Department of Justice

U.S. Attorney's Office

Eastern District of Louisiana

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Texas Man Sentenced to 12 Months and 1 Day for His Role as Executive National Marketing Director in Operating Sham Medical Reimbursement Account Program

NEW ORLEANS – U.S. Attorney Duane A. Evans announced that **JOSEPH ANTHONY BORINO**, age 65, a resident of Spring Hill, Texas, was sentenced on November 1, 2022 to 12 months and 1 day in prison by United States District Judge Wendy B. Vitter after previously pleading guilty to a one-count superseding bill of information charging him with misprision of a felony, namely, wire fraud, in violation of 18 U.S.C. § 4, for his role in a wide-ranging scheme that defrauded thousands of individuals and companies across the United States. Judge Vitter also sentenced **BORINO** to one (1) year of supervised release after his release from prison and ordered that he pay a $100 mandatory special assessment fee. Judge Vitter scheduled a restitution hearing for February 13, 2023 at 10:00 am.

According to court documents, The Total Financial Group (TTFG) was a Louisiana business incorporated by Denis and Donna Joachim with the Louisiana Secretary of State on about January 6, 2005. TTFG was most recently located in Covington, Louisiana and had at least 13 employees and 56 independent sales agents. **BORINO**, employed with TTFG since 2012, served as its National Executive Marketing Director. In that capacity, **BORINO** supervised, trained, and instructed TTFG's regional sales personnel. **BORINO** primarily handled and resolved issues that agents, prospective clients, and enrolled clients encountered.

TTFG and its owners, along with **BORINO** and others, 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's marketing program 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.

According to court documents, TTFG committed wire fraud by virtue of how it actually operated Classic 105. TTFG never obtained a single loan or insurance policy for the Classic 105 program, and participants never made any actual contributions. The only money tendered to TTFG by employer-clients and employee-participants were fees. As a result, employee-participants and employer-clients were defrauded into enrolling in, and paying fees for, the Classic 105 program by means of fraudulent pretenses, representations, and promises. Additionally, participants and employers were exposed to potential adverse financial consequences, including not only unpaid taxes, fees, and penalties, but also ineligibility from certain government programs, including unemployment payments, and reduced Social Security payments.

Despite having knowledge of these events, which constituted wire fraud, on multiple occasions, **BORINO** did not make known the information and attempted to conceal it. For example, in September 2014, **BORINO** was told that "TTFG has not made any deals with any banks in any state" and also had "not solicited nor [sic] received any pooling of funds from a group of individuals." In the subsequent months, when subordinates asked **BORINO** specific questions about the loan component and passed along concerns that Classic 105 was "a scam and likely an illegal tax dodge," **BORINO** failed to disclose what he had been told: that there were no entities providing loans. In subsequent years, **BORINO** continued to represent to subordinates and prospective customers that loans from "Wall Street banks," community banks, and various "investing vehicles" funded the loan component. During her sentencing of **BORINO**, Judge Vitter noted his senior level at TTFG, an organization that "was based on nothing but fraud."

U.S. Attorney Evans praised the work of the United States Department of Labor – Office of Inspector General and Employment Benefits Security Administration, the Federal Bureau of Investigation, and IRS-Criminal Investigations in investigating this matter. Assistant United States Attorneys Jordan Ginsberg, Andre Lagarde, and Maria Carboni were in charge of the prosecution.

Topic(s):
Financial Fraud

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