

Department of Justice

U.S. Attorney's Office

Northern District of Iowa

FOR IMMEDIATE RELEASE

Monday, June 28, 2021

Former Waterloo Medicaid Provider Sentenced to More than Five Years in Federal Prison for Defrauding Elderly Victim

Stole Nearly \$500,000 from Cognitively and Physically Impaired Widow

A Waterloo woman who used a power of attorney to defraud a disabled elderly widow of nearly \$500,000 was sentenced on June 25, 2021, to more than five years in federal prison. Kimberly Ann Henny, age 54, received the prison term after an August 5, 2020 guilty plea to one count of wire fraud.

Evidence presented at Henny's sentencing showed that Henny operated Healing Harvest Ministries ("HHM") in the Waterloo/Cedar Falls area. HHM was a charitable and religious organization that provided services to Medicaid recipients. In 2014, however, the Iowa Medicaid program discovered that HHM lacked required accreditation, suspended HHM, and ordered Henny to repay over \$200,000 in Medicaid moneys. An FBI agent testified at Henny's sentencing hearing about other irregularities at HHM, including alleged "exorcisms" performed on clients and failures to pay wages and withhold taxes.

Henny admitted that, between 2014 and 2016, she stole \$494,724.12 from her victim, an elderly widow who lived in an assisted living facility and later a nursing home. Henny's victim had dementia, was legally blind, and had difficulty hearing. United States District Court Judge C.J. Williams, who sentenced Henny, observed at Henny's sentencing that Henny's victim was "highly vulnerable" and perhaps one of the most vulnerable victims he had seen in a case.

As part of her fraud scheme, Henny used a power of attorney to gain access to her victim's bank accounts and annuities. The victim already had a power of attorney in favor of one of the victim's children, who lived out of state. In 2015, however, knowing that the victim clearly lacked the capacity to understand her actions due to severe cognitive and physical disabilities, Henny obtained a power of attorney over her victim's finances. Henny then began transferring and spending the victim's funds for her own purposes. The power of attorney form required Henny to act loyally for the victim's benefit and not to make any gifts to herself, but Henny used the power attorney to drain her victim's accounts and cash out her annuities, and then to make purchases for Henny's own benefit, including a vacation, hair and spa expenses, and for rent and furniture.

In November 2018, state authorities arrested Henny on related criminal charges. The next month, Henny entered into a stipulation in a divorce proceeding, which Judge Williams found was a "sham divorce," that awarded Henny \$90,000 in retirement benefits. Over a four-month period in 2019, Henny transferred the \$90,000 to other accounts she controlled, including a prepaid debit card, and then spent the funds. In addition, after she pled guilty in federal court, Henny understated to the probation office certain COVID-19 related unemployment benefits she was receiving from the government.

Henny was sentenced in Cedar Rapids by United States District Court Judge C.J. Williams. Henny was sentenced to 70 months' imprisonment. She was ordered to make \$494,724.12 in restitution to

her victim's children. She must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system. Henny was released on the bond previously set and is to surrender to the Bureau of Prisons on a date yet to be set.

In 2016, the United States Attorney's Office for the Northern District of Iowa was selected as one of 10 districts in the nation to form an Elder Justice Task Force (<http://go.usa.gov/cSngj>). The task force was assembled to foster a collaborative working relationship among all levels of government officials, advocacy groups for the elderly and the disabled, and others charged with the care and protection for these vulnerable groups. The goals include ensuring the integrity of all government expenditures by eliminating fraud, waste, and abuse in health programs, and protecting some of the state's most vulnerable citizens from harm, whether it occurs in nursing homes or other institutions or involves financial fraud schemes. To learn more about the Department of Justice's Elder Justice Initiative, visit: <https://www.justice.gov/elderjustice/>

The case was prosecuted by Assistant United States Attorney Tim Vavricek and investigated by the Federal Bureau of Investigation, the Iowa Medicaid Fraud Control Unit, and the Waterloo Police Department. The United States Department of Labor, Office of Inspector General, assisted the investigation.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 20-CR-2035.

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