

NEWS RELEASE

Office of the United States Attorney
Eastern District of Texas

FOR IMMEDIATE RELEASE

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PODIATRIST ADMITS TO CONSPIRACY

(Texarkana, TX) A Texarkana podiatrist has pleaded guilty to conspiring to obstruct justice in the Eastern District of Texas. **JAMES NAPLES**, who co-owned and controlled New Boston General Hospital in Texarkana, has admitted to conspiring to obstruct justice with respect to the Federal Grand Jury investigating his activities and the activities of New Boston General Hospital.

According to information presented today in United States District Court, Naples purposely directed an employee working for New Boston General Hospital, (NBGH), to deliver trip logs, i.e. passenger manifests related to the use of a Beechcraft B-100 King Air aircraft leased by NBGH, to Dr. Naples. These records had been subpoenaed by the Federal Grand Jury in the course of its investigation and Dr. Naples obstructed and impeded the Grand Jury's investigation by interfering in this fashion. At the time, the Federal Grand Jury was involved in a comprehensive investigation of Dr. Naples, NBGH, and several other Texarkana area podiatrists concerning allegations that the doctors and the hospital were involved in schemes that included defrauding Medicare, Medicaid, Tricare, and private insurers for podiatry services, engaging in mail and wire fraud, and conspiring to obstruct the investigation by means of bribery, falsifying or concealing documents, resisting Grand Jury subpoenas, intimidating witnesses, and perjury.

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United States Attorney Matthew D. Orwig was pleased with today's plea, "The Grand Jury Investigative process is absolutely critical to the maintenance of the rule of law in our nation. Dr. Naples made a terrible mistake when he decided to conspire to obstruct that process. His guilty plea today reaffirms the U.S. Attorney office's commitment to insuring the integrity of the grand jury."

"I am proud to have been part of the Federal team that brought Dr. Naples to justice after more than six years of investigation", said Timothy Menke, Special Agent in Charge Of the Office of Inspector General's Dallas Regional Office. "Criminals can be assured that if they attempt to defraud federal health care programs and their patients they will sooner or later pay for their crimes," Menke warned.

Naples faces up to five years in prison and a fine of up to \$250,000.00. The terms of this plea agreement indicate that Naples will receive probation, pay \$2 million in restitution, and be excluded from the Medicare program for ten years. United States District Judge David Folsom has conditionally accepted this plea agreement pending his receipt and review of the pre-sentence investigation. A sentencing date has not been set.

The case is being investigated by the Federal Bureau of Investigation, Department of Health and Human Services Office of Inspector General, Internal Revenue Service Criminal Investigation, Food and Drug Administration, Defense

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Criminal Investigative Services, and the Texas Attorney General's Office. The case is being prosecuted by Assistant U.S. Attorneys Wes Rivers and Randall Blake.