

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 21-
	:	
v.	:	18 U.S.C. §§ 1349, 371
	:	
PAUL CAMARDA	:	<u>INFORMATION</u>
	:	

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

COUNT 1
(Conspiracy to Commit Health Care Fraud)

1. At all times relevant to this Information:
 - a. Defendant PAUL CAMARDA was a resident of New Jersey and a pharmaceutical sales representative.
 - b. Dynasty Capital LLC was a New Jersey Limited Liability Company owned and controlled by defendant PAUL CAMARDA, which he created for the purpose of marketing medical products and services, including compound prescription medications.
 - c. In New Jersey, the Bergen County Prescription Benefits Plan (“BCPBP”) offered medical and prescription drug coverage to qualified local government public employees and eligible dependents. BCPBP was a “health care benefit program” that affected commerce as defined in 18 U.S.C. § 24(b).
 - d. Pharmacy Benefits Administrator provided pharmacy benefit management services for BCPBP beneficiaries pursuant to an agreement with

Bergen County. Pharmacy Benefits Administrator also provided pharmacy benefit management services for beneficiaries of other insurance plans. Pharmacy Benefits Administrator adjudicated claims for reimbursement from pharmacies and paid pharmacies for valid claims. Pharmacy Benefits Administrator then billed Bergen County based on the amount paid to the pharmacies for claims on behalf of BCPBP beneficiaries. Pharmacy Benefits Administrator was a “health care benefit program” that affected commerce as defined in 18 U.S.C. § 24(b).

e. Individual 1 was a medical doctor with a medical practice in Newark, New Jersey.

f. Medical Practice 1 was a medical practice located in Newark, New Jersey that was owned and operated by Individual 1.

g. Rocco Cammalleri, who is named as a co-conspirator but not as a defendant herein, was a BCPBP beneficiary.

h. Compounding Pharmacy 1 and Compounding Pharmacy 2 were out-of-state pharmacies that prepared compounded medications. Compounding Pharmacy 1 and Compounding Pharmacy 2 received prescriptions for compounded medications from medical practices in New Jersey, including Medical Practice 1. Compounding Pharmacy 1 and Compounding Pharmacy 2 would fill prescriptions by preparing the compound medications and mailing them to individuals. Compounding Pharmacy 1 and Compounding Pharmacy 2 billed Pharmacy Benefits Administrator for the prescriptions and received payment from Pharmacy Benefits Administrator.

i. Compounding Pharmacy 3 and Compounding Pharmacy 4 were pharmacies located within New Jersey that prepared compounded medications. Compounding Pharmacy 3 and Compounding Pharmacy 4 received prescriptions for compounded medications from medical practices in New Jersey, including Medical Practice 1. Compounding Pharmacy 3 and Compounding Pharmacy 4 filled prescriptions by preparing the compound medications and mailing or delivering them to individuals. Compounding Pharmacy 3 and Compounding Pharmacy 4 billed Pharmacy Benefits Administrator for the prescriptions and received payment from Pharmacy Benefits Administrator.

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 August 2015 through in or about May 2017, in the District of New Jersey, and elsewhere, defendant

PAUL CAMARDA

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 PAUL CAMARDA 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 amount paid for those compounded prescription medications by Pharmacy Benefits Administrator.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that PAUL CAMARDA and others learned that, for beneficiaries of BCPBP and certain other insurance plans, Pharmacy Benefits Administrator would reimburse up to thousands of dollars for one individual's one-month supply of certain prescription compound medications,

including vitamin combinations, pain creams, scar creams, libido creams, migraine creams, and anti-fungal creams.

6. It was further part of the conspiracy that defendant PAUL CAMARDA, personally and through Dynasty Capital LLC, received payments from the Compounding Pharmacies and his co-conspirators, which represented a percentage of the amounts paid for those compounded prescription medications by Pharmacy Benefits Administrator.

7. It was further part of the conspiracy that PAUL CAMARDA recruited individuals with no sales or pharmaceutical background or training, including Rocco Cammalleri, to agree to receive and recruit others to receive medically unnecessary compound prescription medications because their insurance would cover the expensive medications.

8. It was further part of the conspiracy that PAUL CAMARDA provided Rocco Cammalleri and other BCPBP beneficiaries with blank prescription forms for compound medications and instructed them—directly or through Rocco Cammalleri—to go see Individual 1 at Medical Practice 1 for the purpose of obtaining Individual 1's signature and authorization for the prescriptions.

9. It was further part of the conspiracy that the BCPBP beneficiaries recruited by defendant PAUL CAMARDA all went to see Individual 1 at Medical Practice 1 within days of each other and all received prescriptions for the same compound medications on the same day or within days of each other.

10. It was further part of the conspiracy that defendant PAUL CAMARDA, through Dynasty Capital LLC, paid the BCPBP beneficiaries for the medically unnecessary compound prescription medications they agreed to receive and to recruit other BCPBP beneficiaries to receive the medications.

11. It was further part of the conspiracy that PAUL CAMARDA instructed his recruits that, the more compound medications they agreed to receive and the more people they recruited to also get the medications, the more money they stood to gain.

12. It was further part of the conspiracy that defendant PAUL CAMARDA, Rocco Cammalleri, and the individuals they recruited into the scheme caused the payment by Pharmacy Benefits Administrator of approximately \$3,431,591.20 in fraudulent claims for compounded medications.

13. It was further part of the conspiracy that defendant PAUL CAMARDA received approximately \$2,202,335.45 in payments for causing the submission of false and fraudulent claims for compounded medications.

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

COUNT 2
(Conspiracy to Commit Offenses Against the United States)

14. Paragraphs 1, 2, and 4-13 of Count 1 of this Information are hereby realleged and incorporated as though set forth in full herein.

15. Defendant PAUL CAMARDA, personally and through Dynasty Capital LLC, received payments from the Compounding Pharmacies and his co-conspirators, which represented proceeds of health care fraud.

16. Defendant PAUL CAMARDA maintained and controlled personal and business accounts at financial institutions affecting interstate or foreign commerce.

17. In or about June 2017, federal agents from the Internal Revenue Service—Criminal Investigations (“IRS-CI”), Federal Bureau of Investigation (“FBI”), and United States Department of Labor Office of Inspector General (“DOL-OIG”) initiated an investigation into compound prescription medications associated with PAUL CAMARDA and others.

18. As part of the investigation, in or about June 2017, a grand jury subpoena was issued to Dynasty Capital LLC and served on PAUL CAMARDA seeking records related to compound medication marketing.

19. As part of the investigation, federal agents sought to interview individuals with knowledge of the subject matter of the investigation.

20. From in or about July 2014 through in or about March 2018, in the District of New Jersey, and elsewhere, defendant

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and others did knowingly and intentionally conspire and agree with each other and others to commit offenses against the United States, that is:

- (a) knowing that the property involved in the financial transactions represented the proceeds of unlawful activity, namely, health care fraud, did knowingly conspire and agree with others to engage in monetary transactions by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from health care fraud, contrary to Title 18, United States Code, Section 1957(a); and
- (b) to corruptly endeavor to impede or obstruct the due administration of justice, contrary to Title 18, United States Code, Section 1503.

Object of the Conspiracy

21. It was the object of the conspiracy for defendant PAUL CAMARDA and others to: (a) launder the proceeds of the health care fraud through financial institutions affecting interstate or foreign commerce to avoid the detection of criminal activity; and (b) corruptly endeavor to obstruct and impede the due administration of justice by providing false information to federal agents and the grand jury.

Manner and Means of the Conspiracy

22. It was part of the conspiracy that defendant PAUL CAMARDA and others engaged in transactions with the proceeds of the health care fraud in amounts exceeding \$10,000.00.

23. It was further part of the conspiracy that defendant PAUL CAMARDA and others caused financial transactions affecting interstate and foreign commerce to occur at financial institutions.

24. It was part of the conspiracy that, after defendant PAUL CAMARDA received the grand jury subpoena directed to Dynasty Capital LLC in approximately June of 2017, he contacted Rocco Cammalleri numerous times for the purpose of influencing the provision of information in the ongoing investigation.

25. It was further part of the conspiracy that defendant PAUL CAMARDA and Rocco Cammalleri met in person and agreed to obstruct justice by providing false information and testimony to federal agents and the grand jury.

Overt Acts:

26. In furtherance of the conspiracy and in order to effectuate the objects of the conspiracy, defendant PAUL CAMARDA committed or caused the commission of the following overt acts in the District of New Jersey and elsewhere:

a. On or about February 1, 2017, defendant PAUL CAMARDA received \$55,490.00 through a financial institution affecting interstate or foreign commerce from Compounding Pharmacy 3.

b. On or about February 1, 2017, defendant PAUL CAMARDA caused the transfer of \$38,490.00 to Dynasty Capital LLC through a financial institution affecting interstate or foreign commerce.

c. On or about March 20, 2017, defendant PAUL CAMARDA received, through Dynasty Capital LLC, \$75,000.00 through a financial institution affecting interstate or foreign commerce from Compounding Pharmacy 4.

d. On or about March 21, 2017, defendant PAUL CAMARDA caused the transfer of \$20,000.00 from his personal account at a financial institution affecting interstate or foreign commerce to Dynasty Capital LLC's account at a financial institution affecting interstate or foreign commerce.

e. On or about March 27, 2017, defendant PAUL CAMARDA received, through Dynasty Capital LLC, \$75,000.00 through a financial institution affecting interstate or foreign commerce from Compounding Pharmacy 4.

f. On or about March 28, 2017, defendant PAUL CAMARDA, through Dynasty Capital LLC, caused the transfer of \$13,000.00 to his personal account at a financial institution affecting interstate or foreign commerce.

g. On or about March 28, 2017, defendant PAUL CAMARDA, through Dynasty Capital LLC, caused the transfer of \$75,000.00 to his personal account at a financial institution affecting interstate or foreign commerce.

h. In approximately 2017, Defendant PAUL CAMARDA and Rocco Cammalleri met in person, at which time defendant PAUL CAMARDA directed Rocco Cammalleri to instruct others to provide false information during the investigation—

that is, to say that they were solely paid to recruit certain individuals to receive compound medications that they did not in fact recruit to do so, and to falsely state that they were not paid to receive medically unnecessary compound medications themselves.

i. At the direction of defendant PAUL CAMARDA, Rocco Cammalleri met with and gave Individual 2 a document falsely depicting a sales recruitment diagram for the compound prescription medications that he and defendant PAUL CAMARDA wanted Individual 2 to convey to law enforcement in an attempt to thwart the investigation.

In violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATION

1. As a result of committing the offense alleged in Count 1 of this Information, defendant PAUL CAMARDA 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 offense alleged in Count 1, including but not limited to a forfeiture money judgment in the amount of \$2,202,335.45, representing all property constituting or derived from proceeds traceable to the commission of the offense alleged in Count 1 to which he pleads guilty.

2. As a result of committing the offense alleged in Count 2 of this Information, defendant PAUL CAMARDA shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C), any property, real or personal, which constitutes or is derived from proceeds traceable to an offense constituting “specified unlawful activity” as defined in 18 U.S.C. § 1956(c)(7), including but not limited to a forfeiture money judgment in the amount of \$2,202,335.45.

3. 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.

A handwritten signature in blue ink that reads "Rachael A. Honig" followed by a small "by AC" in the upper right corner of the signature.

RACHAEL A. HONIG
Acting United States Attorney

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District of New Jersey

UNITED STATES OF AMERICA

v.

PAUL CAMARDA

INFORMATION FOR
18 U.S.C. §§ 1349 and 371

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