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FOR IMMEDIATE RELEASE

Wednesday, December 14, 2016

Owner of Axis Benefit Administrators Sentenced to 46 Months in Prison for Theft of \$3 Million from HRA Funds

Many of 3,224 victims were poor, elderly and mentally or physically disabled

PORTLAND, Ore. – On Wednesday, December 14, 2016, U.S. District Judge Robert E. Jones sentenced Darren Bottinelli, 45, to 46 months in federal prison followed by three years of supervised release. Bottinelli was also ordered to pay \$3,093,918 in restitution to his victims.

In March 2016, Bottinelli pled guilty to one count of theft in connection with health care, admitting that between 2009 and 2014 he stole approximately \$3 million from individual health reimbursement accounts (HRA) under management by his company, Axis Benefit Administrators, Inc., also known as AXIS Health Partners.

Bottinelli served as the sole shareholder, officer and director of Axis, based in Portland, administering employee health reimbursement and flexible spending accounts for client employers nationwide. According to Axis contracts with employers, the company pledged to post employer contributions to trust accounts for participants who could then seek reimbursement for eligible health expenditures from their account funds.

On March 19, 2014, Bottinelli abruptly closed the Axis office without any communication to client employers or plan participants. As a result, over 3,000 plan participants were unable to access their account funds. Victims reported financial devastation, blocked access to necessary medical treatment and severe emotional trauma as a result of Bottinelli's theft and failure to provide notice of the company's closure.

Bottinelli's client employers included government contractors and other companies who hire hourly and minimum wage contract workers. Some of his clients, including Goodwill Industries of South Texas, Morgan Memorial Goodwill Industries, Job Squad, Cascade Christian Services, VersAbility Resources (formerly known as the Arc of the Virginia Peninsula), and Vets Securing America, employed veterans, mentally and physically disabled adults and other vulnerable individuals.

Bottinelli improperly and repeatedly accessed trust account funds to maintain a luxurious lifestyle, including memberships to exclusive and private clubs, frequent high-end dining, expensive wine purchases, and first class travel.

“Mr. Bottinelli violated the trust placed in him and his company by thousands of honest, hardworking people,” said Billy J. Williams, United States Attorney for the District of Oregon. “These individuals diligently saved a portion of their pay to provide medical care for themselves and their loved ones, only to have their money stolen by Mr. Bottinelli for his own gain. This sentence serves as a reminder,” continued U.S. Attorney Williams, “that those who violate the trust of others under the guise of financial management and security will be vigorously investigated, prosecuted, and punished for their actions.”

“Darren Bottinelli treated these health care reimbursement accounts as his personal ATM without regard for the real hardship that he was causing thousands of hardworking people. These folks lost more than \$3 million – money that had been set aside to pay for needed medical care for their families. Today’s prison sentence is a start on making things right, but the suffering he caused these victims will live on for some time,” said Greg Bretzing, Special Agent in Charge of the FBI in Oregon.

“Mr. Bottinelli decided to illegally enrich himself at the expense of hard working employees and their employers, and today he was held accountable,” said Jean Ackerman, Regional Director for the U.S. Department of Labor Employee Benefits Security Administration (DOL ESBA). “This case demonstrates how federal agencies work together to vigorously enforce criminal violations committed against employee benefit plans and their participants.”

The case was investigated by DOL ESBA, the FBI, and the U. S. Department of Labor, Office of the Inspector General (USDA OIG). The case was prosecuted by Donna Brecker Maddux, Assistant United States Attorney for the District of Oregon.

Topic(s):

Financial Fraud

Health Care Fraud

Component(s):USAO - Oregon

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