



Criminal Corruption



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In 2002 the FBI reported U.S. organized crime activities brought in an annual income of between \$50 and \$90 billion dollars—more income than any major national industry. Around that time worldwide profits for organized crime were estimated to be approximately one trillion dollars a year.

Who would dare to say that “crime doesn’t pay?”

Money laundering by organized crime networks clearly dis-

proves that old adage. Money laundering is the ability of drug dealers, corrupt public officials, and criminals to hide their illegal profits and make that money available to be used in the legal market. When blowing the whistle on money laundering activity, a whistleblower must be prepared to face violent retaliation, as nothing is as strongly protected as the money laundering apparatus of a criminal network. Regardless of how the illegal money is obtained, the ultimate goal of the criminal is to be able to use the illegal money gained by using it to buy products and services in the legal market.

The ways that criminals hide illegal proceeds are very complex and often ingenious. Money laundering generally involves a series of multiple transactions used to disguise the source of financial assets. This is to allow the criminals to access the money without compromising themselves. One essential aspect of money laundering is that the illegal funds are mixed with legitimate funds. So to be successful as a money launderer, one must have ability to mix the illegal money with extensive assets from the legal market. Modern financial systems, which facilitate legitimate commerce, also permit criminals to transfer millions of dollars instantly.



Organized crime is any group that has an organized structure of bosses, advisors, and working members whose key goal is to obtain money and property through illegal activities.

Organized crime groups use extortion (threats of violence) and force to obtain money or property from a person or group.

Money Laundering—Continuing Criminal Enterprise

The melding of corruption with governmental power has made money laundering within the medical community so widespread and so untouchable by law enforcement that doctors are forced to give up their professional careers or give in to the ruinous power and authority of the criminal apparatus. The choice of money laundering vehicles is only limited by the criminal's own creativity. Money can be laundered through currency exchange, stock brokers, gold dealers, casinos, insurance companies, and automobile sales. Real estate brokers who transfer real property and provide financing are an excellent vehicle for money laundering. Offshore banking, shell corporations, free trade zones, wire transfers and private banking facilities all have the ability to mask illegal activities.

Legitimate or quasi-legitimate businesses are used most obviously to launder the proceeds of crimes, but they are also used to facilitate illicit diversion of drugs and regulated precursor chemicals. Front companies are essential for certain kinds of fraud.

The money laundering criminal enterprise sucks all the viable profit out the medical practices and leaves doctors with little to show for years of hard work but their financially compromised practices. When he/she retires, the older doctor is forced by financial necessity to convince another naive young doctor to purchase the business (with the money laundering apparatus in place). Thus, like a child infected in utero with HIV (through the breakdown of the placental-blood barrier) prior to his birth, medical practices pass their infection with the criminal money laundering enterprise down through generations.

Coercion, Deception and Retaliation

The strength of the retaliatory response to the medical whistleblower tells us the size of the criminal problem. Usually most whistleblowers are aware only of corruption at their level in the organization, and their initial complaints may be about relatively minor matters. But after months or years of victimization, the whistleblower discovers that the corruption and the protection of those involved are far greater in extent and seriousness than they had ever suspected. The more violent the response is the more likely the criminal activity is endemic and tacitly accepted within the organization. A criminal money laundering network will go to great lengths to protect themselves and their investments and assets. Money launderers are professional criminals who provide their services on a continuing basis. Because collaboration is crucial to serious and organized criminals, they form groups and networks and therefore can respond to a whistleblowers threat by crushing organized retaliation. In order to avoid detection and prosecution by law enforcement organized criminal operations use coercion, corruption or deception.

The use of threats and actual violence are used to silence potential witnesses and victims are pressed to keep silent or retract statements. Individuals are forced to act against their will to protect the secrets of the criminal enterprise. The criminally involved will use their power and influence to discover information about the status and direction of law enforcement, to identity surveillance vehicles, informants or witnesses, and to discover general information concerning law enforcement capabilities, procedures, operational priorities and resource deployments. This provides the criminals with an insurance policy in the event of an arrest and creates the possibility for evidence to be tampered with or destroyed. Organized criminals use basic evasion techniques and more sophisticated deception methods to hide their activities.

The act of engaging in criminal activity as a structured group is referred to in the United States as Racketeering.

In the U.S., organized crime is often prosecuted federally under the Racketeer Influence and Corrupt Organizations Act (RICO), Statute (18 U.S.C. Part 1 Chapter 96 §§1961-1968).



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Medical Fraud Cases



Fraud under the False Claims Act means that a contractor has knowingly presented a false claim for payment to the United States.

The fraud can occur wherever federal or state monies are directly or indirectly used to purchase services or goods.

Emory Healthcare/Hospitals in Atlanta, Georgia 2005

Georgia state Senator Charles Walker (D-Augusta) was indicted in May 2004 in part over his business dealings with the state-supported Medical College of Georgia. Walker, who was convicted in June of 127 counts of conspiracy, mail fraud and aiding and abetting the filing of false tax returns, reported to the state that the medical college paid his personnel services firm \$75,356 last year.

Operator Of Illegal Internet Pharmacy Sentenced To Prison 2005 San Diego, CA,

Mark Kolowich (51 months in prison) pled guilty to conspiracy to commit money laundering, conspiracy to sell counterfeit pharmaceuticals, and smuggling; He operated one of the largest internet pharmacy schemes ever prosecuted (World Express Rx). Kolowich allowed customers to order prescription drugs without having a prescription.

Fraudulent Health Card Company Involved In Mail Fraud, Health Care Fraud, And Money Laundering— 2005 San Francisco, CA, John B. Hyde, the president of Interstate Services Incorporated (ISI), was sentenced to 41 months in prison and ordered to pay \$1.3 million in restitution. Hyde defrauded thousands of victims who purchased health insurance plans and later found out that their health insurance was essentially worthless.

Pharmacist Sentenced In Internet Pharmacy Case Dallas, TX 2005 - Pharmacist Clayton H. Fuchs, (20 years in prison) for his operation of a web-based pharmacy and the illegal dispensing of controlled substances. The jury found Fuchs guilty of conspiracy to dispense a controlled substance, operating a Continuing Criminal Enterprise and money laundering.