

The Office of the Inspector General (OIG), Department of Defense (DoD), announced today that on June 28, 2001, Respiratory Druggist, Inc. (RDI), of Foley, AL, RDI's owner/president Richard Bennett Powell and his wife, Joanne Taylor Powell, pled guilty to charges of healthcare fraud in the United States District Court for the Southern District of Alabama. Both Richard and Joanne Powell additionally pled guilty to charges of Federal income tax evasion. The guilty pleas were the result of an Information filed on June 11, 2001, charging healthcare fraud and tax evasion.

The guilty pleas were related to RDI's status as a provider of durable medical equipment and drugs to Tricare and Medicare patients residing primarily in southern Alabama. TRICARE is the DoD's health care program for members of the uniformed services and their families and survivors, and retired members and their families. With these pleas, the specified defendants admitted the following: RDI made payments to physicians in return for referring patients to RDI, in violation of the Medicare Antikickback Statute; RDI submitted false claims for dispensing the brand name drug Atrovent, when a less expensive generic drug was actually dispensed to patients; and Richard Powell conspired to commit fraud by participating in a scheme to divert the drug Atrovent to retail pharmacies, wholesalers or suppliers, as opposed to individual patients, as required by contract. The diversion scheme resulted in excess profits of \$687,000. Richard Powell and Joanne Powell each filed false individual income tax returns for the calendar year 1996. The loss to the DoD as a result of these schemes is unknown at this time.

A sentencing date was not set. RDI could be fined \$75,000 for health care fraud plus restitution. Richard and Joanne Powell each face 3 years confinement and a \$100,000 fine for income tax evasion.