

Department of Justice

U.S. Attorney's Office

Western District of Missouri

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Springfield Company Pays \$1 Million Related to Federal Embezzlement, Bribery Investigation

SPRINGFIELD, Mo. – A Springfield company will pay more than \$1 million in forfeiture to the federal government under the terms of a non-prosecution agreement announced today, which acknowledges the criminal conduct of two former executives who are involved in a related criminal investigation.

“Company owners and executives abused their leadership positions in an unrelated charity to illegally enrich themselves and their for-profit company,” said U.S. Attorney Teresa Moore. “More than \$1 million from the health care charity, primarily funded by Medicaid reimbursements, was siphoned to Pro1 through a series of illicit payments over several years. Pro1 has accepted responsibility for the criminal conduct of its former executives and cooperated with the federal investigation. Those embezzled funds will be recouped by the government under the terms of this non-prosecution agreement.”

“When federal funds are misappropriated, it harms the U.S. government and its taxpayers,” said Special Agent in Charge Tyler Hatcher, IRS Criminal Investigation’s St. Louis Field Office. “Pro1 executives abused their positions by causing federal funds meant for charitable purposes to become part of a scheme designed for their own financial gain. This non-prosecution agreement holds Pro1 accountable and restores the funds to the federal government.”

“This non-prosecution agreement holds Pro1 accountable for its actions in a scheme that directly benefited Pro1 and certain owners of the company in over \$1 million in cost-savings and reduced expenses,” said FBI Kansas City Special Agent in Charge Charles Dayoub. “It reiterates that public funds provided to non-profit organizations and companies are not to be abused and **the FBI, alongside other federal agencies, is committed** to ensuring the public’s money is not used for inappropriate purposes or personal gain.”

“The diversion and theft of over \$1 million of federal sourced funds, designated for employment training, behavioral healthcare and other public services by former executives of Preferred Family Healthcare and Pro1, was a gross abuse of the positions of trust they once held,” said Special Agent-in-Charge Steven Grell, Dallas Region, U.S. Department of Labor, Office of Inspector General. “They chose their own personal gain and benefit over the greater good of the public and the nonprofit organization whom they served. This agreement demonstrates Pro1’s willingness to take corrective actions regarding the fraudulent actions of its former executives.”

“Our investigation uncovered a scheme spanning several years to siphon money from a community-based health center to a for-profit company,” said Special Agent in Charge William J. Hannah of the Department of Justice Office of the Inspector General Chicago Field Office. “Today, we’re holding Pro1 accountable for this scheme and recovering over \$1 million in ill-gotten gains. This non-prosecution agreement reiterates government funds are provided to these charitable organizations to benefit the public, and self-enriching schemes to steal from these government programs will not be tolerated.”

Pro1 IAQ, Inc., a Missouri corporation with operations in Springfield and Boulder, Colorado, designs and sells indoor thermostats nationwide. By signing the non-prosecution agreement, representatives of Pro1 admitted that former executive officers engaged in a conspiracy to embezzle funds from Preferred Family Healthcare, Inc., a Springfield-based nonprofit corporation, from 2008 to November 2017. Pro1 benefited from acts of alleged criminal misconduct by the executives, who were also executives of the charity and channeled funds from Preferred Family Healthcare to financially enrich the firm.

Under the terms of the non-prosecution agreement, Pro1 must forfeit \$1,057,617 to the federal government, which is the amount Pro1 gained from the conspiracy.

Among the specific actions acknowledged in the non-prosecution agreement, executives and employees of Preferred Family Healthcare were utilized to complete tasks related to Pro1 operations, sometimes working full time for Pro1 while being paid by the charity. Additionally, the charity paid Pro1 for the lease of a warehouse for approximately three years, and provided office space in the charity's main office building at no cost to Pro1 for more than a year.

While Pro1 did not provide appropriate oversight regarding the actions of its agents, which could be considered willful blindness, many of the actions taken by Pro1's executives were done without specific knowledge of the president and the corporate board of directors. Pro1, as a part of this investigation, has discontinued the leadership roles of those executives and has cooperated fully with the federal criminal investigation.

Preferred Family Healthcare agreed earlier this year to 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, which likewise acknowledges the criminal conduct of its former officers and employees.

Several former executives of Preferred Family Healthcare, former members of the Arkansas state legislature, and others have been convicted in federal court as part of the multi-jurisdiction, federal investigation. As part of the federal investigation, the former chief operating officer and chief financial officer of Preferred Family Healthcare 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, 2022.

The separate criminal cases are being prosecuted by 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, the 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 Western District of Missouri, the Western District of Arkansas, and the Eastern District of Arkansas.

Topic(s):

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