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United States Attorney Russ Ferguson

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**FEDERAL AND STATE OFFICIALS ANNOUNCE EFFORTS TO CRACK DOWN ON
HEALTHCARE FRAUD SCHEMES**

*Criminal Charges Filed Against Individuals Accused of Stealing Millions from the South
Carolina and North Carolina Medicaid Programs*

*Civil Enforcement Actions Result in Nearly \$5 Million in Settlements and Judgments to
Resolve False Claims Act Allegations*

CHARLOTTE, N.C. – U.S. Attorney Russ Ferguson is joined today by South Carolina Attorney General Alan Wilson, North Carolina Attorney General Jeff Jackson, FBI Special Agent in Charge James C. Barnacle, Jr., and representatives of IRS-Criminal Investigation and the Department of Health and Human Services Office of the Inspector General, to announce the results of a health care fraud crackdown that led to criminal charges filed against nine individuals involved in separate health care fraud schemes that allegedly defrauded the North Carolina and the South Carolina Medicaid Programs of millions of dollars.

The announcement was made as part of the [Justice Department's national healthcare fraud takedown](#) that resulted in 324 defendants being charged in connection with more than \$14.6 billion in alleged fraud.

“The United States spends almost \$5 trillion per year on healthcare, and about 45% of that is from government insurance programs,” said U.S. Attorney Ferguson. “Fraudsters not only drain these taxpayer funded insurance programs that millions rely upon and every taxpayer contributes to, but, in the process, exploit patients, and increase healthcare costs for everyone. We’re working with our federal and state partners at all levels to uncover and dismantle healthcare fraud schemes, protect public dollars, and bring to justice those who abuse taxpayer-funded healthcare systems for personal gain.”

“Healthcare fraud isn’t a crime that only exists on paper. These schemes drain taxpayer-funded government programs designed to assist citizens who may not otherwise be able to afford healthcare. The FBI and our partners work tirelessly to stop people from defrauding the government, protect the integrity of the programs for those who truly need it, and bring offenders to justice,” said FBI Charlotte Acting Special Agent in Charge James C. Barnacle Jr.

“Medicaid fraud not only steals money from the taxpayer but also means that many people, including children, may not get the health care they need. My office has been working diligently to hold these criminals accountable and we will continue to focus on rooting out waste, fraud, and abuse,” said South Carolina Attorney General Alan Wilson.

“This North Carolina business owner allegedly stole almost \$2 million in taxpayer money from our Medicaid program under the guise of providing health care services for people who need them,” said North Carolina Attorney General Jeff Jackson. “I’m thankful to NCDOJ’s Medicaid Investigations Division for helping bring her to justice alongside state and federal partners. We’ll keep working to hold anyone who defrauds North Carolinians accountable.”

“Healthcare fraud not only victimizes patients, but it also misuses taxpayer dollars and endangers the livelihood of healthcare programs,” said Acting Special Agent in Charge Richard Gaskins, Charlotte Field Office, Internal Revenue Service Criminal Investigation. “We remain committed to uncovering misconduct in use of healthcare funds and holding offenders accountable. Together with federal and state law enforcement partners, IRS-CI will continue to pursue anyone trying to exploit federal programs for personal gain.”

“The alleged actions of these individuals represent a blatant abuse of the Medicaid program for personal gain, violating the public trust and diverting resources from those who need them most. This conduct undermines the integrity of a vital healthcare safety net designed to serve our most vulnerable citizens,” said Kelly J. Blackmon, Special Agent in Charge with the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “HHS-OIG remains committed to working together with our law enforcement partners to identify and investigate those individuals who allegedly engaged in fraud targeting our federal health care programs.”

“Every taxpayer dollar that is lost to waste, fraud and abuse through a public health care program is a resource that could have been used to serve another purpose in our community,” said South Carolina Department of Health and Human Services Director Eunice Medina. “When fraudsters target state Medicaid programs, they not only target taxpayer funds, but may also compromise access to medical services for the extremely vulnerable populations served by South Carolina’s Medicaid program. SCDHHS is grateful for our collaboration with the South Carolina Attorney General’s and U.S. Attorney’s Offices and looks forward to further collaboration with our investigatory partners as we work to eliminate waste, fraud and abuse.”

South Carolina Medicaid Fraud Cases – *U.S. v. Saunders et al. & U.S. v. Hill*

Federal criminal charges were filed in the Western District of North Carolina against eight individuals that allegedly conspired to defraud the South Carolina Medicaid Program (SC Medicaid) of more than \$21 million by filing false and fraudulent reimbursement claims for behavioral health care services that were either inflated or not provided at all. It is alleged that these individuals bought and sold personal identifying information (PII) of SC Medicaid beneficiaries, and submitted reimbursement claims for patients that never knew their information was being used and never received the services.

The seven individuals charged with conspiracy to commit health care fraud and to pay and receive illegal kickbacks are:

- **Donald Calvin Saunders**, 62, of Charlotte. Saunders is also charged with six counts of health care fraud; one count of unlawful purchase of beneficiary identification numbers; one count of conspiracy to commit money laundering; and three counts of money laundering.
- **Vanessa Ragin-Boatright**, 59, of Manning, South Carolina. Boatright is also facing two counts of health care fraud; one count of unlawful purchase of beneficiary identification numbers; and one count of conspiracy to commit money laundering.
- **Dajuan Strickland**, 47, of Charlotte and Buffalo, New York. Strickland is also charged

with three counts of health care fraud; two counts of unlawful purchase of beneficiary identification numbers; one count of conspiracy to commit money laundering; and three counts of money laundering.

- **Cynthia Jenkins Harris**, 60, of Elgin, South Carolina. Harris is also facing one count of health care fraud and one count of conspiracy to commit money laundering.
- **Latarsa Hitchcock**, 56, of Jacksonville, North Carolina.
- **Stephanie Corbett**, 59, of Jonesboro, Georgia.
- **Karen McClary**, 51, of Kingstree, South Carolina.

David Corey Hill, age 54, of Concord, North Carolina, who was also part of the scheme was charged separately via a criminal bill of information with conspiracy to commit health care fraud and money laundering. Hill has agreed to plead guilty and is expected to appear in federal court for a plea hearing in the days ahead.

According to allegations contained in charging documents and other court records, from 2017 to 2024, the defendants conspired with each other and others to defraud the SC Medicaid program by submitting false and fraudulent reimbursement claims for behavioral health services that were not rendered as claimed and were tainted by illegal kickbacks and bribes. To carry out the scheme, the co-conspirators allegedly filed thousands of fraudulent claims using a network of companies in the Charlotte area and elsewhere. SC Medicaid beneficiaries are permitted to receive behavioral health services from qualified North Carolina providers located within a 25-mile radius from the South Carolina border.

The indictment alleges that Saunders was an organizer and leader of the scheme to defraud SC Medicaid and to pay and receive illegal kickbacks and bribes for Medicaid beneficiary names and identification numbers used to facilitate the scheme. As the leader of the conspiracy, Saunders allegedly helped other conspirators, including Hitchcock, Strickland, and Hill, create and operate billing companies or companies that provided behavioral health care services used to file fraudulent reimbursement claims with SC Medicaid. In exchange, Saunders received a portion of the illegal proceeds generated by those companies. Other individuals in the conspiracy, including Jenkins, McClary, and Corbett, supported the scheme by selling the PII of SC Medicaid beneficiaries; supplying licensed behavioral health professionals' National Provider Identification (NPI) numbers; creating fictitious service notes for SC Medicaid beneficiaries who purportedly received services; or submitting fraudulent claims to SC Medicaid for reimbursement.

The indictment alleges that the beneficiaries whose names and PII were purchased and sold did not know that Medicaid claims had been submitted in their name and did not receive the services as represented to SC Medicaid.

In addition to using stolen PII of SC Medicaid beneficiaries, during the investigation the South Carolina Attorney General's Vulnerable Adults and Medicaid Provider Fraud unit (SAG VAMPF), with the Assistance of the South Carolina Department of Health and Human Services (SCDHHS), created fictitious Medicaid beneficiaries which they then sold to the co-conspirators. The indictment alleges that the co-conspirators used the fictitious beneficiaries' numbers to file fraudulent reimbursement claims with SC Medicaid for services that were never rendered.

It is further alleged that the co-conspirators paid bribes and illegal kickbacks to other individuals involved in the scheme, including providers who allowed the defendants to use their NPIs in connection with the filing of fraudulent claims. However, according to the indictment, many of the NPIs used by the co-conspirators belonged to professionals who were not part of the scheme but were tricked into providing their NPIs and credentials to the co-conspirators as part of an application for a job that never materialized. In the state of South Carolina, rendering providers

of mental health services are licensed by the South Carolina Department of Labor Licensing and Regulations (LLR) and most are licensed independent practitioners.

The indictment alleges that the defendants were collectively paid over \$21 million dollars as a result of the health care fraud scheme. It is further alleged that the defendants engaged in a money laundering conspiracy and conducted financial transactions designed to conceal and disguise the nature and source of the payments. For example, it is alleged that kickback agreements and payments were disguised as consulting contracts, payroll, and other seemingly legitimate expenses.

If convicted, the defendants face a maximum statutory sentence of five years in prison on the healthcare fraud conspiracy count, ten years in prison on the healthcare fraud counts, twenty years in prison on the money laundering conspiracy count, and ten years in prison on the money laundering counts. Ultimately, their sentences will be determined by the Court based on the advisory sentencing guidelines and other statutory factors.

North Carolina Medicaid Fraud Case: *U.S. v. Crystal Jackson*

It was also announced today that Crystal Sherrell Jackson, 39, of Charlotte, is charged with health care fraud and money laundering for submitting fraudulent reimbursement claims to the North Carolina Medicaid Program (NC Medicaid) for psychotherapy services and urine drug testing. The bill of information alleges that Jackson, who held herself out as a licensed clinical addiction specialist, owned and managed Jackson Consulting Services LLC (JCS). Jackson licensed JCS as a mental health agency, clinical laboratory, and consulting business registered with NC Medicaid to provide services to eligible beneficiaries.

According to allegations in the bill of information, between January 2020 and June 2024, Jackson billed NC Medicaid over \$1.9 million and was paid over \$1.6 million for fraudulent claims for drug testing and psychotherapy sessions that were not medically necessary or never rendered.

To carry out the scheme, Jackson and her associates allegedly obtained and used the personal information of eligible persons, including their names, addresses, dates of birth, and NC Medicaid beneficiary numbers. In many cases, the beneficiaries did not know their information had been used to file the fictitious reimbursements claims and never received the services for which Jackson billed NC Medicaid. In addition, more than a dozen of the beneficiaries whose information Jackson used to bill NC Medicaid were incarcerated or deceased at the time the alleged services were provided.

According to the bill of information, in addition to billing NC Medicaid for non-existent psychotherapy services, JCS also falsely billed for unnecessary urine drug testing. To maximize criminal proceeds from the scheme, Jackson operated a fraudulent lab licensed under the Clinical Laboratory Improvement Amendments (CLIA), which enabled Jackson to bill NC Medicaid for the highest eligible drug testing.

In addition to health care fraud, Jackson is also charged with transactional money laundering for using criminal proceeds in furtherance of the scheme and to buy a vehicle and pay thousands of dollars for rent, food delivery, and ride sharing.

This is the latest charge involving fraudulent billing schemes targeting NC Medicaid. To date, a multiple defendants have been convicted of health care fraud and sentenced to prison for defrauding NC Medicaid, including a [Greensboro clinic](#) owner who was sentenced to 52 months

in prison for a scheme that defrauded the NC Medicaid of more than \$4.7 million in fraudulent claims for behavioral services.

Civil Enforcement Actions

In addition to the criminal charges, the U.S. Attorney's Office also announced recent civil enforcement actions that have resulted in settlements and judgments of nearly \$5 million to resolve False Claims Act allegations.

In May, Nirvana Hyperbaric Institute, LLC (Nirvana), owner Roger Hunter, and Dr. Herminia De Guzman Ferreras, agreed to pay \$200,000 to resolve allegations that they violated the False Claims Act by knowingly submitting claims to Medicare for hyperbaric oxygen therapy treatments that were not adequately supervised by a physician.

Also last month, [Charlotte Clinic Owner](#) Steven Osbey of Kernersville, N.C., agreed to settle allegations of NC Medicaid fraud, and during the course of settlement negotiations has agreed for entry of judgment against him for over \$4.7 million in favor of the United States and the State of North Carolina over allegations that a clinic he co-owned improperly charged NC Medicaid for physician home visits that never occurred.

In January, the U.S. Attorney's office and the State of North Carolina filed [a False Claims Act complaint](#) against Benson I. Ejindu alleging that he knowingly submitted or caused the submission of false claims to NC Medicaid, through a durable medical equipment business he operated, for more expensive medical supplies than were provided to Medicaid beneficiaries.

Last fall, the U.S. Attorney's Office announced that LabXperior Corporation and its owner, Tina Ball, paid \$235,000 to [resolve allegations](#) that they violated the Federal False Claims Act and North Carolina False Claims Act by knowingly billing NC Medicaid for urine drug tests that were medically unnecessary and resulted from violations of the Anti-Kickback Statute.

"Even where it is not criminal, we will pursue false payments by civil action to recover taxpayer money and protect our American healthcare system," said U.S. Attorney Ferguson.

In making today's announcement, U.S. Attorney Ferguson thanked the Office of the South Carolina Attorney General VAMPF, the North Carolina Attorney General's Medicaid Investigations Division, the FBI in North Carolina, IRS-CI, HHS-OIG, and SCHHS for their investigative efforts and ongoing coordination that led these cases, and other federal, state, and local law enforcement agencies that participated in this effort.

U.S. Attorney Ferguson also thanked the Assistant U.S. Attorneys in the criminal and civil divisions for their work on the cases and recognized Special Assistant U.S. Attorney Kristina Fleisch with the North Carolina Medicaid Division who is prosecuting the case against Crystal Jackson.

An indictment or information is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

If you suspect Medicare or Medicaid fraud, please report it by phone at 1-800-HHS-TIPS (1-800-447-8477), or via email at HHSTips@oig.hhs.gov.

To report Medicaid fraud in North Carolina, call the North Carolina Medicaid Investigations Division at 919-881-2320 or fill out an online [complaint form](#).

To report suspected Medicaid fraud in South Carolina, contact the South Carolina Department of Health and Human Services via the toll-free tip line at 1-888-364-3224.

TRICARE fraud can be reported [here](#).

Fraud against the U.S. Department of Veterans Affairs healthcare system can be reported at www.vaoig.gov/hotline.

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