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U.S. CHARGES FORMER EDGEWATER HOSPITAL OWNER PETER ROGAN WITH LYING TO OBSTRUCT GOVERNMENT EFFORTS TO COLLECT \$64.2 MILLION CIVIL HEALTH-CARE FRAUD JUDGMENT; DEFENDANT DETAINED IN CANADA

CHICAGO – The former owner and chief executive of the bankrupt Edgewater Hospital and Medical Center is facing federal perjury and obstruction of justice charges here relating to Government efforts to collect a \$64.2 million civil health-care fraud judgment against him. The defendant, **Peter G. Rogan**, was charged in a two-count criminal complaint that was filed in U.S. District Court on May 23 and unsealed yesterday, 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, announced today.

Rogan, 62, formerly of Valparaiso, Ind., who has been living in Vancouver, British Columbia, since 2006, was detained on Monday by the Canada Border Services Agency upon returning to Vancouver from a trip to China. Rogan was denied admission to Canada based on Canadian immigration law, and he is now facing Canadian immigration proceedings to determine whether or not he may be admitted into Canada.

Rogan at one time 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, when 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 he 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. Ill.). In September 2006, following a bench trial, U.S. District Judge John Darrah entered a judgment against Rogan for \$64,259,032.50, and found that Rogan had testified falsely, destroyed documents and obstructed justice, *United States v. Rogan*, 459 F. Supp.2d 692 (N.D. Ill. 2006). The judgment was upheld on appeal earlier this year, *United States v. Rogan*, 517 F.3d 449 (7th Cir. 2008).

After the September 2006 judgment, the Government began efforts to collect from Rogan, using post-judgment procedures including depositions, citations and subpoenas to discover the nature, extent and location of any assets he owned or controlled. To date, Rogan has made no payments toward the debt, according to the new charges against him.

In late 2006, the Government filed a motion in the civil proceedings asserting that Rogan had access to many millions of dollars that were being held in offshore accounts. Specifically, court documents alleged that Rogan was the discretionary beneficiary of the Peter G. Rogan Irrevocable Trust, which was established in 1996 in the Bahamas. The Government alleged that there was

between \$30 and \$35 million in this and other trusts in the names of his children, and that the trust in Rogan's name alone generated dividend and/or interest income of approximately \$760,000 a year.

On Dec. 21, 2006, Rogan responded to the Government's motion by filing an affidavit with the Court in which he denied that he exercised any control over the trust and its income or assets, that he had no control over distributions from the trust, and that he did not have ready access to the assets of the trust. The new criminal charges allege that those statements were false, and that, in fact, Rogan controlled the trust and its income and assets, and that he had ready access to its funds.

According to the criminal complaint, in 2007 and 2008, Oceanic Bank and Trust Ltd., (Bahamas), which served as trustee of Rogan's trust until 2006, produced trust records to the Government in response to a subpoena. According to the records, the complaint alleges, between 1996 and 2004, Rogan directly or indirectly directed the trustee to make distributions totaling approximately \$8.15 million to himself or to others he specified. Those distributions are detailed in the complaint affidavit – ranging in amounts from \$50,000 to \$3.4 million – and included funds that Rogan directed to be paid to his wife for personal expenses; for service and maintenance on his 48-foot boat named “Fringe Benefit;” for legal fees; and \$2.9 million that he testified he used to pay restitution owed by Bainbridge Management L.P., resulting from its guilty plea in the Edgewater criminal fraud case.

Between July 2004 and November 2006, the new charges allege that Rogan's wife or agent – instead of Rogan himself – communicated directly with Oceanic to cause the distribution of at least \$6.5 million in additional trust funds to accounts in his wife's name, which she then used to make payments to her husband and his creditors.

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

If convicted, perjury carries a maximum penalty of five years in prison and obstruction of justice carries a maximum of 10 years, and both counts carry a maximum fine of \$250,000. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

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

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