

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 19-
 :
 v. : 18 U.S.C. § 1349
 :
 EDWARD SUTOR, JR. : INFORMATION
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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. Defendant EDWARD SUTOR, JR. was a resident of New Jersey.
 - b. In New Jersey, the State Health Benefits Program (“SHBP”) offered medical and prescription drug coverage to qualified state and local government public employees, retirees, and eligible dependents. The School Employees’ Health Benefits Program (“SEHBP”) offered medical and prescription drug coverage to qualified local education public employees, retirees, and eligible dependents. SHBP and SEHBP each were “health care benefit programs” that affected commerce as defined in 18 U.S.C. § 24(b).
 - c. Pharmacy Benefits Administrator provided pharmacy benefit management services for SHBP and SEHBP beneficiaries pursuant to a contract with the State of New Jersey. Pharmacy Benefits Administrator adjudicated claims for reimbursement from pharmacies and paid pharmacies for valid claims. Pharmacy Benefits Administrator then billed the State of New Jersey based on the amount paid to the pharmacies for claims on behalf of SHBP and SEHBP beneficiaries. Pharmacy Benefits Administrator was a “health care benefit program” that affected commerce as defined in 18 U.S.C. § 24(b).

d. COMPANY 1 was owned by defendant EDWARD SUTOR, JR. and others and established to market compounded prescription medications.

2. At all times relevant to this Information:

a. In general, compounding was a practice in which a licensed pharmacist combined, mixed, or altered ingredients of one or more drugs in response to a prescription to create a medication tailored to the medical needs of an individual patient. Compounded drugs were not approved by the United States Food and Drug Administration (“FDA”); that is, the FDA did not verify the safety, potency, effectiveness, or manufacturing quality of compounded drugs.

b. Compounded drugs could be appropriately prescribed by a physician when an FDA-approved medication did not meet the health needs of a particular patient. For example, if a patient was allergic to a specific ingredient in an FDA-approved medication, such as a dye or preservative, a compounded drug could be prepared excluding the ingredient that triggers the allergic reaction.

3. From in or about May 2015 through in or about February 2016, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

EDWARD SUTOR, JR.

did knowingly and willfully conspire and agree with others 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, money and property owned by, or under the custody and control of, a health care benefit program in connection with the delivery of and payment for health care benefits, items, and services, contrary to Title 18, United States Code, Section 1347.

Object of the Conspiracy

4. It was the object of the conspiracy for defendant EDWARD SUTOR, JR. and others to unlawfully enrich themselves by causing the submission of false and fraudulent insurance claims to Pharmacy Benefits Administrator for medically unnecessary compounded prescription medications and by receiving a percentage of the money paid for those compounded prescription medications.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that defendant EDWARD SUTOR, JR. and others learned that Pharmacy Benefits Administrator would reimburse thousands of dollars for one individual's one-month supply of certain prescription compounded medications, including compounded vitamin combinations, pain creams, scar creams, and antifungal creams.

6. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others entered into an agreement under which COMPANY 1 would receive a percentage of the amount that the Pharmacy Benefits Administrator paid compounding pharmacies for the prescriptions they secured.

7. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others associated with COMPANY 1 recruited state and local government and education employees who had prescription drug benefits under the SHBP and SEHBP ("State Employees") to agree to obtain prescriptions for compounded medications.

8. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others associated with COMPANY 1 paid money and other benefits to State Employees to reward them for agreeing to obtain prescriptions for compounded medications.

9. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others associated with COMPANY 1, with no medical training or licenses and with the sole purpose of receiving money, would persuade these State Employees to agree to obtain compounded prescription medications without any evaluation by a medical professional that the State Employees had a medical necessity for the compounded prescription medications.

10. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others associated with COMPANY 1 would obtain personal and insurance information from these State Employees.

11. It was further part of the conspiracy that, with the knowledge of defendant EDWARD SUTOR, JR., doctors then would call the State Employees and complete prescriptions for the State Employees (a) without the doctors having a prior doctor/patient relationship with the State Employees; (b) without the doctors having personally examined the State Employees; and/or (c) without the doctors considering a non-compounded prescription or over-the-counter medication for the State Employees.

12. It was further part of the conspiracy that COMPANY 1 would receive a percentage of the amount paid for the compounded medication prescriptions fraudulently obtained by defendant EDWARD SUTOR, JR. and others associated with COMPANY 1.

13. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others split the amounts received by COMPANY 1.

14. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. and others caused the State of New Jersey to pay approximately \$2,682,708.13 in fraudulent claims for compounded medications for State Employees covered by the SHBP and SEHBP.

15. It was further part of the conspiracy that defendant EDWARD SUTOR, JR. received approximately \$335,551.81 in gross proceeds for submitting false and fraudulent claims for compounded medications.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. As a result of committing the offenses alleged in this Information, defendant EDWARD SUTOR, JR. 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 from proceeds traceable to the commission of the offenses, including but not limited to a forfeiture money judgment in the amount of \$335,551.81, representing all property constituting or derived from proceeds traceable to the commission of the offense to which he is pleading guilty.

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 up to the value of the above forfeitable property.


CRAIG CARPENITO
United States Attorney