



Department of Justice

United States Attorney James R. Dedrick
Eastern District of Tennessee

FOR IMMEDIATE RELEASE

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FORMER HAWKINS COUNTY DOCTOR CONVICTED ON HEALTH CARE FRAUD, DRUG, AND TAX CHARGES

GREENEVILLE, TENNESSEE — John Theodore Hancock, 47, was convicted today of by a federal jury of health care fraud, unlawful dispensing of controlled substances, money laundering, evasion of payment of income taxes, and failure to file income tax returns. The convictions were announced by Tennessee Bureau of Investigation (TBI) Special Agent in Charge (SAC) Bob Schlafly, IRS-CI SAC Christopher R. Pikelis, and United States Attorney James R. "Russ" Dedrick.

The jury, after hearing seven days of testimony and deliberating for over a day, returned guilty verdicts on thirty counts of defrauding the TennCare program by issuing prescriptions for controlled substances which Hancock knew were not medically necessary and would be filled at area pharmacies and paid for by TennCare. Hancock was found guilty of twenty-nine counts of unlawfully dispensing Schedule II controlled substances - oxycodone, morphine, methadone, and fentanyl - outside the scope of accepted medical practice and not for a legitimate medical purpose. Hancock was found guilty of nine counts of unlawfully dispensing Schedule III controlled substances (hydrocodone with acetaminophen, more commonly known as Lortab), and twenty-eight counts of unlawfully dispensing Schedule IV controlled substances, the benzodiazepines diazepam, alprazolam, triazolam, and clonazepam. The jury returned not guilty verdicts on four counts.

A federal grand jury in Greeneville, Tennessee returned a superseding indictment against Hancock on September 9, 2008, which alleged that Hancock, while licensed to practice as a medical doctor by the State of Tennessee, operated a medical business known as "Hancock Family Medicine" in Mooresburg, Tennessee. As demonstrated by the evidence at trial, Hancock improperly wrote prescriptions for controlled substances, to include methadone, morphine, oxycodone (OxyContin), hydrocodone, and benzodiazepines, for patients without performing physical examinations and without determining a sufficient medical necessity for the prescriptions. Hancock, who charged patients \$80 to \$100 in cash for each visit, continued to prescribe drugs having high risks of abuse and addiction even after he received information that particular patients were abusing their drugs, were selling their drugs, and were "doctor shopping." Hancock also wrote prescriptions with the agreement that the patients would bring all or part of the drugs back to Hancock, usually for his personal use.

Even after agreeing to surrender his registration with the Drug Enforcement Administration (DEA) to prescribe controlled substances in December 2003 after a conviction in Hamblen County for attempting to pass forged prescriptions for OxyContin, Hancock enlisted another doctor to issue prescriptions for controlled substances for Hancock's patients and continued to operate his practice for another fourteen months.

Because most of the drugs prescribed were paid for through the TennCare program, Tennessee's program for indigent medical care, the jury found that Hancock engaged in a scheme to defraud the TennCare program by providing the medically unnecessary prescriptions to his patients for them to have filled at area pharmacies at TennCare's expense.

Hancock was also found guilty of engaging in financial transactions in criminally derived property, that is, money obtained through health care fraud and the unlawful dispensing of controlled substances. The offenses charged involved the exchange of \$16,480 in cash in February 2005 and the exchange of \$18,552 in cash in April 2005. Hancock was also found guilty of willfully evading payment of income taxes which he owed for 1994 and 1995 by concealing the nature, sources, and extent of his income and assets by conducting his financial affairs almost exclusively in cash. Hancock also was found guilty of willfully failing to file income tax returns from 2002 through 2005 when he had gross income of over \$1 million during that period.

District Judge Ronnie Greer set sentencing in the case for December 7, 2009 at 9:00 a.m. and ordered that Hancock be held in custody by the U.S. Marshals Service pending sentencing. Because the jury found that the deaths of three patients resulted from his unlawful dispensing of controlled substances, Hancock faces a mandatory minimum sentence of twenty years imprisonment with a maximum of life imprisonment. Hancock also faces fines of over \$2.5 million.

Dr. Stephen Loyd, Assistant Professor in the Department of Internal Medicine at the James H. Quillen College of Medicine, East Tennessee State University, and a practicing internist testified during the trial that abuse of prescription drugs was the number one health problem in the United States today. Dr. Loyd compared the need for physicians to understand prescription drug abuse in east Tennessee and southwest Virginia with the need for physicians in the developing world to know about tuberculosis. "This is the disease that's endemic to our area," said Loyd.

United States Attorney Dedrick added: "The abuse of prescription drugs has become one of the most significant public health problems in Tennessee today. Tennessee leads the nation in the number of controlled substance prescriptions per capita and Tennessee's prescription drug overdose rate is 26% above the national average. Deaths from prescription drug overdoses increased 53% between 2002 and 2006 and, in 2006, deaths from prescription drug overdoses far exceeded those from illicit drugs (323 to 73). The top ten prescription drugs listed on death certificates in Tennessee in 2006 were: methadone, morphine, alprazolam (Xanax), diazepam (Valium), hydrocodone, oxycodone, fentanyl, carisoprodol (Soma), propoxyphene, and amitriptyline (Elavil). TBI, with the support of U.S. Attorney's Offices and other federal, state and local law enforcement agencies, has created the Tennessee Drug Diversion Task Force whose mission is to combat this growing problem through education and enforcement."

The investigation was conducted by special agents of the Tennessee Bureau of Investigation's Medicaid Fraud Control Unit, Internal Revenue Service-Criminal Investigation, and the United States Postal Inspection Service.

For additional information, please contact United States Attorney Russ Dedrick, 865-545-4167, AUSA Neil Smith, 423-639-6759, or Public Information Officer Sharry Dedman-Beard, 865-545-4167.