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FORMER TENNESSEE STATE SENATOR JOHN FORD SENTENCED TO 14 YEARS IMPRISONMENT FOR WIRE FRAUD AND CONCEALMENT OF MATERIAL FACTS IN CONNECTION WITH HIS UNDISCLOSED "CONSULTING" FOR TENNCARE CONTRACTORS

Nashville, TN., September 29, 2008. Former Tennessee State Senator John Ford was sentenced today to 14 years imprisonment in connection with receiving money as a purported consultant for two different TennCare contractors, announced Paul M. O'Brien, Acting United States Attorney for the Middle District of Tennessee, My Harrison, Special Agent in Charge (SAC) of the Memphis Division of the Federal Bureau of Investigation (FBI), and Mark Gwyn, Director of the Tennessee Bureau of Investigation (TBI).

Ford was sentenced in federal district court in Nashville by Chief United States District Judge Todd Campbell. His sentence arose out of his conviction on all counts of a six-count indictment, after a two-week jury trial in July of this year. The indictment, returned in December 2006 by a federal grand jury in Nashville, charged Ford with two counts of wire fraud and four counts of concealment of material facts in a matter within the jurisdiction of a federal executive department. More specifically, Ford was charged with one count of wire fraud and two counts of concealment in connection with each of two different schemes that allegedly occurred while Ford was the State Senator for Tennessee Senate District 29.

The evidence at trial tracked the allegations of the indictment, and showed the following. Ford at pertinent times was the chairman of the Tennessee Senate General Welfare, Health and Human Resources Committee, a member of the Tennessee Senate Finance, Ways and Means Committee, and a member of the Tennessee General Assembly's select oversight committee on TennCare. By virtue of his position, Ford owed a duty of honest services to the people of the State of Tennessee.

Ford was required to disclose to the Tennessee Registry of Election Finance and/or the Chief Clerk of the Tennessee Senate various facts related to his sources of private income and his interests in private companies, as well as any retainer fee which he received from any firm in the practice of promoting or attempting to influence any legislation before the general assembly or the legislative committees. Under the rules of the Tennessee Senate, Ford was required to refrain from voting on or influencing legislation in committee or on the floor of the Senate, in which he had a personal interest, unless he disclosed his possible conflict of interest. Applicable Tennessee state criminal laws similarly prohibited certain public officials, including Ford, from requesting, intending to receive or receiving money or other benefits under certain circumstances, including when it would pose a conflict with the official's public duties.

At trial, the Government's evidence also detailed two wire-fraud schemes, as alleged in the indictment, whereby Ford sought to defraud the public out of its right to Ford's honest services. The first scheme involved a dental managed care organization (MCO) known as Doral Tennessee, which was owned by various parent companies. (Hereinafter, the term "Doral" refers collectively to Doral Tennessee and any parent company of Doral Tennessee).

According to the evidence at trial, in August 2001 Ford met with Doral officials and promised to assist them; then, effective December 2001, Doral Tennessee entered into an agreement (the "MSCG contract") to receive consulting services from Managed Care Services Group ("MCSG"), a partnership which was purportedly based in Pennsylvania and ultimately owned 40 percent by Ford and 30 percent each by Ford's longtime friend, Osbie Howard of Memphis, and by Ronald Dobbins of Pennsylvania. In the MCSG contract, MCSG agreed to help Doral Tennessee win a contract (the "TennCare dental contract") to be the sole MCO to handle dental services for all eligible TennCare enrollees. Doral Tennessee subsequently won the contract, which went into effect on October 1, 2002 for a duration of 33 months.

The MCSG contract as amended required Doral Tennessee to pay MCSG monthly at a rate of three cents per month for each TennCare enrollee assigned to Doral Tennessee, and was subject to termination upon Ford's death. Ultimately, after news media learned of the MCSG contract and Ford's possible association with MCSG, Doral terminated the MCSG contract in February 2005. By then, MCSG received over \$1,000,000 from Doral, and Ford received over \$400,000 of that from MCSG.

The evidence at trial also showed that Ford was seeking to advance Doral's interests in various ways. Among other things, Ford spoke in favor of Doral, or Doral's contract with TennCare, in legislative committees and with various state officials, including then-TennCare Director Mark Reynolds and John Tighe, Tennessee's former "health care czar" and Deputy Commissioner of Finance and Administration. The evidence also showed that, contrary to his duties of disclosure, Ford failed to disclose the fact that he was a partner in MCSG or the fact that he was receiving money from MCSG as a consequence of and in connection with the TennCare dental contract, in violation of his various duties of disclosure.

Based on this evidence, Ford was convicted on Count One the indictment of depriving the public of his honest services, in violation of Title 18, United States Code, Sections 1343 and 1346.

Ford also was convicted of two additional crimes related to this scheme, namely, two violations of Title 18, United States Code, Section 1001, for concealing material facts in matter within the jurisdiction of the United States Department of Health and Human Services (HHS), which provides federal funding to TennCare. Specifically Ford was convicted on Counts Two and Three of the indictment, respectively, of intentionally failing to disclose (a) that he was a partner in MCSG; and (b) that he was receiving money from MCSG as a consequence of Doral Tennessee's contract with TennCare.

Ford also was convicted, on Counts Four through Six of the indictment, based on a second scheme. This scheme involved a Michigan corporation known as United American Health Care Corporation (UAHC), which had a subsidiary known as Omnicare, a TennCare MCO. The evidence at trial showed that on or about November 1, 2002, substantially all of UAHC's revenues were derived from Omnicare, and that substantially all of Omnicare's revenues were derived from TennCare. Osbie Howard, Ford's friend and partner in MCSG, was a high-ranking executive with both Omnicare and UAHC.

Ford entered into a consulting agreement with UAHC, effective April 1, 2001, whereby UAHC agreed to pay Ford fees purportedly for consulting services "in connection with the business and operations of" UAHC. UAHC paid Ford more than \$400,000 until the payments stopped in February 2005, after Ford began to face public scrutiny.

Until then, Ford sought to assist Omnicare in various ways, including: (a) asking various state officials, including John Tighe, Governor Bredesen, Commissioner of Finance and Administration David Goetz, and TennCare Director to assist in having additional TennCare enrollees assigned to Omnicare, which would increase Omnicare's revenues; (b) conveying to John Tighe, at the request of Omnicare lobbyist Sharon Johnson, specific concerns of Omnicare's regarding TennCare's plan to adopt something known as "third party credentialing" for TennCare providers; (c) sponsoring legislation in 2002 and then again in 2003, at the specific request of Sharon Johnson, aimed at stopping the Bureau of TennCare's plan to implement third-party credentialing; (d) speaking in favor of such legislation during various legislative committee meetings; (e) attending a meeting with Osbie Howard and with the CEO and CFO of Vanderbilt University Medical Center, and there asking the Vanderbilt executives to settle Vanderbilt's outstanding claims against Omnicare on terms satisfactory to Omnicare; and (f) causing a letter in his name to be sent to the director of the Bureau of TennCare, which letter complained that Omnicare had not received reimbursement of certain administrative costs Omnicare allegedly incurred on behalf of the State of Tennessee.

The evidence showed that, contrary to his duties of disclosure, Ford did not disclose the fact that he had contracted to receive, or was receiving, "consulting" fees from Omnicare's parent company, UAHC.

Based on this evidence, Ford was convicted on Count Four of depriving the public of his honest services, in violation of Title 18, United States Code, Sections 1343 and 1346.

Ford also was convicted of two additional crimes related to this scheme, namely, two violations of Title 18, United States Code, Section 1001, for concealing material facts in matter within the jurisdiction of HHS. Specifically Ford was convicted on Counts Five and Six, respectively, of intentionally failing to disclose (a) that he had contracted to receive compensation from UAHC; and (b) that he had received and was receiving money from UAHC.

Ford currently is serving a 66-month sentence imposed by the United States District Court for the Western District of Tennessee in a separate investigation. That sentence is based on his 2007 conviction for receiving bribes from an undercover agent of the Federal Bureau of Investigation (FBI), during an FBI undercover investigation known as Tennessee Waltz. In imposing sentence for the six counts of which the defendant was convicted in the Middle District of Tennessee, Judge Campbell ordered that such sentence be served consecutively to the 66-month sentence. Judge Campbell clarified that he was imposing a 14-year sentence on each of the two wire-fraud counts, as well as a 60-month sentence on each of the four counts of concealment of material facts (the statutory maximum for each such count), with all such sentences running concurrently to one another, though consecutive to the 66-month sentence from the Western District of Tennessee. Judge Campbell also ordered that Ford serve a term of supervised release of 3 years on each count, to run concurrently.

The investigation was conducted jointly by the FBI and the TBI. The United States was represented by Assistant United States Attorneys David Rivera and Eli J. Richardson.

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