



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **Co-Founder of OXYwater Sentenced for Wire Fraud and Money Laundering**

A co-founder of Imperial Integrative Health Research and Development LLC (Imperial) was sentenced to serve 83 months in prison in federal court today for his role in a fraud scheme related to Imperial and its product, OXYwater, announced Acting Assistant Attorney General Caroline D. Ciruolo of the Justice Department's Tax Division and U.S. Attorney Carter M. Stewart of the Southern District of Ohio.

Thomas E. Jackson, 40, of Powell, Ohio, was sentenced by U.S. District Court Judge Gregory L. Frost of the Southern District of Ohio. In addition to the prison sentence, Jackson was ordered to serve three years of supervised release and to pay \$8,840,706 in restitution to victims of the fraud. On March 25, Jackson was convicted of conspiracy to commit wire fraud, conspiracy to commit money laundering, eight counts of wire fraud and 12 counts of money laundering.

Jackson's business partner, Preston J. Harrison, 43, and Harrison's wife, Lovena Harrison, 42, both of Lewis Center, Ohio, also went to trial in March and were convicted of multiple crimes. Preston Harrison was convicted of conspiracy to defraud the United States, filing a false income tax return, conspiracy to commit wire fraud, conspiracy to commit money laundering and 12 counts of money laundering. Lovena Harrison was convicted of conspiracy to defraud the United States, filing a false income tax return and structuring financial transactions to evade currency reporting requirements.

The Harrisons were sentenced on Aug. 25. Preston Harrison was sentenced to serve 83 months in prison to be followed by three years of supervised release, and ordered to pay approximately \$8.8 million to victims of the fraud and approximately \$376,000 in restitution to the Internal Revenue Service (IRS). He was also ordered to forfeit \$1.1 million, including two vehicles, eight weapons, cash and the contents of a bank account. Lovena Harrison was sentenced to serve 12 months and one day in prison to be followed by three years of supervised release, and ordered to pay approximately \$376,000 in restitution to the IRS.

According to court testimony, Jackson and Preston Harrison operated Imperial, based in Westerville, Ohio, and developed OXYwater, a beverage that promoters claimed was an all-natural, vitamin-enhanced sports drink that contained added oxygen for improved physical performance.

The defendants engaged in a scheme to deceive Imperial's investors about Imperial and OXYwater's structure, composition, finances, sales and profits in order to make the company appear to be a lucrative and profitable financial investment. Jackson and Preston Harrison produced and sent false and fraudulent documents intended to deceive investors in order to obtain additional investments in Imperial. They then misappropriated that money for their own personal use, which included purchasing jewelry, a Cadillac Escalade, a BMW vehicle, weapons, clothing, home improvements and a swimming pool.

Between August 2010 and spring 2013, Jackson and Preston Harrison misappropriated approximately \$2 million of the investors' funds. The defendants' scheme caused investors to suffer substantial losses when the corporation was forced to declare bankruptcy with no assets. As a result of the defendants' conduct, investors lost approximately \$9 million.

In 2011, Preston Harrison misappropriated approximately \$1.1 million from Imperial, which he and Lovena Harrison diverted into an account in the name of a daycare business and used for personal expenses. The Harrisons did not report the money as income on their 2011 income tax return.

Acting Assistant Attorney General Ciruolo and U.S. Attorney Stewart commended special agents of IRS-CI and the FBI, who investigated the case, as well as Assistant U.S. Attorney Jessica Kim of the Southern District of Ohio and Trial Attorney Jason Scheff of the Tax Division, who prosecuted the case.

Additional information about the Tax Division and its enforcement efforts may be found on the division's website.

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