

PRESS RELEASE

Atlantic County Man Sentenced to One Year and One Day in Prison for Health Care Fraud Conspiracy

Friday, November 17, 2023

For Immediate Release

U.S. Attorney's Office, District of New Jersey

CAMDEN, N.J. – An Atlantic County, New Jersey, man was sentenced to 12 months and one day in prison for defrauding New Jersey state health benefits programs out of millions of dollars by submitting fraudulent claims for medically unnecessary prescriptions, Attorney for the United States Vikas Khanna announced today.

Corey Sutor, 42, of Egg Harbor Township, New Jersey, formerly a Ventnor City firefighter, previously pleaded guilty before U.S. District Judge Robert B. Kugler to an information charging him with conspiracy to commit health care fraud. Judge Kugler imposed the sentence on Nov. 13, 2023, in Camden federal court.

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

Compounded medications are supposed to be 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.

Sutor was one of the owners of a company formed to market prescription compounded medications. From May 2015 through February 2016, Sutor and others associated with the company persuaded individuals in New Jersey to obtain very expensive and medically unnecessary compounded medications.

The conspirators learned that certain compound medication prescriptions – including pain, scar, and antifungal creams, as well as vitamin combinations – were reimbursed for thousands of dollars for a one-month supply. The conspirators also learned that the

New Jersey 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, would cover compound medication prescriptions.

Sutor and his conspirators entered into an agreement in which Sutor's company would receive a percentage of the amounts paid to compounding pharmacies for prescriptions secured by Sutor and his conspirators. Sutor and his conspirators then recruited public employees, offered them hundreds of dollars per month, and persuaded them to agree to obtain prescription compounded medications they did not need without any physical examination by a medical professional. Sutor would obtain insurance and personal information from the public employees and give that information to conspirators. Sutor's company then would receive a percentage of the amounts paid on these fraudulent prescriptions, which Sutor and others would divide.

Sutor and his conspirators caused New Jersey to pay more than \$2 million in fraudulent claims for compounded medications for public employees.

Sutor received \$150,398 in gross proceeds for his role in the scheme.

In addition to the prison term, Judge Kugler sentenced Sutor to two years of supervised release. As part of his plea agreement, Sutor must forfeit his criminal proceeds and pay restitution of at least \$2.09 million.

Attorney for the United States Khanna credited special agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge James E. Dennehy in Newark; special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Tammy Tomlins in Newark; and the U.S. Department of Labor, Office of Inspector General, New York Region, under the direction of Special Agent in Charge Jonathan Mellone, with the investigation leading to the sentencing.

The government is represented by R. David Walk Jr., Deputy Chief of the Criminal Division, and Assistant U.S. Attorney Daniel Friedman of the U.S. Attorney's Office in Camden.

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Topic

HEALTH CARE FRAUD

Component

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