

THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT *of* NEW JERSEY

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District of New Jersey

FOR IMMEDIATE RELEASE

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Former Pharmaceutical Employee Admits Role In Scheme To Obtain Medically Unnecessary Prescription Compound Medication

NEWARK, N.J. – A former pharmaceutical employee today admitted accepting thousands of dollars in exchange for obtaining and filling her own medically unnecessary prescriptions for compounded medication and creams, causing losses of \$250,971, U.S. Attorney Paul J. Fishman announced.

Stephanie Naar, 27, of St. Louis, Missouri, pleaded guilty before U.S. District Judge John Michael Vazquez in Newark federal court to an information charging her with conspiracy to commit health care fraud.

According to documents filed in this case and statements made in court:

Naar, a former employee of a New Jersey pharmaceutical company, admitted that in February 2015, she was recruited by an individual identified in the information as “co-conspirator #1 (CC-1),” a former employee of the same pharmaceutical company, to assist a marketing business identified in the information as “Company A.” Company A was paid by various compounding pharmacies for referring beneficiaries whose insurance plans would pay for compounded medication, such as pain creams, scar creams and vitamins.

CC-1 offered Naar “commission” payments in return for compounded medication, creams and vitamins that Naar obtained at specific specialty pharmacies and were billed to her employer’s prescription drug benefit plan. In furtherance of the scheme, Naar received a preprinted prescription form with compounded medications and creams from CC-1, took the forms to her doctor, and asked her doctor to prescribe those medications.

Afterwards, the compounded prescription products were sent to Naar from a pharmacy outside her home state. On March 26, 2015, Naar received a \$3,565 check from Company A, which was a percentage of the amount paid by Naar's employer to the compounding pharmacy for filling the prescription.

During the spring, summer and fall of 2015, Naar refilled her compounded self- prescriptions on forms provided by CC-1 and Company A at certain specific compounding pharmacies selected by Company A, and in return, received commission checks and wire transfers from Company A. Altogether she received \$22,445 for her role in the conspiracy.

Naar also admitted that during the Fall of 2015, CC-1 directed her to a "telemedicine doctor" referred to in the information as "co-conspirator #2 (CC-2)," a doctor with whom Naar had no preexisting relationship, for the purpose of obtaining medically unnecessary compounded pain cream so that Company A would provide her continued monetary reimbursements. CC-2 was located in New York and was not licensed in Missouri.

Naar faces a statutory maximum of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. Sentencing is scheduled for Oct 4, 2016.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Timothy Gallagher in Newark; and U.S. Department of Defense, Defense Criminal Investigative Service, Office of Inspector General, under the direction of Special Agent in Charge Craig Rupert, with the ongoing investigation leading to today's plea.

The government is represented by Assistant U.S. Attorney Melissa L. Jampol of the U.S. Attorney's Office Health Care and Government Fraud Unit in Newark.

U.S. Attorney Paul J. Fishman reorganized the health care fraud practice at the New Jersey U.S. Attorney's Office shortly after taking office, including creating a stand-alone Health Care and Government Fraud Unit to handle both criminal and civil investigations and prosecutions of health care fraud offenses. Since 2010, the office has recovered more than \$1.29 billion in health care fraud and government fraud settlements, judgments, fines, restitution and forfeiture under the False Claims Act, the Food, Drug and Cosmetic Act and other statutes.

Defense counsel: Thomas J. Matthes, St. Louis