

JUSTICE NEWS

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South Carolina Chiropractor Pleads Guilty and Agrees to \$9 Million False Claims Act Consent Judgment

On Nov. 8, the U.S. District Court for the District of South Carolina entered a \$9 million civil consent judgment for the United States against South Carolina chiropractor Daniel McCollum under the False Claims Act. On that same day, the U.S. Attorney's Office for the District of South Carolina filed an information and plea agreement in which McCollum admitted to engaging in a conspiracy to pay illegal kickbacks and to defraud healthcare programs by billing for unnecessary medical services. The maximum criminal penalty McCollum could face is five years in prison and a fine of \$250,000. A sentencing date has not been set.

McCollum owned and operated pain management clinics, laboratories and a pharmacy in South Carolina. He also operated pain management clinics in North Carolina and Tennessee. McCollum's clinics did business collectively as Pain Management Associates.

On May 31, 2019, the United States filed a civil complaint alleging that McCollum caused the submission of false claims to federal health care programs arising from kickbacks he paid for urine drug testing (UDT) referrals in violation of the Anti-Kickback Statute; referrals prohibited under the Stark Law from physicians with whom McCollum had financial relationships; and claims for UDT and other services that were not medically necessary and that lacked a legitimate medical purpose.

On Oct. 29, McCollum agreed to resolve the government's False Claims Act allegations, including admitting that he violated the Anti-Kickback Statute by providing kickbacks in the form of a direct bill program whereby his laboratory, Labsource, gave referring providers an opportunity to earn revenue generated from their commercially-insured UDT referrals as an inducement for those providers to refer all of their federally-insured UDT patients to Labsource. McCollum also caused medically unnecessary prescriptions for pain creams often without the knowledge or approval of the patients' healthcare providers and regardless of whether the prescription had a legitimate medical purpose. McCollum admitted that the aforementioned conduct constituted misrepresentations, fraudulent omissions and/or deceptive conduct, and that he engaged in this conduct with an intent to deceive the United States and cause the United States to pay false or fraudulent federal healthcare program claims.

Congress passed the Stark Law and the Anti-Kickback Statute to prevent financial incentives from improperly influencing medical decision-making, which can lead to excessive and unnecessary tests and services. Among other things, the Stark Law prohibits billing Medicare for laboratory testing services referred by a physician who has a financial relationship with the laboratory. The Anti-Kickback Statute prohibits offering or paying anything of value to induce the referral of items or services covered by federal healthcare programs, including laboratory testing services.

"Improper financial relationships between healthcare providers and laboratories can lead to overutilization and increase the cost of healthcare services paid for by the taxpayers," said Acting Assistant Attorney General Brian M. Boynton of the Justice Department's Civil Division. "The provision of medical services and prescriptions should be based on a patient's medical needs rather than the financial interests of providers."

"This office will use all tools necessary to ensure justice, deterrence and prevention of healthcare fraud," said Acting U.S. Attorney M. Rhett DeHart for the District of South Carolina. "The criminal guilty plea and the civil consent judgment entered against the defendant in this case demonstrates that effort."

"McCollum engaged in deceptive conduct by exploiting the vital programs on which they depend," said Special Agent in Charge Derrick L. Jackson of the Department of Health and Human Services Office of Inspector General (HHS-OIG). "We will continue to work with our law enforcement partners to hold accountable individuals who endanger the integrity of federal healthcare programs and the beneficiaries they serve."

"The TRICARE Program is vital to the health and readiness of our active duty service members, retirees and their families," said Special Agent in Charge Christopher Dillard of the Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS), Mid-Atlantic Field Office. "Today's announcement should leave no doubt that DCIS and its law enforcement partners remain committed to rooting out fraud, holding bad actors accountable and protecting the integrity of the Department of Defense."

The civil judgment resolves claims brought under the *qui tam* or whistleblower provisions of the False Claims Act by Donna Rauch, Muriel Calhoun, Brandy Knight and Karen Mathewson, all former employees of pain management clinics owned or operated by McCollum. Under those provisions, a private party can file an action on behalf of the United States and receive a portion of any recovery. The *qui tam* cases are captioned *United States ex rel. Rauch, et al. v. Oaktree Medical Centre, P.C., et al.*, No. 6:15-cv-01589-DCC (D.S.C.); *United States ex rel. Mathewson v. Dr. Daniel A. McCollum, et al.*, No. 6:17-CV-01190-DCC (D.S.C.); and *United States ex rel. Hawkins v. Pain Management Associates of the Carolinas, LLC, et al.*, No. 8:18-cv-02952-DCC (D.S.C.). In connection with this matter, the United States previously was awarded civil judgments totaling over \$140 million against entities owned or operated by McCollum: Oaktree Medical Centre P.C., FirstChoice Healthcare P.C., Labsource LLC, Pain Management Associates of the Carolinas LLC, Pain Management Associates of North Carolina P.C., ProLab LLC and ProCare Counseling Center LLC.

The civil judgment and criminal plea obtained in this matter were the result of a coordinated effort between the Justice Department's Civil Division, Commercial Litigation Branch, Fraud Section, and the U.S. Attorney's Office for the District of South Carolina, with assistance from the FBI, HHS-OIG, the South Carolina Attorney General's Office and the DCIS.

The investigation and resolution of this matter illustrates the government's emphasis on combating healthcare fraud. One of the most powerful tools in this effort is the False Claims Act. Tips and complaints from all sources about potential fraud, waste, abuse and mismanagement can be reported to the Department of Health and Human Services at 800-HHS-TIPS (800-447-8477).

The litigation was handled by Fraud Section Attorneys Yolonda Campbell, Michael Kass, Christopher Terranova and David Wiseman and Assistant U.S. Attorneys Beth Warren and Bill Watkins for the District of South Carolina.

Attachment(s):

[Download Oaktree Stipulation of Settlement.pdf](#)

Topic(s):

False Claims Act

Component(s):

[Civil Division](#)

[USAO - South Carolina](#)

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