



**U.S. Department of Justice**

***United States Attorney  
Eastern District of Arkansas***

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FOR IMMEDIATE RELEASE  
**January 3, 2008**

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**SEARCY NEUROSURGEON PLEADS GUILTY  
TO RECEIVING KICKBACKS**

**Little Rock** – Jane W. Duke, United States Attorney for the Eastern District of Arkansas, along with William C. Temple, Special Agent in Charge of the Little Rock Division of the Federal Bureau of Investigation, and representatives of the Dallas Regional Office of the United States Department of Health and Human Services, Office of Inspector General, announced today the guilty plea of Dr. Patrick Chan, age 43, of Searcy, Arkansas. Chan, a neurosurgeon, pleaded guilty to soliciting and receiving kickbacks from a sales representative for several medical companies that supplied surgical equipment and devices Chan utilized.

In October 2006, Chan was indicted on four counts of violating Title 42, United States Code, Section 1320a - 7b, soliciting and receiving kickbacks. Under the terms of his plea agreement, Chan pleaded guilty to Count 4 in exchange for dismissal of the remaining counts

against him. Chan's plea was accepted by the Honorable Susan Webber Wright, United States District Judge for the Eastern District of Arkansas. Chan faces a potential statutory sentence of five years imprisonment, a \$25,000.00 fine, or both. His actual sentence, however, will be determined by Judge Wright after consultation of the United States Sentencing Guidelines. A sentencing date has not yet been set.

In a related matter, a settlement agreement was finalized today in a *qui tam* lawsuit that was filed against Chan by John Thomas. The *qui tam* proceeding, which was brought by Thomas in the capacity of relator, alleged that Chan violated the False Claims Act by accepting kickbacks from medical device manufacturers and by submitting or causing to be submitted related claims for payment from the Medicaid and Medicare programs. Pursuant to the terms of the *qui tam* settlement agreement, Chan agreed to pay \$1.5 million. This amount will be distributed as follows: \$1,049,000 will be paid to the United States of America; \$101,000 will be paid to the State of Arkansas; and \$350,000 will be paid to John Thomas. The False Claims Act allows private citizens or "whistleblowers" to file lawsuits as "relators" against individuals and entities committing fraud upon the federal government. As incentive for coming forward and exposing wrongdoers, the Act provides for monetary rewards to relators and for the payment of attorney's fees on successful claims.

"The integrity of our federal health care programs is threatened every day by acts of fraud and abuse. We are committed to vigorously investigating, prosecuting and punishing those health care providers who seek to manipulate the system for their own financial gain," stated Duke. She added, "The *qui tam* provisions of the False Claims Act provide a complementary method of recouping the monetary losses to the programs."

This case was investigated by the Little Rock Division of the Federal Bureau of Investigation and the United States Department of Health and Human Services, Office of Inspector General.

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