Department of Justice

U.S. Attorney's Office

Eastern District of Louisiana

FOR IMMEDIATE RELEASE Tuesday, July 24, 2018

Accountant Charged with Conspiracy for His Role in Operation of Covington Business Running Medical Reimbursement Account Program

U.S. Attorney Duane A. Evans announced that **BRENT ANTHONY SILVA**, age 52, a resident of Covington, Louisiana, was charged yesterday in a one-count bill of information with conspiracy to make false statements and representations in connection with a multiple employer welfare arrangement, in violation of 18 U.S.C. ' 371, for his role the operation of the Total Financial Group ("TTFG"), a Covington-area business that created and marketed what it claimed to be a Medical Reimbursement Program.

According to the bill of information, TTFG was a Louisiana business incorporated with the Louisiana Secretary of State on about January 6, 2005, that was most recently located at 406 N. Florida Street, Covington, Louisiana. TTFG and its owners created and marketed a Medical Reimbursement Account program called "Classic 105." Classic 105 claimed to be a multiple employer welfare arrangement that was marketed to employers as a supplemental benefits plan for their employees to reimburse for medical expenses such as co-pays and deductibles; participants in Classic 105 were required to have a primary health insurance plan unrelated to and in addition to Classic 105. Classic 105 claimed to be comprised of several components: a tax-exempt contribution of between $1,000 and $1,600 per month made by an employee (which reduced the employee's taxable income), a loan from a lender back to the employee to make up for the contribution, an insurance policy payable to the lender at the employee's death to repay the loan, and fees paid by the employee and the employer directly to TTFG. TTFG told prospective employer-customers that participants would never have to make out-of-pocket payments to repay the loan and that as a result of the tax savings, most participants would receive an increase in their net take home pay. TTFG also told prospective employer-customers that the contributions would be stored in a unique account for each employee and that any money not used by the end of each calendar year would revert to TTFG. TTFG also charged employees a fee of between $150 and $250 per month and the employer a fee of five (5) percent of each employee's contribution amount. At its peak, in late 2016, over 350 employers and 4,400 employees ("participants") nationwide were enrolled in TTFG's Classic 105 program.

According to the Bill of Information, TTFG never obtained a single loan or insurance policy for the Classic 105 program, and participants never made any actual contributions. Rather, TTFG arranged for the contribution, loan, and insurance policy to appear as a series of "paper transactions" that, in effect, did nothing more than reduce participants' taxable wages and employers' FICA payments improperly, without their knowledge of the impropriety. In truth, the only money actually paid to TTFG were the fees.

SILVA was hired by the owners of TTFG in about 2013. **SILVA** performed numerous functions at TTFG, including preparing the federal and state income tax returns for TTFG and its owners, as well as serving as the primary point of contact for all accounting-related issues that arose. In his role with TTFG, **SILVA** knowingly caused false statements to be made to employer-clients and employee-participants about the financial condition, solvency, and benefits provided by Classic 105 during the marketing and sale of the program, including statements on December 17, 2014 and January 15, 2015.

“This criminal action demonstrates the Labor Department’s resolve to vigorously prosecute those who scheme, misappropriate, misrepresent and deceive small business health plans, as well as, the health insurance market for their own financial gain are brought to justice,” said James Purcell, Regional Director of the Kansas City Regional Office for the U.S. Department of Labor, Employee Benefits Security Administration.

If convicted, **SILVA** faces a maximum term of imprisonment of five years, a fine of up to $250,000.00, three years supervised release after imprisonment, and a mandatory $100 special assessment.

U. S. Attorney Evans reiterated that a bill of information is merely a charge and that the guilt of the defendant must be proven beyond a reasonable doubt.

U.S. Attorney Evans praised the work of the Internal Revenue Service – Criminal Investigations; Federal Bureau of Investigation; and United States Department of Labor – Office of Inspector General and Employment Benefits Security Administration and expressed appreciation for the support provided by Senior Trial Attorney Rebecca Pyne, Department of Justice, Organized Crime and Gang Section, Labor-Management Racketeering Unit. Assistant United States Attorney Jordan Ginsberg and Department of Justice, Tax Division Trial Attorney Melanie Smith are in charge of the prosecution.