

Ex-HealthSouth CEO Scrushy sentenced to prison

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By Verna Gates

MONTGOMERY, Alabama (Reuters) - Ousted HealthSouth Corp. Chief Executive Richard Scrushy, acquitted two years ago in a major corporate fraud case, and former Alabama Gov. Don Siegelman were both sentenced to prison on Thursday for bribery.

A federal judge sentenced Scrushy to six years and 10 months in prison and Siegelman to seven years and four months after they were convicted of involvement in a scheme to manipulate hospital building permissions that favored HealthSouth.

"This was a good day for justice," prosecutor Stephen Seaga said. "Hopefully they will get the message."

Lawyers for both men said they would file appeals.

Scrushy, 54, was convicted last year on six charges of conspiracy and mail fraud, a year and a day after the flamboyant businessman turned preacher was acquitted on 89 counts of corporate accounting fraud in a separate, even more high profile, case.

Siegelman, 61, a Democrat who has claimed the case against him was political persecution by his foes, possibly master-minded by White House chief strategist Karl Rove, was convicted on seven charges of bribery, conspiracy and mail fraud. He was acquitted on 25 other counts.

"I never intended to do anything that approached a crime," Siegelman, his voice breaking, told the court during the lengthy sentencing hearing, which began on Tuesday. "I am not a perfect person but I am a good person."

The conviction hinged on Siegelman accepting a motorcycle as a gift and taking \$500,000 to put Scrushy on a board that governed hospitals. The funds were used for a campaign launched by Siegelman to establish a state lottery.

Scrushy founded HealthSouth in 1984 and built it into what at one time was the largest U.S. health-care provider.

But over the past couple of years, he has paid \$81 million to settle U.S. Security and Exchange Commission charges he directed HealthSouth to overstate revenues by at least \$2.6 billion between 1996 and 2002.

The HealthSouth case was one of a number of high-profile fraud scandals, including Enron and WorldCom, which rocked the U.S. corporate world earlier this decade.

Scrushy had been battling the conviction by citing a religious conversion, the founding of his church, Grace and Purpose, and the needs of his nine children, who were in court with him at the sentencing.

Scrushy, who also used to be a member of a country music band, hosts a daily bible show with his wife Leslie.

"All of us turn to God first thing when we go through the fire," Scrushy said in court as he appealed for mercy.

"I have been called as a soldier for the end times and the age of grace," he said. "I would like to be free to continue helping people."

Both men were immediately taken to prison. Scrushy appeared visibly shaken when he was led away by marshals and mouthed "I love you" to his wife, who flung herself down on a wooden court bench and sobbed.

"I am very shocked," Leslie Scrushy said outside the court. "I will go home and try to explain to my babies what happens in America today."

In addition to the prison time, Scrushy was ordered to pay \$267,000 restitution, a \$150,000 fine and \$2,000 a month to cover the cost of his imprisonment. Siegelman was ordered to pay \$181,000 restitution and a \$50,000 fine.

Both men face three years' probation and 500 hours of community service when they are released.

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