

**PRESS RELEASE**

President of Insurance Brokerage Firm and CEO of Marketing Company Convicted in \$233M Affordable Care Act Enrollment Fraud Scheme

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For Immediate Release

Office of Public Affairs

A federal jury in West Palm Beach, Florida, convicted a President of an insurance brokerage firm and a CEO of a marketing company today for their roles in a years-long scheme to submit fraudulent enrollments to fully subsidized Affordable Care Act (ACA) insurance plans in order to obtain millions of dollars in commission payments from insurance companies.

According to court documents and evidence presented at trial, Cory Lloyd, 46, of Stuart, Florida, and Steven Strong, 42, of Mansfield, Texas, engaged in an extensive fraud scheme that sought over \$233 million in fraudulent ACA plan subsidies for which the federal government paid at least \$180 million. ACA plans offer tax credits to eligible enrollees. These tax credits, or “subsidies,” are paid by the federal government directly to insurance companies in the form of a payment toward the applicable monthly premium. Evidence presented at trial showed that Lloyd and Strong conspired to enroll consumers in ACA plans that were fully subsidized by the federal government by submitting false and fraudulent applications for individuals whose income did not meet the minimum requirements to be eligible for the subsidies. Lloyd received commission and other payments from an insurance company in exchange for enrolling

consumers in the ACA plans. In turn, Lloyd paid commissions to Strong in exchange for consumer referrals.

“The defendants exploited a health care safety net designed for working families to carry out a \$233 million scheme to defraud taxpayers,” said Acting Assistant Attorney General Matthew R. Galeotti of the Justice Department’s Criminal Division. “The defendants’ scheme targeted vulnerable people, including those suffering financial hardship, drug addictions and mental health disorders, to line their own pockets. Today’s guilty verdicts demonstrate that the Criminal Division seeks to protect all of our citizens and will continue to hold accountable criminals who steal taxpayer dollars and endanger the health and safety of our communities.”

“Health care fraud is nothing new to South Florida as many scammers see this as a way to earn easy, though illegal, money,” said Special Agent in Charge Brett Skiles of the FBI Miami Field Office. “What is disturbing about this investigation is that the subjects deliberately targeted the most vulnerable — low-income citizens experiencing homelessness, unemployment and even mental health and substance abuse issues. All to line their own pockets with ill-gotten gains. The investigators who unraveled this scam are to be commended for their diligence and commitment. The FBI and our partners will continue to pursue those individuals who defraud our health care system at the expense of taxpayers.”

“The ACA marketplace is not a playground for fraudsters,” said Deputy Inspector General for Investigations Christian J. Schrank of the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG). “This \$230 million dollar subsidies scheme was built on deception, targeting vulnerable individuals and manipulating the system for personal gain. HHS-OIG will continue to relentlessly pursue those who exploit enrollees and undermine public trust, using every tool at our disposal to prevent health care fraud.”

“This was not just a financial crime — it was a moral failure,” said Special Agent in Charge Ronald A. Loecker of the IRS Criminal Investigation (IRS-CI) Florida Field Office. “Cory Lloyd and Steven Strong deliberately targeted the homeless and mentally ill to enrich themselves, which is unconscionable. IRS-CI will continue to work with our law enforcement partners to ensure that those who exploit others and defraud the government face justice.”

As proven at trial, Lloyd and Strong targeted vulnerable, low-income individuals experiencing homelessness, unemployment, and mental health and substance abuse disorders, and, through “street marketers” working on their behalf, sometimes offered bribes to induce those individuals to enroll in subsidized ACA plans. Marketers working for Strong’s company coached consumers on how to respond to application questions to maximize the subsidy amount and provided addresses and social security numbers that did not match the consumers purportedly applying. As a result of being enrolled in subsidized ACA plans for which they did not qualify, some of these consumers experienced serious disruptions in their medical care and often lost their prior insurance coverage under Medicaid or other programs.

The evidence at trial further showed that Lloyd and Strong engaged in the scheme to maximize the commission payments they received from insurers, resulting in their companies' receiving millions of dollars in commissions. Lloyd and Strong used misleading sales scripts and other deceptive sales techniques to convince consumers to state that they would attempt to earn the minimum income necessary to qualify for a subsidized ACA plan, even when the consumer initially stated to insurance agents that they had no income. Lloyd and Strong also conspired to bypass the federal government's attempts to verify income and other information and deliberately submitted applications to Medicaid for various individuals in a way that guaranteed their denial so that they could sign up these same consumers for a fully subsidized ACA plan outside of the open enrollment period and therefore maximize their commissions year-round. Finally, evidence presented at trial showed that the defendants financed the purchase of luxury homes and vehicles with fraud proceeds from this scheme.

Lloyd and Strong were both convicted of one count of conspiracy to commit wire fraud, three counts of wire fraud, and one count of conspiracy to defraud the United States. Steven Strong was also convicted of two counts of money laundering. Each defendant faces a maximum penalty of 20 years in prison for their conviction of conspiracy to commit wire fraud, 20 years in prison for each substantive count of wire fraud, and five years in prison for conspiracy to defraud the United States. Steven Strong faces a maximum of 10 years in prison for each count of money laundering. Sentencings are set for Feb. 4, 2026. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

FBI, HHS-OIG, and IRS-CI are investigating the case.

Assistant Chief Jamie de Boer and Trial Attorney D. Keith Clouser of the Criminal Division's Fraud Section are prosecuting the case.

The Fraud Section leads the Criminal Division's efforts to combat health care fraud through the Health Care Fraud Strike Force Program. Since March 2007, this program, comprised of 15 strike forces operating in 25 federal districts, has charged more than 5,000 defendants who collectively have billed federal health care programs and private insurers more than \$24 billion. In addition, the Centers for Medicare & Medicaid Services, working in conjunction with the Office of the Inspector General for the Department of Health and Human Services, are taking steps to hold providers accountable for their involvement in health care fraud schemes. More information can be found at www.justice.gov/criminal-fraud/health-care-fraud-unit.

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