



Department of Justice

U.S. Attorney's Office
Western District of Texas

FOR IMMEDIATE RELEASE
WEDNESDAY, JUNE 7, 2017

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UNION TREATMENT CENTER TO PAY \$3 MILLION AND BE PERMANENTLY EXCLUDED FROM FEDERAL HEALTH CARE PROGRAMS UNDER FALSE CLAIMS ACT SETTLEMENT

Union Treatment Center (“UTC”), a medical and physical therapy provider with clinics in Austin, Killeen, San Antonio, and Corpus Christi, will pay \$3 million to settle civil health care fraud allegations, announced U.S. Attorney Richard L. Durbin, Jr. Under the settlement, UTC will also waive claims for payment exceeding \$1.6 million and be permanently excluded from participating in federal health care programs. The settlement partially resolves a lawsuit under the False Claims Act alleging that UTC perpetrated a scheme to defraud the federal workers’ compensation program (“FECA program”).

“Today’s settlement reflects our commitment to combatting fraud in the federal health care system,” said U.S. Attorney Richard L. Durbin, Jr. “We will use all of the tools at our disposal, including civil litigation under the False Claims Act, to ensure the integrity of federally funded programs.”

The U.S. Department of Labor, Office of Workers’ Compensation Programs (“OWCP”) administers the FECA program, which covers roughly 3 million federal civilian and postal employees for job-related injuries. Benefits include payment of an injured worker’s medical and rehabilitation expenses. OWCP uses federal funds to reimburse health care providers that treat covered workers.

“UTC and its executives submitted false claims to the Office of Workers’ Compensation Programs under the guise that they were treating injured American workers pursuant to the Federal Employees’ Compensation Act. The U.S. Department of Labor’s Office of Inspector General will continue to work with our law enforcement partners to vigorously investigate medical providers who attempt to fraudulently obtain money from Department of Labor Programs intended to treat injured workers,” said Steven Grell, Special Agent in Charge, Dallas Regional, U.S. Department of Labor, Office of Inspector General.

“The Office of Workers’ Compensation Programs considers program integrity and fraud detection and prevention a top priority. We thank the law enforcement community for their investigative efforts – we also thank DOJ for their hard work in resolving this case. This settlement sends a strong signal to providers who submit false health care claims to the government that they will be held accountable for their actions.” Gary A. Steinberg – Deputy Director of OWCP, United States Department of Labor.

(more)

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UTC claimed to specialize in treating workplace injuries. The company marketed itself to patients covered by the FECA program, targeting in particular unionized postal workers in Austin and San Antonio and civilian Army employees in the Corpus Christi area. In its civil complaint, the United States alleged that UTC, Garry Craighead, UTC's former Chief Executive Officer, and Christine Craighead, its former Chief Operating Officer, orchestrated a scheme to overcharge OWCP for services and supplies allegedly rendered to patients covered by the FECA program. The United States asserted that, between January 1, 2009, and December 31, 2012, UTC fraudulently billed the FECA program for services it did not render; routinely overcharged for medical examinations; falsely inflated the time patients spent in therapy; and, billed for unnecessary services and supplies. The United States also accused UTC of offering, paying, soliciting, and receiving kickbacks in exchange for patient referrals. The government's allegations may be found in a *qui tam* lawsuit captioned *United States ex rel. Wheeler v. Union Treatment Centers, LLC, et al.*, no. SA:13-cv-4-XR (W.D. Tex.) The settlement agreement is not an admission of liability by UTC.

"The workers' compensation program benefits thousands of postal employees who have received legitimate on-the-job injuries. This investigation should send a clear message to all healthcare providers that workers' compensation fraud is a federal crime that carries serious consequences and will not be tolerated," said Special Agent in Charge Maximo Eamiguel, U.S. Postal Service Office of Inspector General Southern Area Field Office. "The USPS-OIG, along with our law enforcement partners, will continue to aggressively investigate those who engage in fraudulent activities intended to defraud federal benefit programs and the United States Postal Service."

"This settlement further demonstrates the resolve of USACIDC's Major Procurement Fraud Unit and our law enforcement partners to protect and defend the assets of the United States Army," stated Frank Robey, director, USACIDC Major Procurement Fraud Unit.

The settlement with UTC is part of a larger enforcement initiative. Garry Craighead is currently serving a 14-year term of imprisonment as a result of his guilty plea to kickback and money laundering charges. The Court ordered Craighead to pay OWCP nearly \$18 million in restitution for the damage he caused to the FECA program. His criminal case may be found at *United States v. Garry Wayne Craighead*, no. A:15-cr-348 (W.D. Tex.) Christine Craighead is awaiting trial on conspiracy, wire fraud, kickback, and aggravated identity theft charges. Her trial is set for October 30, 2017. The criminal case is captioned *United States v. Christine Ann Craighead*, 1:17-cr-88 (W.D. Tex.)

"Along with criminal prosecution, the FBI is committed to pursuing administrative and civil remedies with the United States Attorney's Office, and our partner investigative agencies, to prevent, deter, and recover government losses sustained by fraud waste and abuse," stated FBI Special Agent in Charge Christopher Combs, San Antonio Division.

The United States Postal Service Office of the Inspector General, United States Army Criminal Investigation Command's Major Procurement Fraud Unit, Federal Bureau of Investigation, and United States Department of Labor Office of the Inspector General conducted the investigation for the United States. Assistant United States Attorney John J. LoCurto and Auditor Jamie Cole, CPA handled the investigation for the United States Attorney's Office.

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