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U.S. Attorney's Office

Northern District of Georgia

FOR IMMEDIATE RELEASE

Friday, May 20, 2022

Former Georgia Insurance Commissioner John Oxendine charged with health care fraud and money laundering scheme

ATLANTA - John W. Oxendine has been arraigned on federal charges of conspiracy to commit health care fraud and conspiracy to commit money laundering. Oxendine was indicted by a federal grand jury on May 17, 2022.

The indictment alleges that Oxendine conspired to obtain kickbacks for unnecessary genetic and toxicology lab tests, and used his insurance business to hide those kickbacks," said U.S. Attorney Ryan K. Buchanan. "Patients go to their healthcare provider for treatment with the expectation that their treatment or test is necessary, not a scam for fraud."

"These allegations describe someone who was more motivated by personal greed than their duty to provide appropriate and necessary care to patients," said Keri Farley, Special Agent in Charge of FBI Atlanta. "The FBI, along with our partners, will continue to investigate healthcare fraud to ensure these individuals who willingly defraud the American people are brought to justice."

"Providers who exploit their positions as health care professionals for financial gain undermine patient trust and waste taxpayer dollars," said Special Agent in Charge Tamala E. Miles, with the Department of Health and Human Services, Office of Inspector General (HHS-OIG). "HHS-OIG will continue to work tirelessly alongside our law enforcement partners to investigate any bad actors who attempt to defraud federal health care programs."

"Health care providers who engage in kickback schemes to maximize profits violate the integrity of the Department of Defense health care system and betray the trust of their patients," stated Special Agent in Charge Cynthia A. Bruce, Department of Defense (DoD) Office of Inspector General, Defense Criminal Investigative Service (DCIS), Southeast Field Office. "Trusted healthcare professionals whose greed overcomes their moral obligations to those seeking medical treatment have no place in the DoD healthcare community and will be aggressively pursued for prosecution."

According to U.S. Attorney Buchanan, the charges, and other information presented in court: John W. Oxendine allegedly conspired with Dr. Jeffrey Gallups and others to submit fraudulent insurance claims for medically unnecessary Pharmacogenetic, Molecular Genetic, and Toxicology testing. Physicians associated with Jeffrey Gallups's ENT practice were pressured to order medically unnecessary Pharmacogenetic, Molecular Genetic, and Toxicology testing from a testing lab in Texas. As part of the health care fraud scheme, the lab company agreed to pay Oxendine and Gallups a kickback of 50% of the net profit for eligible specimens submitted by Gallups's practice to the lab company for the testing.

In total, the lab company submitted claims seeking over \$2,500,000 in payment for laboratory tests ordered by Gallups's practice. The insurance companies paid over \$600,000 to the lab company as a result of these claims. The lab company then paid \$260,000 in kickbacks through Oxendine's insurance services business. Oxendine used a portion of the kickback money to pay debts on behalf of Gallups, paying a \$150,000 charitable contribution and \$70,000 in attorney's fees.

This case is related to United States v. Gallups, 1:21-cr-00370-SCJ, in which Dr. Jeffrey Gallups pleaded guilty to health care fraud.

John W. Oxendine, 60, of Duluth, Georgia was indicted on May 17, 2022. Members of the public are reminded that the indictment only contains charges. The defendant is presumed innocent of the charges and it will be the government's burden to prove the defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by the Federal Bureau of Investigation, Department of Health and Human Services Office of the Inspector General, and the Defense Criminal Investigative Service.

Assistant U.S. Attorney Christopher J. Huber, Deputy Chief of the Complex Frauds Section, is prosecuting the case.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

Topic(s):
Financial Fraud
Health Care Fraud

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