

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 16-
	:	
v.	:	Hon. John Michael Vazquez
	:	
STEPHANIE NAAR	:	18 U.S.C. § 1349

INFORMATION

(Conspiracy to Commit Health Care Fraud)

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:
 - a. A pharmaceutical company (“Pharmaceutical Company”) located in New Jersey had a wholly self-funded health insurance plan for its employees. Individuals who received health care benefits through Pharmaceutical Company’s health insurance plan were referred to as beneficiaries. Pharmaceutical Company’s prescription drug benefit plan was administered by Express Scripts, Inc. (“Express Scripts”), a pharmacy benefit management organization. Under the agreement between Pharmaceutical Company and Express Scripts, Express Scripts processed pharmaceutical claims for beneficiaries through a network of retail pharmacies, among other places.
 - b. If a Pharmaceutical Company beneficiary selected a network pharmacy, the pharmacy would collect any applicable co-pay from the beneficiary, dispense the drug to the beneficiary, and submit a claim for reimbursement to Express Scripts, which would in turn adjudicate the claim and reimburse the pharmacy. At the end of each month, Pharmaceutical

Company would reimburse Express Scripts for all expenditures made on behalf of Pharmaceutical Company's beneficiaries.

c. Pharmaceutical Company's health insurance plan was a "health care benefit program," as defined by 18 U.S.C. § 24(b), that affected commerce.

d. Defendant STEPHANIE NAAR was a Pharmaceutical Company employee and a resident of Missouri. Defendant STEPHANIE NAAR was enrolled in Pharmaceutical Company's health insurance plan and had a prescription drug benefit plan that was administered by Express Scripts.

Compounding and Company A

e. Compounding was a practice where a licensed pharmacist combined, mixed, or altered ingredients of a drug in response to a prescription to create a medication tailored to the medical needs of an individual patient. Pharmacies engaged in the practice were referred to as "compounding pharmacies."

f. Company A was a marketing company for various compounding pharmacies throughout the United States. Company A was paid by various compounding pharmacies for referring beneficiaries whose insurance plans would pay for compounded medication, such as compounded pain creams, scar creams and vitamins.

g. CC-1, a co-conspirator not charged herein, was a former Pharmaceutical Company employee, who was paid by Company A to, among other things, recruit beneficiaries whose insurance plans would pay for the compounded medications to be filled by specific compounding pharmacies.

h. CC-2, a co-conspirator not charged herein, was a physician with a medical practice in New York. CC-2 was not licensed in defendant STEPHANIE NAAR's home state of

Missouri. CC-2 accepted payment from a telemarketing company in exchange for referring pain cream prescriptions for beneficiaries to certain compounding pharmacies. CC-2 did not have a physician-patient relationship with his/her compounding prescription patients, in that, among other things, CC-2 would not examine his/her compounding prescription beneficiaries and did not comport with established practices for telemedicine.

2. From in and around February 2015 through in or about October 2015, in the District of New Jersey and elsewhere, defendant

STEPHANIE NAAR

did knowingly and intentionally conspire with others to knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud a health care benefit program and to obtain, by means of false and fraudulent pretenses, representations, and promises, any of the money owned by, or under the custody or control of, a health care benefit program in connection with the delivery of or payment for health care benefits, items or services, contrary to Title 18, United States Code, Section 1347.

Object of the Conspiracy

3. It was an object of the conspiracy for defendant STEPHANIE NAAR and others to unlawfully enrich themselves by submitting false and fraudulent insurance claims for medically unnecessary compounded prescription medications/creams to Express Scripts pursuant to Pharmaceutical Company's prescription drug benefit plan, wherein they received monetary payments from Company A for doing so.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that defendant STEPHANIE NAAR and others solicited prescriptions for medically unnecessary compounded medications/creams for

themselves from physicians (“self-prescriptions”), including “telemedicine” doctors, such as CC-2, and had those physicians fax the prescriptions to compounding pharmacies specifically designated by Company A.

5. It was further part of the conspiracy that Company A provided a percentage of the reimbursement that the compounding pharmacies received from Express Scripts and Pharmaceutical Company to defendant STEPHANIE NAAR and others in exchange for defendant STEPHANIE NAAR and others filling self-prescriptions for compounded medication/cream under Pharmaceutical Company’s prescription drug benefit plan.

6. It was further part of the conspiracy that in or about February 2015, via e-mail, CC-1 sent defendant STEPHANIE NAAR a preprinted prescription form and instructed her to request specific compounded medications/creams from her doctor. CC-1 also instructed STEPHANIE NAAR as to which specific compounding pharmacy to use to fill her self-prescription. Defendant STEPHANIE NAAR followed CC-1’s instructions, and provided her doctor with the fax number so that her self-prescription request for compounded medication/creams could be faxed to the specific compounding pharmacy as instructed by CC-1.

7. It was further part of the conspiracy that on or about March 26, 2015, defendant STEPHANIE NAAR received a “commission” check from Company A via the mail in the amount of approximately \$3,565.00, which was a percentage of the amount paid by Express Scripts, and Pharmaceutical Company to the specific compounding pharmacy, as directed by CC-1, for filling the compounded self-prescription.

8. It was further part of the conspiracy that, during the spring, summer and fall of 2015, defendant STEPHANIE NARR 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.

9. It was further part of the scheme that at some point during 2015, at the direction of CC-1, defendant STEPHANIE NAAR changed the pharmacy where she filled her self-prescriptions to another compounding pharmacy.

10. It was further part of the scheme that, fall of 2015, at the direction of CC-1, defendant STEPHANIE NAAR contacted CC-2, a doctor with whom she had no preexisting physician/patient relationship, for the purpose of obtaining medically unnecessary compounded pain cream so that Company A would provide her monetary reimbursement for ordering the medically unnecessary compounded self-prescription pain cream.

11. It was further part of the scheme that during a brief telephone call with CC-2, CC-2 did not ask defendant STEPHANIE NAAR about her medical history or what medications she may have been taking. As expected, CC-2 provided defendant STEPHANIE NAAR with a prescription for the compounded prescription pain cream she requested. CC-2 did not bill defendant STEPHANIE NAAR’s Company A health insurance for the consultation, as it was not a legitimate physician-patient consultation.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. As the result of committing one or more of the Federal health care offenses as defined in 18 U.S.C. § 24 alleged in this Information, defendant STEPHANIE NAAR shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the offense, including but not limited to a sum of money equal to the amount of any and all proceeds traceable to the commission of the Federal health care offenses (as defined in 18 U.S.C. § 24) to which defendant STEPHANIE NAAR is pleading guilty.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendant(s) up to the value of the above forfeitable property.



PAUL J. FISHMAN
United States Attorney

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UNITED STATES OF AMERICA

v.

STEPHANIE NAAR

INFORMATION FOR

18 U.S.C. § 1349

PAUL J. FISHMAN

UNITED STATES ATTORNEY, NEWARK, NEW JERSEY

MELISSA L. JAMPOL

ASSISTANT U.S. ATTORNEY

NEWARK, NEW JERSEY

(973) 645-2772
