

Texas Governor Pulls Rhudy Appointment

NO LONGER A MEMBER OF THE TEXAS BOARD OF CHIROPRACTIC EXAMINERS

Dynamic Chiropractic Staff

On Jan. 14, 2003, Allstate Insurance Company filed an amended complaint charging Dallas, Texas-based Accident & Injury Pain Center, Inc. (A & I), its related entities and various chiropractors, osteopaths and medical doctors with common-law fraud; common-law conspiracy; unjust enrichment; and violations of "numerous provisions of the Texas Occupations Code." Named in the lawsuit were A & I owner Robert Smith; chief of staff and compliance officer Thomas Rhudy, DC; 9 associated companies; 3 medical doctors; 13 additional DCs; 2 osteopaths; and 1 pharmacy. Allstate requested that the court declare "that they [Allstate] are not liable for, and do not owe" over \$41 million in fees billed to Allstate by A & I and its various associated companies.¹ It was estimated that A & I and its various related entities were billing over \$100 million per year to different insurance companies.

On Aug. 23, 2001, Texas Gov. Rick Perry appointed Dr. Rhudy (who is also a member of the National Association for Chiropractic Medicine - NACM) to the Texas Board of Chiropractic Examiners. The appointment was made just 84 days after A & I owner Robert Smith made a \$25,000 donation to "Texans for Rick Perry." This donation was Smith's first recorded donation to the governor. Although Rhudy was appointed by Gov. Perry and was considered a member of the chiropractic board, the Texas State Senate was required to confirm his appointment during the first half of 2003.

Toward the end of 2002, A & I owner Smith made several more contributions totaling \$80,000, targeted toward individuals involved in the confirmation process. Among Smith's additional monetary gifts were an additional \$25,000 to Gov. Perry; \$25,000 for Lieutenant Gov. Dewhurst (who is president of the Senate, and appoints the Senate Nominations Committee that would ultimately make recommendations on Rhudy's appointment); and \$5,000 to Robert Deuell, MD, vice chairman of the Senate Committee on Nominations. Burns' total contributions to Texas legislators, before and during the time of Rhudy's appointment, exceeded \$270,000.²

Dynamic Chiropractic published an article exposing the Allstate lawsuit and Burns' donation history in the Feb. 24, 2003, issue of *DC*.³ The article was placed on ChiroWeb.com on Jan. 28, 2003. In addition, the American Chiropractic Association (ACA) sent Gov. Perry a letter on Feb. 3, 2003, voicing their opposition to Rhudy's appointment.

On Feb. 6, 2003, the Texas Board of Chiropractic Examiners received a copy of a letter from Gov. Perry to the Texas Senate stating:

"On January 20, 2003, I submitted the name of Thomas R. Rhudy of Rockwall for appointment to the Texas Board of Chiropractic Examiners for a term to expire February 1, 2007.

"I hereby withdraw his nomination for this committee and request that the Senate return this appointment to me."

Dr. Rhudy may still be a member of the NACM, but he is no longer a member of the Texas Chiropractic Board, and remains a defendant in the ongoing \$41 million Allstate lawsuit.

1. *Allstate Insurance Company et al vs. Accident & Injury Pain Centers, Inc. et al.* Civil Action No. 3-01-CV2247-N. www.chiroweb.com/rhudy.
2. A report of all donations to Texas legislators is available online at: <http://txprod.ethics.state.tx.us/tx00/>.
3. NACM member sued by Allstate. *Dynamic Chiropractic*, Feb. 24, 2003. www.chiroweb.com/archives/21/05/01.html.

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