



# Department of Justice

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Western District of Texas

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## **AUSTIN AREA CHIROPRACTOR SENTENCED TO 14 YEARS IN FEDERAL PRISON FOR RECEIVING MILLIONS IN KICKBACKS AND MONEY LAUNDERING**

In Austin this afternoon, Garry Wayne Craighead, a 49-year-old Leander, TX, chiropractor, was sentenced to 14 years in federal prison for receiving over \$17 million in kickbacks in exchange for referring patients covered by the federal worker's compensation program (FECA program), announced United States Attorney Richard L. Durbin, Jr.

In addition to the prison term, United States District Judge Sam Sparks ordered that Craighead pay \$17,908,170 restitution to the U.S. Department of Labor; forfeit to the Government property located in Williamson County as well as a Mooney MOJ aircraft; and, be placed on supervised release for a period of three years after completing his prison term.

On December 4, 2015, Craighead pleaded guilty to one count of solicitation and receipt of illegal remunerations in federal health programs and one count of engaging in monetary transactions in property derived from specified unlawful activity. In his guilty plea, Craighead acknowledged that he operated several medical and rehabilitation clinics that treated injured workers, particularly postal employees, covered by FECA. His clinics did business under the names Union Treatment Center and Greentree Health, among others, and had locations in Austin, San Antonio, Killeen, Corpus Christi, Dallas, Fort Worth, and Weslaco. Craighead admitted that, from 2008 through 2015, he solicited and received millions in kickbacks from health care providers, including multiple pharmacies, hospitals, ambulatory surgical centers, and affiliated businesses, in return for referring his FECA patients to those providers for medical items and services, including prescription drugs, surgeries, and other procedures. The DOL paid millions as a result of the tainted referrals made by Craighead. In addition to the kickbacks, Craighead admitted to laundering the proceeds of his illegal conduct.

Craighead has remained in federal custody since March 2, 2016, when he was arrested by federal authorities for continuing to receive approximately \$600,000 in kickbacks, dissipating the funds, lying to government investigators, and testing positive for illegal drug use while on bond.

The United States Department of Labor (DOL) administers the FECA program, which covers roughly 3 million federal civilian and postal employees who suffer job-related injuries. Benefits include payment of an eligible worker's medical, rehabilitation, and pharmacy expenses. FECA is a federal health care program, and the DOL uses federal funds to reimburse health care providers that treat injured workers.

"We hope that today's sentencing will serve as a strong deterrent to healthcare providers who contemplate soliciting or receiving illegal kickbacks in return for referring Federal Employees Compensation Act claimants. The Department of Labor Office of Inspector General will continue to work with the Department of Justice and our law enforcement partners to vigorously pursue medical providers who commit fraud related to the Federal Employees Compensation Act program," said Special Agent in Charge Steven Grell, U.S. Department of Labor Office of Inspector General.

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“Kickback schemes such as these threaten the financial integrity of public healthcare programs. The workers’ compensation program benefits thousands of postal employees who have received legitimate on-the-job injuries. This case should send a clear message to all health care providers that workers’ compensation fraud is a federal crime that carries serious consequences and will not be tolerated”, said Special Agent in Charge Scott Pierce, U.S.P.S. Office of Inspector General, Contract Fraud Investigations Division.

“We are very pleased with today’s announcement,” said Frank Robey, director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit. “This is a true testament to our continued commitment to work closely and seamlessly with our outstanding fellow law enforcement agencies to help bring those to justice who attempt to defraud the U.S. Government and U.S. Army.”

“The sentence handed down today should send a strong message to healthcare providers, and others who contemplate engaging in illegal kickback schemes, that they will be held accountable for their actions. The FBI will continue to work with our partners, to aggressively investigate and prosecute criminals who abuse the system for personal enrichment, at the expense of hard working U.S. taxpayers,” 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, Internal Revenue Service-Criminal Investigation, and the Department of Labor Office of the Inspector General conducted this investigation for the United States. Assistant United States Attorneys Jim Blankinship and Mark Marshall prosecuted this case for the United States.

Craighead’s criminal case can be found at *United States v. Garry Wayne Craighead*, A:15-cr-348 (W.D. Tex.)

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