forfeiting a sum of money to the federal government and paying restitution to the state of Arkansas.”

“The public should not suffer or be responsible for individuals who abuse their leadership positions out of greed for personal financial gain,” said Special Agent in Charge Charles Dayoub of the FBI’s Kansas City Field Office. “It is never acceptable to embezzle and misappropriate funds, especially those that directly impact our health care system. As today’s announcement underscores, although the individuals directly involved are no longer with Preferred Family Healthcare, this organization is accepting responsibility for its employees’ actions.”

“The misuse and misappropriation of millions of federally sourced funds, designated for employment training and behavioral healthcare services to the public, by former executives of Preferred Family Healthcare (PFH) is a gross abuse of the positions of trust they once held within the organization,” said Special Agent-in-Charge Steven Grell of the U.S. Department of Labor, Office of Inspector General. “These former executives failed the public and did a disservice to PFH employees by prioritizing their own personal benefit and financial gain over the public they served. Today’s agreement demonstrates PFH’s willingness to take corrective actions regarding the criminal actions of former executives of the organization.”

Preferred Family Healthcare provides services to individuals in Missouri, Arkansas, Kansas, Oklahoma, and Illinois, including mental and behavioral health treatment and counseling, substance abuse treatment and counseling, employment assistance, aid to individuals with developmental disabilities, and medical services. Most of the charity’s funding comes from federally appropriated funds – the largest portion being Medicaid reimbursement.

As a condition of this non-prosecution agreement, representatives of Preferred Family Healthcare admitted that former officers and employees of the charity engaged in a conspiracy to, amongst other

criminal activity, embezzle funds from the charity and to bribe several elected state officials in the Arkansas House of Representatives and the Arkansas Senate. As a direct result of these actions, Preferred Family Healthcare realized a financial benefit. Although Preferred Family Healthcare's board of directors through lack of proper oversight, allowed its officers and employees to violate federal law.

Under the terms of the non-prosecution agreement, Preferred Family Healthcare will forfeit more than \$6.9 million to the federal government and pay more than \$1.1 million in restitution to the state of Arkansas related to the misuse of funds from the state's general improvement fund.

Several former executives from the charity, former members of the Arkansas state legislature, and others have pleaded guilty in federal court as part of the multi-jurisdiction, federal investigation, including the following:

- Former Chief Executive Officer, Marilyn Luann Nolan of Springfield, Missouri, [pleaded guilty in November 2018](#) to her role in a conspiracy to embezzle and misapply the funds of a charitable organization that received federal funds. A sentencing hearing has not been scheduled.
- Former Director of Operations and Executive Vice President Robin Raveendran, of Little Rock, Arkansas, [pleaded guilty in June 2019](#) to conspiracy to commit bribery concerning programs receiving federal funds. A sentencing hearing has not been scheduled.
- Former executive and head of clinical operations Keith Fraser Noble, of Rogersville, Missouri, [pleaded guilty in September 2019](#) to concealment of a known felony. A sentencing hearing has not been scheduled.
- Former employee and head of operations and lobbying in Arkansas, Milton Russell Cranford, aka Rusty, of Rogers, Arkansas, was sentenced to seven years in federal prison without parole after pleading guilty to one count of federal program bribery.
- Political Consultant Donald Andrew Jones, aka D.A. Jones, of Willingboro, New Jersey, [pleaded guilty in December 2017](#) to his role in a conspiracy from April 2011 to January 2017 to steal from an organization that receives federal funds.
- Former Arkansas State Senator Jeremy Hutchinson, of Little Rock, Arkansas, [pleaded guilty in June 2019](#) to conspiracy to commit federal program bribery. A sentencing hearing has not been scheduled.
- Former Arkansas State Representative Eddie Wayne Cooper, of Melbourne, Arkansas, [pleaded guilty in February 2018](#) to conspiracy to embezzle more than \$4 million from Preferred Family Healthcare. A sentencing hearing has not been scheduled.
- Former Arkansas State Senator and State Representative Henry (Hank) Wilkins IV pleaded guilty to conspiracy to commit federal program bribery and devising a scheme and artifice to defraud and deprive the citizens of the State of Arkansas of their right to honest services. A sentencing hearing has not been scheduled.

As part of the federal investigation, the former chief operating officer and chief financial officer of the charity were indicted by a federal grand jury on March 29, 2019. They pleaded not guilty, and are awaiting trial, which is scheduled to begin on Oct. 3.

The separate criminal cases are being prosecuted by Senior Litigation Counsel Marco A. Palmieri and Trial Attorney Jacob Steiner of the Criminal Division's Public Integrity Section, Supervisory Assistant U.S. Attorney Randall Eggert and Assistant U.S. Attorney Shannon T. Kempf of the Western District of Missouri, Assistant U.S. Attorney Steven M. Mohlhenrich of the Western District of Arkansas, and Special Assistant U.S. Attorney Stephanie Mazzanti of the Eastern District of Arkansas.

IRS-Criminal Investigation, FBI, and the Offices of the Inspectors General from the Departments of Justice, Labor, and the Federal Deposit Insurance Corporation (FDIC) investigated the cases.

This is a combined investigation with the Criminal Division's Public Integrity Section, the Western District of Missouri, the Western District of Arkansas, and the Eastern District of Arkansas.

**Topic(s):**

Public Corruption

**Component(s):**

[Criminal Division](#)

[Criminal - Public Integrity Section](#)

[Federal Bureau of Investigation \(FBI\)](#)

[USAO - Arkansas, Eastern](#)

[USAO - Arkansas, Western](#)

[USAO - Missouri, Western](#)

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