



## U. S. Department of Justice

United States Attorney  
Northern District of Illinois

---

Patrick J. Fitzgerald  
United States Attorney

Federal Building  
219 South Dearborn Street, Fifth Floor  
Chicago, Illinois 60604  
(312) 353-5300

FOR IMMEDIATE RELEASE  
MONDAY OCTOBER 3, 2011  
[www.justice.gov/usao/iln](http://www.justice.gov/usao/iln)

PRESS CONTACTS:  
AUSA Andrew S. Boutros 312-886-7641  
AUSA Daniel Gillogly 312-886-1328  
Randall Samborn 312-353-5318

### **ATTORNEY AND FORMER EDGEWATER HOSPITAL OWNER INDICTED FOR ALLEGEDLY LYING AND OBSTRUCTING JUSTICE TO IMPEDE U.S. AND BANK EFFORTS TO COLLECT JUDGMENTS TOTALING MORE THAN \$188 MILLION**

CHICAGO — An Indiana attorney was arrested today in Florida on federal charges alleging that he and his onetime client, the former owner and chief executive of the bankrupt Edgewater Hospital and Medical Center in Chicago, committed perjury and obstruction of justice to thwart efforts by the government and a bank creditor to collect civil judgments totaling approximately \$188 million involving fraud that resulted in Edgewater's collapse. The lawyer, **Frederick M. Cuppy**, was charged for the first time in a 10-count indictment that follows a criminal complaint that was unsealed in May 2008 against his former client and Edgewater's former owner, **Peter G. Rogan**. The indictment, which was returned by a federal grand jury last Wednesday, was unsealed today following Cuppy's arrest, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Cuppy, 70, of Ft. Lauderdale, Fla., and Rogan, 65, currently residing in Vancouver, British Columbia, were each charged with one count of conspiracy to obstruct justice. Cuppy was also

charged with three counts of perjury and three counts of obstruction of justice. He appeared this morning before a magistrate judge in Federal Court in Ft. Lauderdale and remains in custody pending further court proceedings.

Rogan, formerly of Valparaiso, Ind., who was also charged with two counts of perjury and one count of obstruction of justice, remains free on bond in Vancouver where he was detained in 2008 by the Canada Border Services Agency upon returning from a trip to China. Rogan was denied admission to Canada based on Canadian immigration law, but he was allowed to remain there while contesting the denial of admission and he continues to face Canadian immigration proceedings to determine whether or not he may be admitted or must leave.

Rogan once owned Edgewater Hospital and later sold it, but continued to control the hospital and medical center through various management companies he owned. The hospital, located at 5700 North Ashland, closed in December 2001 and entered bankruptcy in 2002, about the same time four doctors, a vice president and the management company pleaded guilty to federal criminal health-care fraud charges involving the payment of kickbacks for patient referrals and medically unnecessary hospital admissions, tests, and services.

Rogan was not charged criminally at that time, but in 2002, the United States filed a civil lawsuit against him alleging that was responsible for Edgewater's submission of millions of dollars of false claims for reimbursement under the Medicare and Medicaid programs, *United States v. Peter Rogan, et al.*, 02 C 3310 (N.D. Il.). In September 2006, following a bench trial, U.S. District Judge John Darrah entered a judgment against Rogan for \$64,259,032, and found that Rogan had testified falsely, destroyed documents and obstructed justice, *United States v. Rogan*, 459 F. Supp.2d 692 (N.D. Il. 2006). The judgment was upheld on appeal in 2008, *United States v. Rogan*, 517 F. 3d 449 (7th Cir. 2008).

Also in 2002, Dexia Crédit Local, a bank that extended credit financing to Edgewater Medical Center, filed a civil fraud lawsuit against Rogan and his companies. *Dexia Crédit Local v. Rogan, et al.*, 02 C 8288 (N.D. Ill.). In 2007, Dexia was awarded a judgment of more than \$124 million.

The United States and Dexia separately pursued legal remedies to enforce their judgments and collect the money that Rogan and his companies owed. These post-judgment procedures included depositions, citations and subpoenas to discover the nature, extent and location of any assets Rogan owned or controlled, including offshore trusts that Rogan controlled. In 1996, Rogan created the "Peter G. Rogan Irrevocable Trust 001" (the Rogan Trust), in the Bahamas to protect his assets from future judgments. By approximately 2002, the Rogan Trust had assets of approximately \$28 million, according to the indictment. Cuppy and an unnamed Florida lawyer helped Rogan create the trust, establish its terms and choose an offshore location. Oceanic Bank and Trust Ltd., (Bahamas), served as a successor trustee of the Rogan Trust.

The indictment alleges that between 2002 and October 2010, Rogan and Cuppy conspired to obstruct justice in both the government's and Dexia's cases in Federal Court in Chicago by impeding the courts and the parties from obtaining complete and accurate information as to the nature, operation and control of the Rogan Trust, its assets and its distributions. Between 2002 and 2006, more than \$11 million was distributed from the trust for the benefit of Rogan and Rogan's wife, the indictment alleges.

As part of the conspiracy, Rogan and Cuppy allegedly made incomplete, inaccurate and misleading statements in depositions and to the judges, the United States, and Dexia about the Rogan Trust; filed an affidavit (Rogan) and a declaration (Cuppy) containing incomplete, inaccurate and misleading information; and caused the trustee to withhold trust-related documents.

In December 2006, Rogan responded to the Government's collection efforts by filing an affidavit with the Court in which he denied that he exercised any control over the Rogan Trust and its income or assets, asserted that he had no control over distributions from the trust, and asserted that he did not have ready access to the assets of the trust. The indictment alleges that those statements were false and that, in fact, Rogan controlled the trust and its income and assets and had ready access to its funds.

In 2009 and 2010, Cuppy allegedly impeded collection efforts by falsely stating that he did not have authority to instruct the trustee about the disposition of assets; did not cause the trustee to distribute funds to Rogan's wife; and had not taken steps to ensure that the trustee would not produce documents in response to Dexia's discovery efforts. Cuppy also allegedly lied to the court when he testified under oath that he did not remember telling an employee of the trustee to tell an unnamed Chicago lawyer that no information would be given out about the Rogan Trust.

The United States is being represented by Assistant U.S. Attorneys Andrew S. Boutros and Daniel Gillogly.

Conspiracy to obstruct justice and obstruction of justice carry a maximum penalty of 20 years in prison on each count and each count of perjury carries a maximum of five years, and all of the charges carry a maximum fine of \$250,000 on each count. If convicted, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines and federal sentencing statutes.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

###