



*United States Attorney
District of New Jersey*

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**PLEASANTVILLE, NEW JERSEY, TEACHER AND SEWELL, NEW JERSEY,
SALESMAN ADMIT HEALTH CARE FRAUD CONSPIRACY**

CAMDEN, N.J. – Two men today admitted defrauding New Jersey state health benefits programs and other insurers out of millions of dollars by submitting fraudulent claims for medically unnecessary prescriptions, U.S. Attorney Craig Carpenito and New Jersey Attorney General Gurbir S. Grewal announced.

William Hunter, 43, a salesman from Sewell, New Jersey, and Richard McAllister, 42, a Pleasantville school teacher from Ocean City, New Jersey, pleaded guilty before U.S. District Judge Robert B. Kugler in Camden federal court to separate informations charging them with conspiracy to commit health care fraud.

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

From January 2015 through April 2016, Hunter and McAllister recruited individuals to obtain very expensive and unnecessary compounded medications from an out-of-state pharmacy, identified in the informations as the “Compounding Pharmacy.” The conspirators knew that certain compound medications – including pain, scar, antifungal, and libido creams, as well as vitamin combinations – were reimbursed for thousands of dollars for a one-month supply.

The conspirators also learned that these medications would be covered by an entity referred to in the informations as the “Pharmacy Benefits Administrator.” The Pharmacy Benefits Administrator provided benefit management services for the State Health Benefits Program, which covers qualified state and local government employees, retirees, and eligible dependents, and the School Employees’ Health Benefits Program, which covers qualified local education employees, retirees, and eligible dependents. The amounts paid for the prescription drug claims were billed to the State of New Jersey.

Hunter, McAllister, and others recruited individuals covered by the Pharmacy Benefits Administrator, including public employees, to fraudulently obtain unnecessary compounded medications from the Compounding Pharmacy. Hunter and McAllister obtained insurance information from those individuals and gave it to another conspirator, who completed the prescriptions and had a doctor sign them without examining the individuals. The prescriptions were faxed to the Compounding Pharmacy, which filled the prescriptions and billed the Pharmacy Benefits Administrator.

The pharmacy then paid one of their conspirators a percentage of each prescription filled and paid by the Pharmacy Benefits Administrator, which was then distributed to Hunter, McAllister, and other members of the conspiracy. Hunter and McAllister paid individuals with insurance coverage to reward them for obtaining prescriptions. McAllister himself received compounded medications based on a prescription signed by a doctor he did not see.

According to the informations, the Pharmacy Benefits Administrator paid the Compounding Pharmacy over \$50 million for compounded medications mailed to individuals in New Jersey.

Both defendants face a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. Hunter must forfeit \$245,020.08 in criminal proceeds and pay restitution of at least \$1,323,930.57. McAllister must forfeit \$456,806.23 and pay restitution of at least \$3,428,222.97. Sentencing for both defendants is scheduled for July 18, 2018.

Sixteen other conspirators – Matthew Tedesco, Robert Bessey, Michael Pepper, Thomas Hodnett, Steven Urbanski, John Gaffney, Judd Holt, George Gavras, Richard Zappala, Michael Neopolitan, Andrew Gerstel, Timothy Frazier, Michael Pilate, Shawn Sypherd, Nicholas Tedesco, and Michael Sher – pleaded guilty from August through March 2018 and await sentencing.

U.S. Attorney Carpenito credited agents of the FBI's Atlantic City Resident Agency, under the direction of Acting Special Agent in Charge Bradley W. Cohen in Newark, IRS – Criminal Investigation, under the direction of Special Agent in Charge Jonathan D. Larsen in Newark, and the U.S. Department of Labor, Office of Inspector General, under the direction of Acting Special Agent in Charge Peter Nozka in New York, with the investigation leading to the guilty pleas. He also thanked the Pensions and Financial Transactions Section of the Division of Law, within the Attorney General's Office, under the direction of Attorney General Grewal and Division Chief Eileen Schlindwein Den Bleyker, for its assistance in the investigation.

The government is represented by Assistant U.S. Attorneys R. David Walk, Jr. and Jacqueline M. Carle of the U.S. Attorney's Office in Camden.

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Defense counsel:

Hunter: Jill Cohen Esq., Westmont, New Jersey

McAllister: Edward F. Borden Jr. Esq., Cherry Hill, New Jersey

- [Hunter.Information.pdf](#)
- [McAllister.Information.pdf](#)