

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Tuesday, July 6, 2021

**Pharmaceutical Sales Representative Admits Health Care
Fraud Conspiracy and Conspiring to Engage in Money
Laundering and Obstruct Justice**

CAMDEN, N.J. – A pharmaceutical sales representative today admitted he conspired to defraud New Jersey county health benefits programs and conspired to engage in money laundering and obstruct justice, Acting U.S. Attorney Rachael A. Honig announced.

Paul Camarda, 39, of Holmdel, New Jersey, pleaded guilty before U.S. District Judge Robert B. Kugler in Camden federal court to an information charging him with one count of conspiracy to commit health care fraud and one count of conspiracy to obstruct justice and engage in money laundering.

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

Camarda was a sales representative for a pharmaceutical company. He created a side business called Dynasty Capital LLC to independently market medical products and services for other companies, including compounded prescription medications for specialty pharmacies. Camarda marketed compounded medications for several pharmacies, including New Jersey and out-of-state pharmacies identified in court documents as “Compounding Pharmacy 1,” “Compounding Pharmacy 2,” “Compounding Pharmacy 3,” and “Compounding Pharmacy 4.” As part of his arrangements with the compounding pharmacies and his conspirators, Camarda was paid a percentage of the insurance payments received for prescriptions arranged by him and those working with him.

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Although compounded drugs are not approved by the Food and Drug Administration (FDA), they are properly prescribed when a physician determines that an FDA-approved medication does not meet the health needs of a particular patient, such as if a patient is allergic to a dye or other ingredient.

Camarda learned that certain local government employees had insurance coverage for these particular compounded medications. An entity identified in court documents as the “Pharmacy Benefits Administrator” provided pharmacy benefit management services for the Bergen County Prescription Benefits Program (BCPBP), which covered certain local government employees, including county prison guards. The Pharmacy Benefits Administrator paid prescription drug claims and then billed the BCPBP for the amounts paid.

Camarda was a leader and manager of the conspiracy. He and his conspirators discovered that certain compounded medications – including vitamins and pain, scar, antifungal, migraine, and libido creams – reimbursed up to thousands of dollars for a one-month supply. Camarda recruited individuals with BCPBP coverage to fraudulently obtain medically unnecessary compounded medications. He provided the recruits with blank prescriptions forms and directed them to go see an unnamed doctor – referred to in court documents as “Individual 1” – to obtain his authorization for the compounded prescription medications. The investigation revealed that all the recruits went to

see Individual 1 for the purpose of obtaining the prescriptions within days of each other and all received prescriptions authorized by Individual 1 for the same specialty compounded medications on the same day or within days of each other. The recruits agreed to receive the very expensive compounded medications not because they needed them, but because they were paid by Camarda to do so. Camarda instructed the recruits that the more compounded medications they agreed to receive and the more people they recruited to also get the medications, the more money they stood to gain in the conspiracy.

Camarda received more than \$2.2 million in payments for the prescriptions he and those working with him arranged, and Camarda and his recruits caused more than \$3.4 million in fraudulent claims to be submitted to the Pharmacy Benefits Administrator for compounded medications. Camarda's payments from the compounding pharmacies and his conspirators, as well as Camarda's payments to his recruits, served as the basis for the money laundering conspiracy charge to which Camarda pleaded guilty.

In 2017, Camarda learned that federal agents and a federal grand jury were investigating the health care fraud conspiracy. Camarda conspired to obstruct the federal investigation by providing and instructing others to provide false information to federal agents and the grand jury.

The health care fraud conspiracy count to which Camarda pleaded guilty carries a maximum potential penalty of 10 years in prison and a \$250,000 fine, or twice the gain or loss from the offense, whichever is greatest. The obstruction of justice and money laundering conspiracy count carries a maximum penalty of five years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greatest. Sentencing is scheduled for Nov. 18, 2021.

Acting U.S. Attorney Rachael A. Honig credited special agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez in Newark; special agents of FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge George M. Crouch Jr. in Newark; and special agents of the U.S. Department of Labor Office of Inspector General, New York Region, under the direction of Special Agent in Charge Michael C. Mikulka, with the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorneys Christina O. Hud and R. David Walk Jr. of the U.S. Attorney's Office in Camden.

Attachment(s):

[Download Camarda.Information.pdf](#)

Topic(s):

Health Care Fraud

Component(s):

[USAO - New Jersey](#)

Press Release Number:

21-304

Updated July 6, 2021