

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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Pennsylvania Man Admits Role in \$35 Million Pharmacy Compounded Medication Scheme

NEWARK, N.J. – A Langhorne, Pennsylvania, man today admitted participating in a massive compounded-medication kickback scheme that he and others ran out of a pharmacy in Clifton, New Jersey, U.S. Attorney Philip R. Sellinger announced.

Robert Schneiderman, 79, pleaded guilty before U.S. District Judge John Michael Vazquez in Newark federal court to two counts of an indictment charging him with one count of conspiracy to commit health care fraud and one count of conspiracy to violate the Anti-Kickback Statute.

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

From 2014 through 2016, Schneiderman and his conspirators used Main Avenue Pharmacy, a mail-order pharmacy with a storefront in Clifton, to run a fraud and kickback scheme involving compounded drugs like scar creams, pain creams, migraine medication, and vitamins. Schneiderman was the President of Main Avenue Pharmacy and was a founder and CEO of its corporate parent.

The scheme revolved around identifying compounded drugs that would yield exorbitant reimbursements from health insurers, including both federal and commercial payers. 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 its stable of 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.

Physicians who signed prescriptions for compounded medications that were filled at Main Avenue often had never even spoken to the patient, let alone examined him or her. Once the prescriptions were signed by a doctor, they would be returned to Main Avenue Pharmacy. Main Avenue would then fill the prescription regardless of its medical necessity and then 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.

As part of the scheme, Main Avenue would routinely waive co-payments of the patients to whom they were sending multiple prescriptions. It 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, Main Avenue Pharmacy paid the co-payments 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 co-payments 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. Schneiderman himself earned over \$400,000 through the course of the scheme.

The count of conspiracy to commit health care fraud carries a maximum penalty of 10 years in prison. The count of conspiracy to violate the Anti-Kickback Statute carries a maximum penalty of five years in prison. Both counts also are punishable by a maximum fine of \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greatest. Sentencing is scheduled for Sept. 16, 2022.

U.S. Attorney Sellinger credited special agents of the FBI, under the direction of Special Agent in Charge George M. Crouch 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 Patrick J. Hegarty; special agents of the Department of Health and Human Services – Office of Inspector General, under the direction of Special Agent in Charge Scott J. Lampert; and special agents of the Department of Veterans Affairs, Office of Inspector General, under the direction of Special Agent in Charge Christopher Algeri, with the investigation leading to today's guilty plea.

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

Attachment(s):

[Download Schneiderman.Indictment.pdf](#)

Component(s):

[USAO - New Jersey](#)

Topic(s):

Health Care Fraud

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