



THE UNITED STATES

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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Colorado Physician Charged for Misappropriating Thousands from Three Different COVID Relief Programs

An indictment was unsealed Wednesday in Denver charging a Colorado man with stealing nearly \$300,000 in government funds from three different COVID relief programs and with making false statements in connection with bankruptcy proceedings.

According to court documents, Francis F. Joseph, 56, of Highlands Ranch, allegedly transferred approximately \$118,000 in COVID relief funding from a medical clinic's account into his personal bank account, after which he spent the money on, among other things, travel and home improvements. The stolen funds came from two programs that were designed to aid medical providers during the COVID-19 pandemic — the Accelerated and Advance Payment Program and the Provider Relief Fund.

The Accelerated and Advance Payment Program provides necessary funds in national emergencies in order to accelerate cash flow to impacted Medicare providers. The Provider Relief Fund, through which \$50 billion was allocated to providers for the coronavirus response, was part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a federal law enacted March 29, 2020 and designed to provide emergency financial assistance to millions of Americans who are suffering the economic effects resulting from the COVID-19 pandemic.

Today's indictment constitutes the nation's second set of criminal charges related to the misuse of Provider Relief Fund moneys and the first time that charges have been brought in connection with fraud on the Accelerated and Advance Payment Program.

The indictment further alleges that following his termination from the clinic, Joseph applied for a \$179,999 loan under the Paycheck Protection Program (PPP) on behalf of the medical practice, which he then directed into his personal bank account. Finally, the indictment alleges that Joseph filed for bankruptcy on behalf of (but unbeknownst to) the clinic following his termination and submitted documents containing materially false statements regarding his misappropriation of funds from the clinic in connection with that proceeding.

In April 2020, Congress authorized over \$300 billion in additional PPP funding through the CARES Act. The PPP allows qualifying small business and other organizations to receive loans with a maturity of two years and an interest rate of one percent. Businesses must use PPP loan proceeds for payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal to be forgiven if businesses spend the proceeds on these expenses within a set time period and use at least a certain percentage of the loan towards payroll expenses.

Joseph is charged with theft in connection with health care, theft of government property, wire fraud, and making a false statement in connection with a bankruptcy proceeding. Joseph is scheduled to make his initial court appearance on May 25 before U.S. Magistrate Judge S. Kato Crews of the U.S. District Court for the District of Colorado. If convicted, he faces maximum penalties of 10 years in prison for each theft count, 20 years for wire fraud, and five years for the bankruptcy proceeding false statement. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Acting Assistant Attorney General Nicholas L. McQuaid of the Justice Department's Criminal Division; Special Agent in Charge Curt Muller of the U.S. Department of Health and Human Services' Office of Inspector General's (HHS-OIG) Kansas City Region; and Special Agent in Charge Weston King of the U.S. Small Business Administration's Office of Inspector General's (SBA-OIG) Western Region made the announcement.

Trial Attorney Emily Gurskis of the Justice Department's Fraud Section is prosecuting the case.

This case was brought in coordination with the Health Care Fraud Unit's COVID-19 Interagency Working Group, which organizes efforts to address illegal activity involving health care programs during the pandemic. The Department of Justice also thanks the U.S. Attorney's Office for the District of Colorado and the Colorado State Medicaid Fraud Control Unit for assistance they provided.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The Fraud Section leads the Medicare Fraud Strike Force. Since its inception in March 2007, the Medicare Fraud Strike Force, which maintains 15 strike forces operating in 24 districts, has charged more than 4,200 defendants who have collectively billed the Medicare program for nearly \$19 billion. In addition, the HHS Centers for Medicare & Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

An indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Attachment(s):

[Download Joseph indictment](#)

Topic(s):

Disaster Fraud
Financial Fraud

Component(s):

[Criminal Division](#)
[Criminal - Criminal Fraud Section](#)

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