



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

John E. Murphy, U.S. Attorney

FOR IMMEDIATE RELEASE

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June 14, 2010

**TEXAS PAIN MANAGEMENT PHYSICIAN AND PSYCHIATRIST ARRESTED
BASED ON FEDERAL HEALTH CARE FRAUD INDICTMENT**

United States Attorney John E. Murphy; David Cuthbertson, Special Agent in Charge of the Federal Bureau of Investigation, El Paso Division; Joseph M. Arabit, Special Agent in Charge of the Drug Enforcement Administration, El Paso Field Division; William "Bill" Cotter, Acting Special Agent in Charge of the Internal Revenue Service-Criminal Investigation in El Paso; Byron Hogan, Special Agent in Charge of the Department of Defense Criminal Investigative Service, Southwest Field Office; and, Texas Attorney General Greg Abbott announced that Dr. Anthony Francis Valdez, 56, stands charged with carrying out an estimated \$41 million fraudulent health care benefit program billing scheme. Valdez is the owner of the Institute of Pain Management with clinics in El Paso and San Antonio.

The 99-count indictment—returned on June 9, 2010, by a federal grand jury in El Paso and unsealed today—charges Dr. Valdez with 21 counts of health care fraud; 20 counts of false statements relating to health care fraud matters; 21 counts of mail fraud; 16 counts of wire fraud; four counts of unlawful distribution of controlled substances; and, 16 counts of money laundering. The indictment also includes a notice of criminal forfeiture whereby the government is seeking the forfeiture of more than \$1.7 million in cash, his residence in El Paso, his residence in San Antonio and five vehicles. The government is also seeking a monetary judgement in the case for over \$41.8 million.

It alleges that beginning in January 2001 and continuing through December 2009, Valdez caused fraudulent claims to be submitted to Medicare, Medicaid, TRICARE and the Texas Workers' Compensation Commission (TWCC). The indictment states that Valdez caused to be submitted claims for reimbursement of peripheral nerve injections, facet injection procedures and Level Four office visits—typically involving 25 minutes of face-to-face time between patient and physician—which never were performed. Instead of the above-mentioned procedures, the indictment further alleges that Dr. Valdez performed prolotherapy on his patients, a procedure the healthcare benefit programs do not reimburse.

The indictment also alleges that on four occasions, Valdez unlawfully dispensed controlled substances—Fentanyl in February 2006 and August 2008; Oxycontin in September 2007; and, Hydrocodone in September 2008.

Conviction on each count of wire fraud, mail fraud and unlawful distribution of a controlled substance is punishable by up to 20 years in federal prison; health care fraud, up to ten years in federal prison; and, making a false statement, up to five years in federal prison.

Dr. Valdez indictment press release

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This case is being investigated by agents with Federal Bureau of Investigation, Drug Enforcement Administration, Internal Revenue Service-Criminal Investigation, Defense Criminal Investigative Service–Southwest Field Office together with the Texas Attorney General’s Office.

An indictment is merely a charge and should not be considered as evidence of guilt. The defendant is presumed innocent until proven guilty in a court of law.

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