

News Release

For Release:
Gregory A. White

U.S. Department of Justice

*United States Attorney
Northern District of Ohio*

United States Attorney

James C. Lynch
Assistant U.S. Attorney
(216) 622-3846

Gregory A. White, United States Attorney for the Northern District of Ohio, today announced that, following a two week trial presided over by United States District Court Judge Patricia A. Gaughan, a federal jury in Cleveland returned 14 guilty verdicts against Richard B. White involving Medicare Fraud, Money Laundering, and Wire Fraud. A second defendant, Michael A. Suhadolnik, was convicted on one count of Wire Fraud.

White, age 61, resides at 2304 Crossing Court, Louisiana, and from 1996 through 1998, was the financial manager of the Youngstown Osteopathic Hospital (YOH) through his management company, Montrose Management, of Montrose, Alabama. Suhadolnik, age 48, resides at 10374 Meadowhurst Lane, Chardon, Ohio, was the Chief Financial Officer at YOH during the same period. Another co-defendant, Raul Sanchez DeVarona, an attorney from Coral Gables, Florida, entered a plea of guilty to the conspiracy charges last October, and is scheduled to be sentence on April 6, 2004. Two other co-defendants, MaryAnn Barnett and Patricia Macejko, both of Canfield, Ohio, are awaiting a separate trial.

The indictment charged that in 1996 White and his co-defendants entered into a conspiracy and scheme to defraud the government by creating a network of Medicare provider companies associated with Youngstown Osteopathic Hospital (YOH). The network, designed by White, was supposed to benefit the hospital, but evidence at trial showed that they also produced

profits to the defendants through inflated costs charged to Medicare. The evidence showed that each of the new entities created were controlled by White making him a “related party” under Medicare regulations which prohibit profits between “related parties.” As a part of the scheme, the relationship White had to the Medicare Providers was not disclosed to Medicare allowing White to charge the providers huge management fees.

The scheme extended to five clinics in Florida established by White as a part of the “network.” The Florida clinics were operated by co-defendant, Raul Sanchez DeVarona who testified for the government at the trial. The transfer of monies to the Florida clinics were charged as money laundering as a result of the Medicare fraud.

The wire fraud count charged that White, Suhadolnik and DeVarona defrauded YOH by transferring monies to various entities supposedly to benefit YOH. Although the Florida clinics received financial support from YOH, White and Suhadolnik did not disclose to the YOH board of directors that White had established management contracts from which his management company, Montrose Management, would profit from each of the clinics supported by YOH.

The actual sentence in this case will be determined by the court under the mandatory Federal Sentencing Guidelines which depend upon a number of factors unique to each case, including the amounts of loss involved, the defendant’s role in the offense and the unique characteristics of the violation. In all cases the sentence will not exceed the statutory maximum and, in most cases, it will be less than the maximum.

The case was tried for the United States Attorney’s Office by Assistant U.S. Attorney James C. Lynch. The four year investigation was conducted by agents of the Office of Inspector General, Department of Health and Human Services, Cleveland, Ohio, the Criminal Investigation, IRS, Youngstown, Ohio, and the Federal Bureau of Investigation, Youngstown,

Ohio.

The trial was presided over by United States District Court Judge Patricia A. Gaughan who set the sentencing date for the defendants on June 29, 2004. The defendants were both released on their previous bond.

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