

Department of Justice

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Six Texas Pharmacy Owners and Marketers Charged in \$14 Million Kickback Scheme

Six Dallas, Texas-area pharmacy owners and marketers were charged in a superseding indictment today for their roles in a scheme involving compound drug claims to TRICARE and the U.S. Department of Labor (DOL), the vast majority of which were the product of over \$14 million in illegal kickbacks and bribes.

Assistant Attorney General Brian A. Benzckowski of the Justice Department's Criminal Division, Special Agent in Charge Michael Mentavlos of the Defense Criminal Investigative Service (DCIS) Southwest Field Office and Special Agent in Charge Steven Grell of the U.S. Department of Labor - Office of Inspector General's (DOL-OIG) Dallas Region made the announcement.

Richard Hall, 50; Scott Schuster, 48; Dustin Rall, 45; and George Lock Paret, 36, all of Fort Worth, Texas; Johnathan Le, 44, of Dallas, Texas; and Quintan Cockerell, 38, of Manhattan Beach, California, were each charged in a superseding indictment filed May 13 in the Northern District of Texas with the following: conspiracy to defraud the United States and pay and receive kickbacks (Hall, Schuster, Rall, Paret, Le and Cockerell); paying and/or receiving kickbacks (Hall, Schuster, Rall, and Le with four counts, Cockerell with one count); conspiracy to commit money laundering by concealing proceeds of the unlawful kickbacks (Schuster and Rall); conspiracy to commit money laundering by engaging in monetary transactions in criminally derived property (Hall, Schuster, Rall, and Cockerell); and engaging in monetary transactions in criminally derived property (Hall with one count, Schuster and Rall with two counts and Cockerell with three counts).

Two co-defendant marketers, Turner Luke Zeutzius, 38, of Horseshoe Bay, Texas, and Michael Ranelle, 50, of Fort Worth, Texas, previously pleaded guilty to one count of conspiracy to defraud the United States and pay and receive kickbacks.

According to the superseding indictment, from May 2014 to September 2016, Hall, Schuster, Rall, Paret, Le and their co-conspirators allegedly engaged in a scheme to pay kickbacks and bribes for the referral of TRICARE and DOL beneficiaries to obtain expensive compound drugs. Hall, Schuster and Rall were co-owners of Rxpress Pharmacy and Xpress Compounding, compound pharmacies located at 1000 W. Weatherford St. in Fort Worth.

As alleged in the superseding indictment, Rxpress and Xpress were separate in name only; Rxpress Pharmacy and Xpress Compounding employed the same staff and operated out of the same building. The superseding indictment alleges that both companies utilized the same marketers but paid them differently depending on whether they were receiving a commission on a federal or private prescription, in order to disguise the illegal kickback payments on federal prescriptions. Specifically, Hall, Schuster, Rall, Paret and Le allegedly devised a scheme to make kickback payments to marketers through Xpress Compounding for the referral of federal prescriptions. These marketers were allegedly set up as sham "W-2" employees to appear as though they were bona fide employees of Xpress Compounding. At the same time, these marketers were paid as 1099 contractors by Rxpress Pharmacy, the superseding indictment alleges.

According to the superseding indictment, Hall, Schuster, Rall, and Cockerell engaged in monetary transactions in criminally derived property, spending proceeds of the fraud to further enrich themselves and others through the purchase of luxury vehicles and chartered vessels, among other property.

The superseding indictment alleges that as a result of the scheme, Xpress Compounding paid Cockerell approximately \$2.4 million, Zeutzius approximately \$7.6 million and Ranelle approximately \$4.1 million in illegal kickbacks, for a total of approximately \$14.1 million in illegal kickbacks.

The charges in the superseding indictment are merely allegations and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

DCIS, DOL-OIG, the U.S. Department of Health and Human Services Office of Inspector General, the FBI and the U.S. Department of Veterans Affairs Office of Inspector General investigated the case. Assistant Chief Adrienne Frazier and Trial Attorney Brynn Schiess of the Criminal Division's Fraud Section are prosecuting the case.

The Fraud Section leads the Medicare Fraud Strike Force, which is part of a joint initiative between the Department of Justice and the U.S. Department of Health and Human Services (HHS) to focus their efforts to prevent and deter fraud and enforce current anti-fraud laws around the country. Since its inception in March 2007, the Medicare Fraud Strike Force, which maintains 15 strike forces operating in 23 districts, has charged nearly 4,000 defendants who have collectively billed the Medicare program for more than \$14 billion.

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