



# PRESS NOTICE

REGINALD I. LLOYD  
UNITED STATES ATTORNEY  
DISTRICT OF SOUTH CAROLINA

---

*1441 Main Street, Suite 500 \* Columbia, SC 29201 \* (803) 929-3000\**

---

March 13, 2006

**FOR IMMEDIATE RELEASE**  
**CONTACT PERSON: NANCY C. WICKER**  
**(803) 929-3000**

## **HILTON HEAD MAN PLEADS GUILTY TO HEALTH CARE FRAUD**

Columbia, South Carolina ---- United States Attorney REGINALD I. LLOYD stated today that JOSEPH CROWLEY, age 61, of Hilton Head, pled guilty to health care fraud today in federal court in Charleston. Evidence presented at the change of plea hearing established that Crowley committed health care fraud while he was the owner and CEO of Healthcare Economics Group (HEG). HEG, which was based in Hilton Head, was a holding company for eight companies located in numerous states, including Indiana and Texas.

HEG administered medical benefits for employers that self-insured their employees for health care benefits. HEG collected more than \$225 million per year in payments for medical bills for approximately 35,000 employees. This money, which was deposited in the claims accounts at HEG, belonged to the clients and was earmarked to pay the medical bills for the clients' employees. HEG had a fiduciary duty to use these funds only to pay health care claims.

In early 2005, the financial officer of HEG approached the Federal Bureau of Investigation (FBI) after she uncovered evidence that Crowley illegally converted more than \$4 million from the company's claims accounts to the operating accounts. Based on this information, the FBI approached Crowley. In subsequent interviews with the FBI, Crowley admitted to misappropriating approximately \$4.5 million provided by HEG's clients for the payment of medical claims. The misappropriation began in January 2001, and Crowley confirmed that he alone ordered the transfer of funds between the accounts in order to pay the company's expenses.

The victims of the health care fraud include the University of Notre Dame, the City of South Bend, Indiana, St. Joseph's County, Indiana, and AM General.

Senior United States District Judge Sol Blatt, Jr. of Charleston accepted the plea and will impose sentence after he has reviewed the presentence report which will be prepared by the U.S. Probation Office. Crowley pled guilty to violating Title 18, United States Code, Section 1347.

Mr. Lloyd stated the maximum penalty that Crowley can receive is a fine of \$250,000 and/or imprisonment for 10 years, plus a special assessment of \$100.

The case was investigated by agents of the FBI and the Employee Benefits Security Administration. Assistant United States Attorney Rhett DeHart of the Charleston office prosecuted the case.

#####