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Department of Justice

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District of New Jersey

FOR IMMEDIATE RELEASE

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Four Men Indicted for Their Roles in \$35 Million Pharmacy Compounded Medication Scheme

NEWARK, N.J. – A federal grand jury today indicted four men for their roles in a massive compounded medication fraud and kickback scheme they ran out of a pharmacy in Clifton, New Jersey, U.S. Attorney Craig Carpenito announced.

Jeffrey Andrews, 68, of Bryn Mawr, Pennsylvania; Chad Beene, 47, of Philadelphia; and Adam Brosius, 55, and Robert Schneiderman, 77, both of Langhorne, Pennsylvania, are charged with conspiracy to commit health care fraud, health care fraud, conspiracy to violate the Anti-Kickback Statute, and violations of the Anti-Kickback Statute. They will be arraigned at a date to be determined.

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

In early 2014, Brosius, Beene, Andrews, and Schneiderman started using Main Avenue Pharmacy, a mail-order pharmacy with a storefront in Clifton, to run a large fraud and kickback scheme involving compounded drugs like scar creams, pain creams, migraine medication, and vitamins.

The scheme revolved around identifying compounded drugs that would yield exorbitant reimbursements from health insurers, including both federal and commercial payers. The defendants figured out which compounds were paying the highest reimbursements by having its pharmacists engage in a practice known as "test billing:" the pharmacist would submit a phony claim to insurance to see which compound would generate the highest reimbursements. Main Avenue also received tips from other pharmacies and marketing companies about which compounds were generating the highest reimbursements.

Once Main Avenue identified lucrative formulas for compounds, it would create large prescription pads with precisely those formulas on it. The prescription pad was extremely easy to use – it included check boxes for doctors to select a particular compounded formula. This increased the likelihood that the doctor would not alter the high-paying formula. There was also a place to select up to a dozen refills and a box authorizing the pharmacy to alter the ingredients itself in case an insurer wasn't covering a particular compounded medication.

Once the prescription pad was set, Main Avenue would disseminate it to marketers across the country with whom it had contractual relationships. The marketing companies would in turn distribute the prescription pad to telemedicine companies and doctors with whom they had a financial arrangement.

By and large, the doctors who signed prescriptions for compounded medications that were filled at Main Avenue had never even spoken to or examined the patient. Once the prescriptions were signed by a doctor, they would be returned to the marketing company, which would transmit the prescription to Main Avenue Pharmacy. Main Avenue would then fill the prescription and submit claims to health care benefit programs for reimbursement. They did so with federal payers like Medicare and Tricare and with commercial payers in New Jersey and elsewhere.

After Main Avenue obtained reimbursement from the health insurers, they would pay kickbacks to the marketers who had generated the prescriptions based on the overall adjudication amount. Main Avenue signed contracts with many of the marketers, and the contracts themselves spelled out the kickback arrangement, which called for Main Avenue to pay each marketer money based on the volume of referrals of compounded prescriptions and the reimbursement amount that Main Avenue received.

Main Avenue would routinely waive copayments of the patients to whom they were sending multiple prescriptions. They did this to ensure that the patients would keep the medications that Main Avenue had sent regardless of whether the patient wanted them. On some occasions, Brosius paid the copayments on behalf of the patients, and falsified money orders from the patients to Main Avenue to make it appear as if the patients had paid their copayments when they had not.

On compounded medications alone, Main Avenue received over \$34 million in reimbursements from health care benefit programs. Approximately \$8 million of that total was paid by federal payers.

For the conspiracy to commit health care fraud and health care fraud charges, the defendants face a statutory maximum of 10 years in prison and a fine of \$250,000, or twice the gross gain or loss from the offense.

For the charge of conspiracy to violate the Anti-Kickback Statute, the defendants face a statutory maximum of five years in prison and a fine of \$250,000, or twice the gross gain or loss from the offense. Each individual violation of the Anti-Kickback Statute carries a statutory maximum of 10 years in prison. That offense is also punishable by a \$250,000 fine, or twice the gross gain or loss from the offense.

U.S. Attorney Carpenito credited special agents of the FBI, under the direction of Acting Special Agent in Charge Joe Denahan in Newark; 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, and the Department of Health and Human Services – Office of Inspector General, under the direction of Special Agent in Charge Scott J. Lampert, with the ongoing investigation leading to today's charges.

The government is represented by Assistant U.S. Attorney Jason S. Gould of the Health Care Fraud Unit of the U.S. Attorney's Office in Newark.

The charges and allegations in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Attachment(s):

[Download AndrewsEtAl.indictment.pdf](#)

Topic(s):

Health Care Fraud

Component(s):

[USAO - New Jersey](#)

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