

NEWS RELEASE UNITED STATES ATTORNEY'S OFFICE WESTERN DISTRICT OF VIRGINIA

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PENNINGTON GAP DENTIST FOUND GUILTY OF RACKETEERING, HEALTHCARE FRAUD, MAIL FRAUD, WIRE FRAUD, AND MONEY LAUNDERING

United States Attorney John L. Brownlee and Virginia Attorney General Bob McDonnell announced today that Roy Silas Shelburne, age 51, of Pennington Gap, Virginia, was found guilty today by a federal jury in Abington, Virginia, on all ten felony charges.

“Roy Shelburne acted in a cruel and inhumane manner by performing unnecessary and extremely painful dental procedures on children. Shelburne’s criminal conduct towards these poor families and young foster children is one of the worst cases of abuse and fraud I have seen in my many years in law enforcement,” U.S. Attorney John L. Brownlee said today. “I am grateful that this jury held Mr. Shelburne responsible for his crimes. My thanks and gratitude go out to all the state and federal agents and prosecutors who worked tirelessly to bring the defendant to justice.”

“We are committed to stopping Medicaid fraud in the Commonwealth of Virginia,” said Virginia Attorney General Bob McDonnell today. “Dr. Roy Shelburne was engaged in a continuing scheme of fraudulently billing Medicaid for hundreds of thousands of dollars. This dentist victimized children and low income families, as well as the Medicaid system. This hard-fought, complex case, that has resulted in a jury verdict of guilty, was a joint effort between our Attorney General’s Medicaid Fraud Control Unit, the IRS Criminal Investigative Division, Virginia Department of Medical Assistance Services, and the Office of United States Attorney Brownlee. We applaud our federal partners for their excellent work.”

Shelburne was found guilty of racketeering, healthcare fraud, structuring and money laundering. The charges arose from a joint investigation conducted by the Virginia Attorney General's Medicaid Fraud Control Unit, the Internal Revenue Service and the United States Attorney's Office.

According to the evidence presented at trial by Assistant United States Attorney Anthony P. Giorno and Assistant Attorney General Michelle Brooks, beginning in 1998, Shelburne, who was a licensed dentist with a practice in Pennington Gap, executed a scheme to maximize his practice's income by over billing insurance carriers and Medicaid for services that were never performed and for services that were performed, but not medically necessary.

In addition, Shelburne directed his employees to bill patients for services that were never performed or that were unnecessary. All of the patients Shelburne falsely billed were low income, underage patients who were recipients of Medicaid. A portion of the underage patients were residents of the Harvest Child Care Ministries group home.

According to the evidence presented at trial, Shelburne would "upcode" the bills for some of his patients. "Upcoding" is the process of performing one procedure but billing for a different procedure, one which requires a higher payment from Medicaid and private health insurance providers. In some cases, Shelburne would submit bills for services that were incomplete or medically unnecessary. At times, he performed services that endangered the health of his patients.

On several occasions Shelburne billed both Medicaid and private health insurance companies for services he performed in connection with a single procedure, collected money from both agencies and failed to reimburse either for the fraudulent fees he collected. Many times this created credit balances on the patients account that, according to his employees, Shelburne would simply "zero out" without reimbursing Medicaid.

According to the evidence presented at trial, Shelburne submitted at least 115 false billing statements by mail. The defendant took part of the fraudulently obtained funds and transferred them into a retirement account in Illinois. The evidence showed that Shelburne used some of the funds to build a new home known to his employees as the "Cavity Castle," purchase luxury vehicles for himself and his family, and took his family on cruises that were deducted on his books as board expenses. In addition, he put his three children on the company payroll when, according to his employees, they provided no services. The salaries paid to the children were deducted as business expenses. Shelburne used part of the fraudulently obtained funds to pay his salary, purchase dental supplies and pay rent for his business and equipment.

In addition, Shelburne was convicted of structuring cash deposits at both BB&T Bank and Rick Hill Imports, a luxury car dealership, in an attempt to evade the

currency transaction reporting requirements. With the structured funds, he contemporaneously purchased a used 2006 Mercedes SUV and a new 2006 Mercedes SLK coupe in the names of family members. On cross-examination, Shelburne testified that the structured funds were part of a cash horde that he had accumulated to hide assets from investigators.

As a result of the conviction, Shelburne has agreed to forfeit \$200,000 to the federal government in addition to mandatory restitution in an amount to be determined by the court at sentencing. Shelburne remains free on bond pending his sentencing hearing on June 9, 2008 in Abingdon.

The former dentist faces a maximum penalty of 120 years imprisonment and/or a fine of \$1,250,000.

Assistant United States Attorney Anthony P. Giorno and Assistant Attorney General Michelle Brooks prosecuted the case on behalf of the government.