

HealthSouth ex-controller gets 8 years in prison

By Verna Gates

BIRMINGHAM, Ala., June 15 (Reuters) - A former HealthSouth Corp. <HLSH.PK> controller on Thursday was sentenced to eight years in prison, by far the harshest penalty received by anyone connected to the massive accounting scandal that nearly brought down the rehabilitation hospital operator.

Hannibal "Sonny" Crumpler last year was found guilty by a jury of conspiracy to commit securities fraud and of submitting false financial statements to auditors on behalf of HealthSouth.

"I am not concerned about this defendant committing more crimes," said U.S. District Court Judge Virginia Hopkins in handing down the stiff sentence. "I am very concerned about other people who hold positions of trust who will be deterred by significant durations of incarceration."

Crumpler, who had been a controller of the Birmingham-based company's outpatient division, had previously been ordered to forfeit \$1.4 million in criminal proceeds he was deemed to have obtained in the \$2.7 billion accounting fraud.

U.S. Attorney Alice Martin had asked for a 15-year prison term for Crumpler who, unlike several other HealthSouth executives, refused to cooperate with the government investigation of the fraud.

Prior to Thursday's sentencing, former HealthSouth Chief Financial Officer William Owens had received the longest prison term. The long-time lieutenant of former chief executive and company founder Richard Scrushy was sentenced to five years in prison in December.

Scrushy was acquitted of a long list of criminal charges by a Birmingham jury last June despite testimony from five former CFOs that he was aware of and directed the fraud.

Judge Hopkins admitted that she did not consider Crumpler to be a major player in the massive fraud, saying he wasn't even on the second or third tier of the conspiracy. She mentioned Owens and another ex-CFO by name but pointedly left out the name of the man she considered to be the ringleader.

Crumpler's attorney, William Rose, asked the judge not to make his client into a scapegoat.

"The one who you would dearly love to sentence is not before you," Rose said.

Scrushy is still facing civil charges in connection with the scandal that left HealthSouth fighting to avoid bankruptcy. Separately, Scrushy is a defendant in a political corruption trial taking place in Montgomery, Alabama, in which he is accused of making payments to former Alabama Governor Don Siegelman.

Most of the 15 other former HealthSouth executives who had pleaded guilty to various fraud and other criminal charges received little or no jail time for their parts in the scheme that involved reporting inflated earnings over several years to boost HealthSouth's share price.