

Court Enters Judgment Totaling More Than \$32 Million on Jury's \$10.8 Million Verdict

"Shortly before COVID-19 halted jury proceedings across the United States, a Mississippi jury sided with the Government to return a \$10.8 million verdict against Stone County Hospital and several affiliates for what the jury found were false Medicare claims submitted in violation of the False Claims Act ("FCA")," reports Siena Caruso in Dorsey & Whitney's *Penalties*.

"In May 2007 a complaint was filed alleging the Defendants submitted false records to secure payment under Medicare for services not actually performed and otherwise conspired to submit false claims in violation of the FCA. The Government investigated for nearly eight years before intervening in the lawsuit in 2015."

"The intervening complaint contained detailed allegations that the Defendants and others abused the special Medicare rules for Critical Access Hospitals from 2004 through 2015 by improperly claiming expenses for work not performed. Such false claims allegedly included the excessive and unwarranted compensation of Mr. Cain—who owned both Stone County Hospital and Corporate Management—as well as claims submitted for Mr. Cain's personal luxury automobiles. The Government further alleged that Stone County Hospital's Medicare cost reports misallocated expenses of Corporate Management to the hospital and contained inflated, unnecessary, and duplicative costs purportedly incurred by Corporate Management and related businesses owned by Mr. Cain. The Government alleged the Defendants submitted false records and statements to Medicare

seeking reimbursement for these false and fraudulent expenses.”

“After a nine-week trial, a Mississippi jury returned a \$10.8 million guilty verdict against Ted Cain, Julie Cain, Stone County Hospital, Corporate Management, and Tommy Kuluz on March 12, 2020. The jury found the sixth defendant–Starann Lamier, the Chief Operating Officer of Corporate Management–not guilty.”

Read the article.