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WOMAN PLEADS GUILTY TO HEALTH CARE FRAUD AFTER FIVE YEAR FLIGHT FROM JUSTICE

PHOENIX – On July 23, 2008 Sheri Dawn Blackburn, a fugitive for nearly five years, pled guilty to one count of theft or embezzlement in connection with a health care benefit program, in violation of 18 U.S.C. 669, in U.S. District Court in Phoenix. Blackburn, 45, a former resident of Phoenix, had been indicted in August of 2003 for one count of theft in connection with a health care benefit program and one count of false statements relating to health care matters, but never appeared to answer these charges in court, and subsequently became a fugitive.

The case against Blackburn was based on an investigation by the U.S. Department of Labor's Employee Benefits Security Administration, which indicated that in 1998 Blackburn was hired by Eldorado Claim Services, a benefit claims processing company, to supervise health plan claims processing. In this position, Blackburn processed and paid medical claims for the health care plan sponsored by Knipp Bros., a commercial construction company that was located in Glendale, Arizona. While performing this work, Blackburn created a fictitious physician identity, Doctor Joseph Patrick, and paid claims to this fictitious individual for services that were never rendered. Blackburn then cashed a total of 14 checks that were issued to this fictitious identity, which totaled \$88,441.

Following her failure to appear to answer the indictment, Blackburn evaded prosecution for almost five years. In March 2008, investigators with the Employee Benefits Security Administration located Blackburn in Iowa, and alerted the U.S. Marshals Service. Blackburn was apprehended in Eddyville, Iowa, and was subsequently extradited to Arizona, where she has remained in federal custody.

A conviction for theft or embezzlement in connection with a health care benefit program is punishable by a maximum fine of \$250,000, a maximum term of imprisonment of 10 years, or both, and a term of supervised release of three years. In determining an actual sentence, Judge Roslyn O. Silver will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

Sentencing is set before Judge Silver on October 6, 2008.

The investigation in this case was conducted by the Los Angeles Regional Office of the Employee Benefits Security Administration. The prosecution is being handled by Howard Sukenic, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-03-838-PHX-ROS
RELEASE NUMBER: 2008-187(Blackburn)

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