



---

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

[U.S. Attorneys](#) » [District of New Jersey](#) » [News](#)

**Department of Justice**

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Friday, March 2, 2018

## **Metropolitan Transportation Authority Employee Admits \$5 Million Compounded Medication Prescription Scheme**

NEWARK, N.J. – A Staten Island, New York, man today admitted his role in a scheme to use phony prescriptions for medically unnecessary compounded medications to defraud the Metropolitan Transportation Authority (MTA)'s health insurance plan and other insurers out of \$5 million, U.S. Attorney Craig Carpenito announced.

Christopher Frusci, 33, an MTA bus driver, pleaded guilty before U.S. District Judge John Michael Vazquez in Newark federal court to an information charging him with conspiracy to commit health care fraud.

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

Frusci admitted that from May 2015 through May 2017, he conspired to defraud health insurance plans, including the MTA's privately-funded health plan, using fraudulent claims for compounded medications, such as scar creams, pain creams, and metabolic supplements marketed by a company referred to as "Company A" in the information.

In order to secure prescriptions for the compounded medications, Company A and its "sales representatives," referred beneficiaries to telemedicine physicians who were paid by Company A or its affiliates.

Company A recruited Frusci as a sales representative and instructed him to target individuals with certain health plans, including the MTA's health plan, that covered compounded medications. Frusci then convinced multiple MTA employees to obtain medically unnecessary medications by paying them monthly cash bribes of approximately \$100 to \$1,500. In order to increase his profits, Frusci also recruited other individuals to work as sales representatives under him.

As part of his plea agreement, Frusci must forfeit \$724,448.73 in criminal proceeds he received for his role in the scheme and pay restitution of at least \$5 million. He 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 June 4, 2018.

“In an era when many Americans worry about securing health insurance for their families, we’ve seen far too many instances where both private and publicly-funded insurance providers are being raided for millions in phony reimbursements on compounded medications,” U.S. Attorney Carpenito said. “Frusci admitted that he and others sought to defraud the MTA health plan and other insurers by recruiting the very people who enjoy that coverage, offering them cash bribes to get medications they didn’t need. His conviction should serve as a warning to those who would exploit their health coverage for financial gain.”

FBI Special Agent in Charge Timothy Gallagher said, "Christopher Frusci treated his own employer's health insurance plan of Metropolitan Transportation Authority as a vehicle to line his own pockets when he engaged in an elaborate scheme that resulted in defrauding insurers out of \$5 million. The FBI, in conjunction with our law enforcement partners will continue to investigate and bring to justice criminals who defraud the system and cheat the American taxpayer."

“Our investigation is ongoing to determine the extent to which additional MTA employees may have participated in this fraudulent scheme,” said Inspector General Barry Kluger of the MTA Office of the Inspector General. “I applaud and am pleased to support the efforts of the U.S. Attorney, along with the FBI and the Department of Defense Office of Inspector General, to combat this nationwide epidemic of health care fraud that unfortunately, and at great cost, has infected the MTA as well.”

U.S. Attorney Carpenito credited special agents of the FBI, under the direction of Special Agent in Charge Timothy Gallagher in Newark; the MTA Office of the Inspector General, under the direction of Inspector General Barry Kluger; and the U.S. Department of Defense, Office of the Inspector General, Defense Criminal Investigative Service, under the direction of Special Agent in Charge Leigh-Alistair Barzey, with the ongoing investigation.

The government is represented by Assistant U.S. Attorney Erica Liu, Chief of the U.S. Attorney's Office Opioid Abuse Prevention and Enforcement Unit in Newark.

To date, the New Jersey U.S. Attorney's Office has prosecuted over 20 individuals involved in various compounding pharmacy schemes across New Jersey to defraud health care benefit programs, and has recovered more than \$4 million through forfeiture and restitution. These schemes have caused a total loss of more than \$70 million to the health care industry, which has affected state, federal and private health care benefit programs.

The New Jersey U.S. Attorney's Office reorganized its health care practice in 2010 and created a stand-alone Health Care and Government Fraud Unit to handle both criminal and civil investigations and prosecutions of health care fraud offenses. Since that time, the office has recovered more than \$1.38 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: Patrick V. Parrotta, Staten Island, New York

---

**Attachment(s):**

[Download frusci.information.pdf](#)

**Topic(s):**

Health Care Fraud

**Component(s):**

[USAO - New Jersey](#)

**Press Release Number:**

18-080

Updated March 2, 2018