

FILED
11/16/2021 **LK**

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
 v.)
)
 ANDREW LEE and)
 DARREN A. SMITH)

1:21-CR-00703
JUDGE KENDALL
MAGISTRATE JUDGE COLE
Violation: Title 18, United States
Code, Section 1343

COUNT ONE

The SPECIAL MAY 2021 GRAND JURY charges:

1. At times material to this Indictment:

a. Defendant ANDREW LEE was an employee of the United States Department of Veterans Affairs and was a Prosthetic Clerk in the Veterans Health Administration Prosthetics Service in Chicago, Illinois. LEE also was an agent of Plum Blossom Group Inc., an Illinois corporation, and was an owner of a residence located in Chicago, Illinois (“the LEE residence”).

b. The mission of the Veterans Health Administration Prosthetics Service was to provide comprehensive support to optimize the health and independence of veterans. The Prosthetics Service purchased durable medical equipment for veterans as part of the VA’s care and treatment of patients.

c. As part of his official duties, LEE selected vendors from which to order durable medical equipment that had been prescribed by VA doctors for VA

patients, and he made payments to vendors for durable medical equipment using his government purchase card.

d. LEE was authorized to use his government purchase card to make official VA rental payments and purchases in amounts up to a dollar maximum, known as a micro-purchase threshold, above which the transaction was subject to additional procurement protocols.

e. As a government purchase cardholder, LEE was prohibited from soliciting or accepting a gratuity, gift, favor, entertainment, loan, or anything of monetary or non-monetary value from any party doing business with or seeking to do business with the VA. LEE also had a duty to protect and conserve government property.

f. Defendant DARREN A. SMITH ran Company A, a company based in Bolingbrook, Illinois, that distributed medical equipment to the VA. SMITH also was a corporate officer of Company B, a company headquartered in Chicago, Illinois, that provided repair and delivery services for durable medical equipment for the VA. SMITH also was the president and secretary of Company C, a company headquartered in Hazel Crest, Illinois.

2. Beginning no later than in or around December 2016, and continuing until in or around March 2020, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

ANDREW LEE and
DARREN A. SMITH,

defendants herein, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property from the United States Department of Veterans Affairs by means of materially false and fraudulent pretenses, representations, and promises, and concealment of material facts, as further described below.

3. It was part of the scheme that defendant ANDREW LEE solicited and received concealed kickbacks from defendant DARREN A. SMITH in exchange for using his position at the VA to place orders for durable medical equipment from Company A totaling at least approximately \$2,788,763, and to fraudulently cause the VA to overpay Company A for the equipment in the amount of at least approximately \$1,381,285.

4. It was further part of the scheme that, in exchange for concealed kickbacks from defendant DARREN A. SMITH, defendant ANDREW LEE placed orders with Company A for unnecessary and more costly monthly rentals of durable medical equipment, despite instructions by VA physicians to purchase the equipment, so that the VA would pay Company A more money for the equipment.

5. It was further part of the scheme that, in exchange for concealed kickbacks from defendant DARREN A. SMITH, defendant ANDREW LEE placed orders for durable medical equipment from Company A in amounts that were below the micro-purchase threshold in effect at the time of the order so that the transactions would not be subject to additional procurement protocols.

6. It was further part of the scheme that defendant ANDREW LEE falsely certified to the VA that he would adhere to VA procurement policies and regulations, knowing that he had not and would not adhere to regulations prohibiting him from receiving money from VA vendors and policies requiring him to conserve government property.

7. It was further part of the scheme that defendant DARREN A. SMITH paid and caused to be paid kickbacks to defendant ANDREW LEE in the form of cash; direct deposits from Company B; checks from Company B, Company C, and other individuals and entities; and payments from Company C toward the mortgage on the LEE residence, in order to conceal and disguise the existence and purpose of the kickbacks.

8. It was further part of the scheme that defendant DARREN A. SMITH paid and caused to be paid kickbacks to defendant ANDREW LEE through Plum Blossom Group Inc., to disguise the existence and purpose of the kickbacks.

9. It was further part of the scheme that defendant DARREN A. SMITH caused defendant ANDREW LEE to be added to the payroll of certain entities, including Company B, so that kickback payments would falsely appear to be for work performed for those entities.

10. It was further part of the scheme that defendant DARREN A. SMITH caused checks issued to defendant ANDREW LEE and Plum Blossom Group Inc. to contain false and misleading memo entries, to conceal and disguise the existence and purpose of the kickbacks.

11. It was further part of the scheme that defendant ANDREW LEE and defendant DARREN A. SMITH misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence of the scheme and acts done in furtherance of the scheme.

12. As a result of the scheme, Company A received at least approximately \$1,381,285 in excess payments from the United States Department of Veterans Affairs, and defendant ANDREW LEE received at least approximately \$220,000 in concealed kickbacks from defendant DARREN A. SMITH.

13. On or about September 12, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

ANDREW LEE and
DARREN A. SMITH,

defendants herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient A;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about October 20, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient B;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about February 1, 2018, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient C;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about March 6, 2018, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient D;

In violation of Title 18, United States Code, Section 1343.

COUNT FIVE

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about May 3, 2018, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient C;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about July 3, 2018, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,490, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient C;

In violation of Title 18, United States Code, Section 1343.

COUNT SEVEN

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about July 20, 2018, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient F;

In violation of Title 18, United States Code, Section 1343.

COUNT EIGHT

The SPECIAL MAY 2021 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One are incorporated here.
2. On or about August 27, 2018, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARREN A. SMITH,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate government purchase card transaction in the amount of approximately \$3,400, which funds represented a payment by the United States Department of Veterans Affairs to Company A for the rental of a compression garment with pump for Patient F;

In violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATION

The SPECIAL MAY 2021 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, as set forth in Counts One through Eight of this Indictment, defendants ANDREW LEE and DARREN A. SMITH shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, including a personal money judgment, as provided in Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY