

**Department of Justice**  
U.S. Attorney's Office  
Southern District of Texas

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FOR IMMEDIATE RELEASE

Thursday, July 9, 2015

## **Owners and Chiropractor Indicted in Alleged Nationwide Worker's Compensation Fraud Scheme**

HOUSTON – The owners and others associated with Team Work Ready (TWR) have been charged in a conspiracy involving health care fraud and money laundering, announced U.S. Attorney Kenneth Magidson along with Special Agent in Charge Max Eamiguel, U.S. Postal Service - Office of Inspector General (USPS-OIG), Southern Area Field Office, Special Agent in Charge David C. Wickersham, U.S. Department of Labor - Office of Inspector General (DOL-OIG), Office of Labor Racketeering and Fraud Investigations and Special Agent in Charge Lucy Cruz of IRS - Criminal Investigation (IRS-CI). TWR has clinics in five States including Federal Work Ready in Houston, Alamo Work Ready in San Antonio and Bayou Work Ready in New Orleans, Louisiana.

The 20-count indictment was returned June 30, 2015, and unsealed as chief financial officer Pam Rose, 53, and rehabilitation director chiropractor Hugo Jaime, 42, made their initial appearances before U.S. Magistrate Judge Frances Stacy this afternoon. CEO Jeff Rose, 52, and vice president of operations Frankie Sanders, 53, are expected to turn themselves in to authorities tomorrow and to make their initial appearances before Judge Stacy. All of the defendants reside in Houston.

“Today’s arrests should send a clear message to all health care providers that workers’ compensation fraud is a federal crime that carries serious consequences and will not be tolerated,” said Eamiguel. “The USPS-OIG, along with our law enforcement partners, will continue to aggressively investigate those who engage in fraudulent activities intended to defraud federal benefit programs and the Postal Service.”

According to the indictment, Jeffrey Rose, Sanders and Jamie conspired to submit false and fraudulent claims for health care benefits to the Federal Employees Compensation Act, through the Department of Labor - Office of Worker's Compensation (OWCP). The defendants allegedly submitted claims for one-on-one physical therapy when patients were playing a Nintendo Wii™ game, sitting in an electronic massage chair, independently using treadmills and bicycles, playing water volley ball and watching television. The indictment further alleges the defendants received payments for sending patients to physicians, including a surgeon with unsteady hands, and providers of diagnostic services.

“The Office of Inspector General will continue to work cooperatively with our law enforcement partners to investigate these types of allegations,” said Wickersham.

The indictment alleges that between January 2011 and June 2015, TWR submitted at least \$6,787,058 in false and fraudulent claims to the OWCP and received \$5,656,778 as payment for the claims. Within the same indictment, it is also alleged that Jeffrey Rose and Pamela Rose conspired to conceal and disguise approximately \$700,000 in payments from OWCP when federal search warrants were executed on TWR clinics in July 2013.

“The IRS will continue to focus efforts on financial investigations that involve egregious victimization of the health care system,” said Cruz.

Conspiracy to commit health care fraud, health care fraud and engaging in a monetary transaction in criminally derived property carries a possible sentence of up to 10 years in federal prison and a possible \$250,000 fine. The sentence for a conviction of money laundering is up to 20 years in prison and a fine of either \$500,000 or twice the value of the property involved in the money laundering.

This case was the result of a joint investigation with USPS-OIG, DOL-OIG, IRS-CI, Department of Veterans Affairs – OIG and Homeland Security Investigations. Assistant United States Attorney Julie Redlinger is prosecuting the case.

USAO - Texas, Southern District

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