Department of Justice

U.S. Attorney's Office

Eastern District of Louisiana

FOR IMMEDIATE RELEASE Friday, March 18, 2022

Architects of $48 Million Dollar Medical Reimbursement Account Program Fraud Scheme Sentenced

NEW ORLEANS – U.S. Attorney Duane A. Evans announced that that **DENIS J. JOACHIM**, age 55, **DONNA K. JOACHIM**, age 55, residents of Covington, Louisiana, and their company, **The Total Financial Group, Inc.** ("**TTFG**"), having previously pled guilty, were sentenced on March 17, 2022 by United States District Judge Carl J. Barbier, for their roles in creating, marketing, and operating what it claimed to be a Medical Reimbursement Program. After characterizing their conduct as a "massive fraud scheme", Judge Barbier sentenced **DENIS J. JOACHIM** to 97 months in prison, followed by 3 years of supervised release, and a $100 special assessment fee, **DONNA K. JOACHIM** to 12 months and 1 day in prison, followed by 3 years of supervised release, and a $100 special assessment fee, and **TTFG** to 1 year of probation and a $2,400 special assessment fee. As part of the guilty plea, the defendants have agreed to forfeit assets previously seized with a collective value of approximately $6,300,000. A hearing to determine the amount and apportionment of restitution was scheduled for June 9, 2022, at 9:30 am.

As a condition of their pleas, **DENIS** and **DONNA JOACHIM** also agreed to be barred from serving as consultants or advisors to any labor organization or employee benefit plan for a period of thirteen (13) years from the end of their terms of imprisonment. Additionally, **TTFG's** Executive National Marketing Director, **JOSEPH ANTHONY BORINO**, is scheduled to be sentenced by United States District Judge Wendy B. Vitter on June 30, 2022.

According to court documents, **TTFG** was a Louisiana business incorporated by **DENIS** and **DONNA JOACHIM** 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 to reimburse their employees 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-clients 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- clients that the contributions would be stored in a unique account for each employee-participant and that any money not used by the end of each calendar year would revert to **TTFG**. **TTFG** also charged employee-participants a fee of between $150 and $250 per month and the employer a fee of five percent of each employee's contribution amount. At its peak, over 350 employer-clients and 4,400 employee-participants nationwide were enrolled in **TTFG's** Classic 105 program. In total, **TTFG** took in not less than at least $25,543,340.70 in fees from the employer-clients and employee-participants.

In fact, **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. Consequently, **TTFG** and the **JOACHIMS** caused the underpayment of at least $23,343,442.70 in federal FICA taxes, as well as the underreporting and underpayment of personal federal income taxes, federal unemployment taxes, and state unemployment taxes—amounts for which the employer-clients and employee-participants may be individually responsible.

In truth, the only money actually paid to **TTFG** were the fees, which the **JOACHIMS** for personal expenses, including the purchase of a 26-foot boat, a 2016 Grand Design Solitude recreational trailer, a Chevrolet Corvette, a Jeep Wrangler, a Dodge Ram truck, a Mercedes-Benz CL 550 automobile, a GMC Yukon XL Denali, multiple CAN-AM Maverick 1000R off-road vehicles, jet skis, their Covington residence, real property located adjacent to their Covington residence, two (2) residences located in Madisonville, Louisiana, 40 acres of property in Bush, Louisiana, and 125 acres of property in Spring City, Tennessee.

The Court's previous forfeiture orders were made part of the defendants' sentences. Consequently, **TTFG** and the **JOACHIMS** have forfeited all right, title, and interest in the following assets to the United States of America: $791,304.83 from seized bank accounts, 2013 Chaparral Boat, 2014 Chevrolet Corvette, 2016 Jeep Wrangler, 2016 Dodge Ram 3500 Pickup Truck, 2012 Mercedes Benz CL550, 2016 GMC Yukon XL Denali, 2016 Can-Am Maverick 1000R Turbo XDS, 2016 Can-Am Outlander 1000R XMR, 2016 Grand Design Reflection Recreational Trailer, (2) 2016 Sea-Doo RXT-X-300 Jet Skis, 2015 Sea-Doo GTX-LTD IS 260, (3) Boat Trailers, 23185 Highway 1084, Covington, LA, 26169 Highway 40, Bush, LA, acreage in Rhea County, Tennessee, and 41 Rue Du Sud, Madisonville, LA.

"The defendants targeted unsuspecting employers luring them into this fraudulent scheme that caused severe tax issues for both employers and their employees," said U.S. Attorney Duane A. Evans for the Eastern District of Louisiana. "Schemes such as these have a profound effect on their victims, not only by the monies lost in the scheme, and the time and effort to repair the adverse effects of the fraudulent plot, but also by stoking public distrust. Our office, along with our investigative partners, remains committed to investigate these crimes and prosecute all those that are intent in defrauding the American public."

"This sentencing demonstrates the steadfast work of the FBI and our partners in bringing to justice individuals like Mr. Dennis Joachim and Mrs. Donna Joachim who engage in fraudulent schemes that impact our health care programs," said, Douglas A. Williams, FBI New Orleans. "We thank our partners at United States Attorney's Office Eastern District of Louisiana, Internal Revenue Service - Criminal Division, Department of Labor Office of Inspector General, and the Employee Benefits Security Administration, for their collaborative efforts in disrupting criminal actors who cause damage to the American healthcare system."

"The Total Financial Group, Inc. and its' owner Denis and Dona Joachim, fraudulently used a multiple employee welfare arrangement plan to defraud participants and unjustly enrich themselves in complete disregard of the fiduciary duty they owed to the plan employers and their workers. The successful prosecution of these defendants reinforces the OIG's continued commitment to working with our partner federal agencies to safeguard American workers from organizations and individuals engaged in these types of illicit fraud schemes," said Special Agent-in-Charge Steven Grell of the U.S. Department of Labor, Office of Inspector General, Dallas *Region*.

"Defendants illegally enriched themselves at the expense of hard-working employees and their employers, and today they were held accountable," said Mark Underwood, Acting Regional Director for the U. S. Department of Labor Employee Benefit Security Administration. "This case demonstrates how federal agencies work together to vigorously enforce criminal violations committed against employee benefit plans and their participants."

“The defendants sentenced today share one trait in common – greed,” said Special Agent in Charge James E. Dorsey, IRS Criminal Investigation, Atlanta Field Office. “Their desire for money, power and material items, drove them to perpetrate crimes against our tax system and prey upon many of the vulnerable in our society. Thanks to the financial expertise and diligence of IRS-CI special agents, who worked side-by-side with other federal and state law enforcement officers to uncover these schemes, these criminals now face the consequences of their actions.”

U.S. Attorney Evans praised the work of the Federal Bureau of Investigation; the United States Department of Labor – Office of Inspector General and Employment Benefits Security Administration, and the Internal Revenue Service – Criminal Investigations 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 Attorneys Jordan Ginsberg, Chief of the Public Corruption Unit, Maria M. Carboni, and Andre Lagarde were in charge of the prosecutions.

Topic(s):
Financial Fraud
Labor & Employment

Component(s):
Federal Bureau of Investigation (FBI)
USAO - Louisiana, Eastern