



Department of Justice

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Northern District of Georgia

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BUSINESSMAN INDICTED FOR NATIONWIDE FRAUD SCHEME TARGETING CHRISTIAN AUDIENCES

MARIETTA, GA - JEFFREY W. McLAIN, 52, of Marietta, Georgia, has been indicted by a federal grand jury on charges of mail fraud and wire fraud. McLAIN is expected to appear before a United States Magistrate Judge late this week or early next week. An exact time has not yet been set by the Court.

United States Attorney David E. Nahmias said, "This defendant advertised on Christian radio and used religious themes to sell a so-called 'guaranteed' business opportunity. He allegedly defrauded numerous victims of more than \$200,000, saying that his so-called system would make them rich, and that it was not only legitimate but had a tone of religious approval. This defendant's only true mission appears to have been making money by ripping off his customers."

"U.S. Postal Inspectors are responsible for protecting the sanctity of the nation's mail system. We remain resolute in our investigative efforts to bring those to justice who are responsible for fraudulently utilizing the U.S. Mail system in the furtherance of their schemes. Make no mistake, those who choose this path will not get away with it," said Martin D. Phanco, Inspector in Charge, Atlanta Division.

According to United States Attorney Nahmias, the indictment and information presented in court: From June 2005 through July 2006, McLAIN operated "Prophet 3H, LLC," "Prophet 3H, Inc.," "Georgia Home Health Care License and Certification Institute, Inc.," ("GHLCI"), and "Healthcare State License and Certification Institute, Inc.," d/b/a ("HLCI") (collectively "HLCI"), all located at 1395 Marietta Parkway, Suites 115 and 105, in Marietta, Georgia. McLAIN advertised the businesses to potential customers, claiming they would become millionaires in one year or less by accessing "guaranteed" Medicaid clients.

McLAIN's advertisements invited prospective customers to learn about his "guaranteed" money-making system at conferences he organized at major hotels and convention centers nationwide. The conferences were typically advertised on Christian radio stations with a large minority audience. "Home Healthcare" charged up to \$85 for attendance, and up to \$2,400 for the kit that would supposedly enable anyone to

implement the system. At the conferences, McLAIN delivered an approximately three-hour motivational speech with religious overtones including comments such as “praise the Lord” and “the Lord taught me business strategy models...and within a year or two years, they became multi-million dollar businesses.”

The indictment alleges that victims were lured by fraudulent claims. In one alleged instance, a radio advertisement in Nashville, Tennessee, featured a testimonial in which the speaker said, “I never would have believed that I could make over \$40,000 a month in my healthcare agency,” and “The most rewarding thing about going into healthcare isn’t just the \$1.3 million we billed for last year, but serving those who are less fortunate.” McLAIN also claimed that “a \$2,400 investment would turn into 15 million dollars, in just five years,” and that participants who agreed to pay his fee would learn how to “[r]etire in 2 to 5 years with an income of \$45,000 plus, a month.”

The indictment alleges that these and other claims were false, because the “opportunity” that McLAIN ultimately presented after receiving his customers’ fees was bogus. The “opportunity” began with the suggestion that a customer incorporate two corporations: a healthcare company such as a home healthcare services provider for which the participant would seek Medicaid licensing approval, and a separate non-profit charitable organization. The purpose of the non-profit was to lure Medicaid beneficiaries to divulge their personal identification information, by offering small “donations” in exchange for this information. McLAIN then suggested that the customer would profit either by selling this Medicaid information to McLAIN’s “network,” or by using it to solicit the beneficiary to receive services from the customer’s for-profit health care company.

The indictment alleges that McLAIN purposely omitted material facts, namely that this “opportunity” was illegal in numerous ways. McLAIN’s system would have resulted in violations of the laws pertaining, among things, to the use of non-profit corporations and the conduct of healthcare agencies. Because of the defendant’s fraudulent representations and omissions, purchasers who made substantial investments to pursue this purported legitimate business opportunity could neither establish a business nor realize the wealth as promised by McLAIN. The indictment alleges that there were more than 15 victims, and the total loss amount was over \$200,000.

This case is being investigated by federal agents with the United States Postal Inspection Service.

Assistant United States Attorneys Bernita Malloy and Jamila Hall are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.