



**For Immediate Release
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SOUTHERN ILLINOIS MAN SENTENCED ON MEDICAID FRAUD CONVICTION

Chicago - Attorney General Lisa Madigan today announced that a southern Illinois man will serve three years in prison and repay hundreds of thousands of dollars for defrauding the Illinois Department of Healthcare and Family Services (IDHFS).

On Wednesday, December 19, in U.S. District Court in East St. Louis, Judge G. Patrick Murphy sentenced Richard Wallace, 67, of Carterville, to prison and sentenced Downstate Transportation Services, Inc., the not-for-profit corporation he headed, to five years probation. The defendants were found guilty last February of one count of Health Care Fraud and 17 counts of Mail Fraud. The charges were returned in a July 2006 indictment against Wallace and Downstate Transportation.

An investigation revealed that Murphy and the corporation defrauded taxpayers for \$505,630. While some of the money has been recouped by the state, Judge Murphy ordered Wallace to repay the state the remaining \$401,556 in restitution.

The investigation determined that from 2001 through April 2004, Wallace, as owner of Downstate Transportation Services, Inc., attempted to use provisions of a Carterville taxi ordinance to subvert the policies and procedures of the Illinois Medicaid program. Wallace requested changes to the city ordinance dealing with the regulation of the single taxi he was authorized to operate. Wallace provided language to city officials that increased his per mile rate to \$1.25, and suggested authority to bill for "unloaded" miles-those miles driven when the Medicaid recipient is not in the vehicle. Unloaded miles are neither billable nor payable to Medicaid transportation providers. Carterville officials were unaware of Wallace's use of the ordinance for Medicaid billing purposes.

Madigan said the investigation also revealed that Wallace then used his fleet of vehicles to bill the Medicaid program for thousands of unloaded miles, resulting in 36% of Downstate Transportation's payments being fraudulently obtained. During sentencing arguments, government attorneys characterized Wallace's actions as being no different than bank robbery, "except that instead of a gun, Mr. Wallace used a pen."

The Illinois State Police-Medicaid Fraud Control Unit and the U.S. Department of Health and Human Services-Office of Inspector General investigated the case. Deputy Bureau Chief Bradley Hart, acting as a Special Assistant U.S. Attorney, and Assistant Attorney General Stephannie Santelli of

Madigan's Medicaid Fraud Bureau along with Assistant U.S. Attorney Michael Quinley prosecuted the case.

Madigan said individuals are encouraged to call the Illinois State Police Medicaid Fraud Hotline at (888) 557-9503 to report suspected fraud in the Medicaid system.

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