

NEWS RELEASE

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MERCY REGIONAL HEALTH SYSTEM AND FORMER PRESIDENT PLEAD GUILTY IN FEDERAL COURT

A. Courtney Cox, United States Attorney for the Southern District of Illinois, announced today that on August 21, 2008, **CLAYTON HOBBS**, age 30, former President of **MERCY REGIONAL HEALTH SYSTEMS, LTD**, d/b/a Mercy Regional Emergency Health Services, located in Benton, IL, pled guilty to sixteen (16) counts of failing to pay over federal employment taxes. **CLAYTON HOBBS**, as President and operator of Mercy Regional Health System, Ltd. withheld federal payroll taxes from the employees and failed to pay over \$1.7 million dollars of federal employment taxes to the Internal Revenue Service. Sentencing is currently scheduled for December 5, 2008.

At the hearing it was indicated that **MERCY REGIONAL HEALTH SYSTEMS, LTD** will continue to provide ambulance service to the Franklin County area at present and that efforts will be made to ensure ongoing ambulance service to the area. Currently **MERCY REGIONAL HEALTH SYSTEMS, LTD** is being operated by a receiver appointed by the Court.

Also, on August 21, 2008, **MERCY REGIONAL HEALTH SYSTEMS, LTD**, d/b/a Mercy Regional Emergency Health Services, f/k/a Effingham Advanced Ambulance Service, pled guilty to one count of false statements relating to healthcare matters, one count of embezzlement from an employee benefit plan, one count of healthcare fraud, and two counts of mail fraud. According to evidence presented at the hearing, **MERCY REGIONAL HEALTH SYSTEMS, LTD**. was operated by **CLAYTON HOBBS** from February 2002 through March 2008; **MERCY REGIONAL HEALTH SYSTEMS LTD**. made false statements to its employees relating to their healthcare coverage; as well as withheld 401(k) contributions from its employees and failed to forward the contributions to the employees' 401(k) plans; **MERCY REGIONAL HEALTH SYSTEMS, LTD**. filed false and fraudulent claims with Medicare and the Illinois Department of Public Health through the Medicaid Program; and **MERCY REGIONAL HEALTH SYSTEMS, LTD**. sent the fraudulent bills to the Illinois Department of Public Health through the use of the United States Postal Service.

The plea agreements for both **CLAYTON HOBBS** and **MERCY REGIONAL HEALTH SYSTEMS, LTD**. require restitution to be paid for the employees' unpaid medical insurance claims in the amount of \$118,000.50, unfunded 401(k) contributions in the amount of \$1,415.00, unpaid prevailing wages to employees in the amount of \$40,557.03, fraudulent billings to Medicare in the amount of \$24,734.26 and Medicaid in the amount of \$69,815.50, fraudulent billings to the U.S. Railroad Retirement Medicare in the amount of \$10,965.66, and unpaid federal payroll taxes to the IRS in the amount of \$1,730,268.23.

The case was investigated by the Internal Revenue Service, Criminal Investigation, U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, U.S. Department of Health and Human Services, Office of Inspector General, U.S. Department of Labor, Employee Benefits Security Administration, the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the Franklin County Sheriff's Department, and the Illinois State Police. The cases were prosecuted by Assistant United States Attorney Norman Smith.

If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity to the local Internal Revenue Service, Criminal Investigation office or by mailing the information to: Internal Revenue Service, Fresno, CA.

If you suspect or know of an individual or company that is involved in labor racketeering or abuses of programs receiving U.S. Department of Labor funding, you may report this activity to the local office of the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations or call 1-800-347-3756.

If you suspect or know of an individual or company that is not complying with healthcare laws or public aid programs, you may report this activity to the local office of the U.S. Department of Health Human Services, Office of Inspector General or call 1-800-447-8477.

If you suspect or know of an individual or company involved in abuses or fraud relating to employee benefit plans, you may report this activity to the local office of the U.S. Department of Labor, Employee Benefit Security Administration at 1-866-444-3272.