

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 20-cr-764-1 (RBK)
: :
v. : 18 U.S.C. §§ 1349, 371
: :
KEITH RITSON : SUPERSEDING INFORMATION
: :

The defendant having waived in open court prosecution by Indictment, the Attorney for the United States, acting pursuant to authority conferred by 28 U.S.C. § 515, charges:

COUNT 1
(Conspiracy to Commit Health Care Fraud)

1. At all times relevant to this Superseding Information:
 - a. Defendant KEITH RITSON was a pharmaceutical sales representative in New Jersey and elsewhere who promoted compound prescription medications and received commissions for compound prescription medications he arranged.
 - b. Life Sciences Medical LLC (“Life Sciences Medical”) was a New Jersey limited liability company founded and controlled by defendant KEITH RITSON.
 - c. William Hickman, who is named as a co-conspirator but not as a defendant herein, was a pharmaceutical sales representative who operated Boardwalk Medical LLC (“Boardwalk Medical”).
 - d. Boardwalk Medical was a New Jersey limited liability company used by William Hickman to sell medical products, including compound medications.

e. Central Rexall Drugs, Inc. (“Central Rexall”) was a pharmacy located in Louisiana that prepared compound medications.

f. Frank Alario was a medical doctor who practiced medicine at medical offices in Marlboro, Bayville, and Whiting, New Jersey; Stuart and Hollywood, Florida; and New York, New York.

2. At all times relevant to this Superseding Information:

a. 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 Title 18, United States Code, Section 24(b).

b. “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 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 the State of New Jersey based on the amount paid to the pharmacies for claims on behalf of SHBP and SEHBP beneficiaries and billed other insurance plans based on the amount paid to the pharmacies for claims under other insurance plans. Pharmacy

Benefits Administrator was a “health care benefit program” that affected commerce as defined in Title 18, United States Code, Section 24(b).

c. 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.

d. 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 2014 through in or about February 2016, in the District of New Jersey, and elsewhere, defendant

KEITH RITSON

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 KEITH RITSON, William Hickman, and others to unlawfully enrich themselves by causing the submission of false and fraudulent insurance claims to Pharmacy Benefits Administrator for Central Rexall compound medications and by receiving a percentage of the amount paid by Pharmacy Benefits Administrator for those compound medications.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that defendant KEITH RITSON, William Hickman, and others learned that Pharmacy Benefits Administrator would reimburse up to thousands of dollars for an individual's one-month supply of certain Central Rexall prescription medications, including vitamins, scar creams, anti-fungal gels, and libido creams.

6. It was further part of the conspiracy that William Hickman, through Boardwalk Medical, had an agreement with Central Rexall pursuant to which Central Rexall would pay Boardwalk Medical a percentage of the amount that Central Rexall received from Pharmacy Benefits Administrator for prescriptions obtained by Boardwalk Medical and its associates, including defendant KEITH RITSON.

7. It was further part of the conspiracy that defendant KEITH RITSON, personally and/or through Life Sciences Medical, received payments from Boardwalk Medical for Central Rexall prescriptions he arranged, including for prescriptions authorized by Frank Alario.

8. It was further part of the conspiracy that defendant KEITH RITSON recruited individuals who had prescription drug benefits administered by Pharmacy Benefits Administrator and who agreed to receive Central Rexall prescription medications, regardless of their need for the prescription medications.

9. It was further part of the conspiracy that the individuals directly recruited by defendant KEITH RITSON did not have a pre-existing doctor/patient relationship with Frank Alario prior to receiving prescriptions for compound medications purportedly authorized by him.

10. It was further part of the conspiracy that defendant KEITH RITSON received prescriptions for compound medications allegedly authorized by Frank Alario, even though he was not a patient of Frank Alario's medical practices.

11. It was further part of the conspiracy that defendant KEITH RITSON identified established patients of Frank Alario's medical practices who had insurance plans and prescription drug benefits administered by Pharmacy Benefits Administrator that would pay for the Central Rexall prescriptions.

12. It was further part of the conspiracy that defendant KEITH RITSON provided Frank Alario with pre-printed Central Rexall prescription forms.

13. It was further part of the conspiracy that Frank Alario frequently would bring defendant KEITH RITSON into exam rooms during patient visits for the purpose of prescribing the compound medications promoted by defendant KEITH RITSON to individuals who had insurance plans and prescription drug benefits administered by Pharmacy Benefits Administrator that covered the compound medications.

14. It was further part of the conspiracy that defendant KEITH RITSON would fill out and Frank Alario would authorize compound medication prescription forms for patients of Frank Alario's medical practices who had prescription drug benefits administered by Pharmacy Benefits Administrator.

15. It was further part of the conspiracy that defendant KEITH RITSON, or Frank Alario at defendant KEITH RITSON's direction, would often select on the pre-printed prescription forms the highest number of refills available for a medication to maximize profit and not because the patients needed or requested those refills.

16. It was further part of the conspiracy that, when Pharmacy Benefits Administrator stopped covering a particular medication, Central Rexall, William Hickman, and defendant KEITH RITSON identified different ingredients with high reimbursements covered by insurance. Based on this information, Central Rexall then substituted a different combination of ingredients in its reformulated compound medications that were not medically equivalent to the initial medication combination, but which adjudicated at high insurance reimbursement rates so as to maximize profit.

17. It was further part of the conspiracy that defendant KEITH RITSON gave Frank Alario new prescription forms to authorize reformulated medications that were not equivalent to the initial medications, which Frank Alario did without further examining or talking to the patients about the change in medication.

18. It was further part of the conspiracy that defendant KEITH RITSON caused the submission of numerous false and fraudulent insurance claims for prescription medications to Pharmacy Benefits Administrator.

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

COUNT 2
**(Conspiracy to Wrongfully Obtain and Disclose
Individually Identifiable Health Information)**

19. Paragraphs 1-3 and 5-18 of Count 1 of this Superseding Information are hereby realleged and incorporated as though set forth in full herein.

20. At all times relevant to this Superseding Information:

a. The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) protects individually identifiable health information from wrongful disclosure or obtainment and seeks to set national standards to maintain patient confidentiality.

b. In connection with HIPAA, the United States Department of Health and Human Services enacted regulations to safeguard the privacy of patients’ medical records and limit circumstances in which individually identifiable health information or protected health information can be used or disclosed. The HIPAA law and privacy regulations apply to, among others, health care providers, such as medical doctors, who transmit health information in connection with a transaction covered by the law and privacy regulations.

c. Frank Alario, who is listed as a co-conspirator with respect to Count 2 of this Superseding Information but not as a defendant herein, was a health care provider and a covered entity under the HIPAA law and privacy regulations.

21. From in or about August 2014 through in or about February 2016, in the District of New Jersey, and elsewhere, defendant

KEITH RITSON

did knowingly and intentionally conspire and agree with Frank Alario and others to commit offenses against the United States, that is, to knowingly and without authorization obtain individually identifiable health information and protected health information to another person, and to knowingly and without authorization disclose individually identifiable health information and protected health information maintained by a covered entity relating to individuals, contrary to Title 42, United States Code, Section 1320d-6.

Object of the Conspiracy

22. The object of the conspiracy was for Frank Alario to disclose and defendant KEITH RITSON to obtain patients' individually identifiable health information and protected health information, which defendant KEITH RITSON used to cause the submission of false and fraudulent insurance claims for Central Rexall compound prescription medications.

Manner and Means of the Conspiracy

23. It was part of the conspiracy that, as an outside pharmaceutical sales representative who was not affiliated with, employed by, and who did not have a business associate agreement with Frank Alario or his medical practices, defendant KEITH RITSON was not permitted by HIPAA and its regulations to obtain the individually identifiable health information and protected health information of Frank Alario's patients.

24. It was further part of the conspiracy that defendant KEITH RITSON often entered Frank Alario's medical practices through the employee entrances and was present in the office both during and outside of normal hours of operation.

25. It was further part of the conspiracy that Frank Alario permitted defendant KEITH RITSON to access and use areas of the medical offices that contained patients' individually identifiable health information and protected health information, and from which such information could be heard or observed, including areas restricted to staff, hallways outside patient exam rooms, and areas with patient files, office computers, fax machines, and office telephones.

26. It was further part of the conspiracy that defendant KEITH RITSON was frequently present in exam rooms during patient consultations with Frank Alario, which allowed him to obtain patients' individually identifiable health information and protected health information.

27. It was further part of the conspiracy that defendant KEITH RITSON and Frank Alario often gave the impression to patients that defendant KEITH RITSON was affiliated with the medical practice, which facilitated and caused the unlawful disclosure and obtainment of patients' individually identifiable health information and protected health information.

28. It was further part of the conspiracy that defendant KEITH RITSON accessed patient files and other identifying information in paper files or on the office computer at Frank Alario's medical practices for the purpose of determining insurance coverage because only certain insurance plans covered the compound medications promoted by defendant KEITH RITSON.

29. It was further part of the conspiracy that defendant KEITH RITSON would access and review Frank Alario's patient schedule, review patient charts and information, and designate in advance which patients had insurance plans that covered the compound medications so that Frank Alario could prescribe those medications.

30. It was further part of the conspiracy that defendant KEITH RITSON and Frank Alario did not disclose to patients for whom Frank Alario prescribed the compound medications their relationship or that defendant KEITH RITSON would receive a commission on the prescriptions.

31. It was further part of the conspiracy that the disclosure and obtainment of individually identifiable health information and protected health information was done without patients' informed consent or valid authorization.

Overt Acts:

32. In furtherance of the conspiracy and in order to effectuate the object of the conspiracy, defendant KEITH RITSON and Frank Alario committed or caused the commission of the following overt acts in the District of New Jersey and elsewhere:

a. Frank Alario permitted defendant KEITH RITSON to access electronic patient records on office computers for the purpose of determining whether patients' insurance would cover the compound prescription medications, which caused the disclosure and obtainment of individually identifiable health information and protected health information.

b. Defendant KEITH RITSON entered patient exam rooms during patient consultations for the purpose of promoting and Frank Alario prescribing

compound prescription medications promoted by defendant KEITH RITSON, which caused disclosure and obtainment of individually identifiable health information and protected health information.

c. Frank Alario introduced defendant KEITH RITSON to patients as his nephew or otherwise gave patients the impression that defendant KEITH RITSON was affiliated with his medical practice, which caused or facilitated the disclosure and obtainment of individually identifiable health information and protected health information.

d. Defendant KEITH RITSON obtained patients' confidential health information and personal identifiers so that he could fill out Central Rexall compound medication prescription forms for them, which caused and facilitated the disclosure and obtainment of individually identifiable health information and protected health information.

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

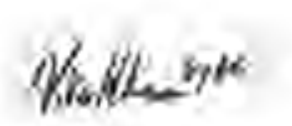
FORFEITURE ALLEGATION

1. As a result of committing the offense alleged in Count 1 of this Superseding Information, defendant KEITH RITSON 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, 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. 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.



VIKAS KHANNA
Attorney for the United States
Acting Under Authority Conferred by 28 U.S.C. § 515

CASE NUMBER: 20-cr-764-1 (RBK)

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

KEITH RITSON

SUPERSEDING INFORMATION FOR
18 U.S.C. §§ 1349, 371

VIKAS KHANNA
ATTORNEY FOR THE UNITED STATES,
ACTING PURSUANT TO AUTHORITY CONFERRED BY 28 U.S.C. § 515
NEWARK, NEW JERSEY

CHRISTINA O. HUD
R. DAVID WALK, JR.
DANIEL A. FRIEDMAN
ASSISTANT U.S. ATTORNEYS
CAMDEN, NEW JERSEY
(856) 757-5026
