



# Department of Justice

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**Eastern District of Louisiana**

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## **COVINGTON, LOUISIANA COUPLE AND THEIR BUSINESS CHARGED IN 35-COUNT INDICTMENT IN OVER FOR OPERATION OF FRAUDULENT BUSINESS RUNNING MEDICAL REIMBURSEMENT ACCOUNT PROGRAM THAT CAUSED AT LEAST \$40,000,000 IN LOSS TO IRS AND PARTICIPANTS**

**NEW ORLEANS** – U.S. Attorney Duane A. Evans announced that **DENIS J. JOACHIM**, age 52, **DONNA K. JOACHIM**, age 52, residents of Covington, Louisiana, and their company, **The Total Financial Group, Inc. (“TTFG”)** were charged today by a federal grand jury in a thirty-five-count Indictment related to their creation, marketing, and operation of what it claimed to be a Medical Reimbursement Program. In particular, the defendants were charged with conspiracy to defraud the United States and to make false statements and representations in connection with a multiple employer welfare arrangement (“MEWA”), in violation of Title 18, United States Code, Section 371 (Count 1); aiding and assisting in the preparation of false tax returns, in violation of Title 26, United States Code, Section 7206(2) (Counts 2-13); making false statements in connection with a MEWA, in violation of Title 29, United States Code, Sections 1131(b) and 1149 (Counts 14-18), conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349 (Count 19), wire fraud, in violation of Title 18, United States Code, Section 1343 (Counts 19-25), conspiracy to commit money laundering, in violation of Title 18, United States Code, Section 1956(h) (Count 26), and money laundering, in violation of Title 18, United States Code, Section 1957 (Counts 27-35). Additionally, the Government identified the prior seizure of approximately \$6,300,000 worth of the defendants’ assets.

According to the bill of information, **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 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-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 (5) 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 \$21,000,000 in fees from the employer-clients and employee-participants.

According to the Indictment, **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 at least \$20,000,000 in federal FICA taxes to be underpaid as well as a "significant" amount of personal income taxes, amounts for which the employer-clients and employee-participants are individually responsible. In at least one instance, a former participant did not qualify for unemployment benefits based on her participation in Classic 105. In truth, the only money actually paid to **TTFG** were the fees, which the **JOACHIMS** used to make numerous 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.

If convicted, **DENIS** faces a maximum term of imprisonment of 271 years, a fine of up to \$7,250,000, three years supervised release after imprisonment, and a mandatory \$100 special assessment. **DONNA** faces a maximum term of imprisonment of 261 years, a fine of up to \$7,000,000.00, three years supervised release after imprisonment, and a mandatory \$100 special assessment. They may also be required to forfeit the amounts and items already seized and be subject to further forfeiture.

U. S. Attorney Evans reiterated that an Indictment 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 is in charge of the prosecution.

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