

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, April 14, 2023

Nine Defendants Sentenced in \$126M Compounding Fraud Scheme

Nine defendants – including three compounding pharmacy owners, a physician, two pharmacists, and three patient recruiters – were sentenced yesterday for their respective roles in a years-long, multi-state scheme to defraud the Department of Labor's Office of Workers' Compensation Programs (OWCP) and TRICARE, the health care program for U.S. service members and their families.

The sentences include:

- John Cruise, 52, of Houston, a former co-owner of Assurance Consolidated Pharmacy (ACP), a pharmacy located in Spring, Texas, as well as an owner of the Injured Federal Workers Advocate Association (IFWAA), an organization that purported to assist injured federal workers, was sentenced to 20 years in prison.
- LaShonia Johnson, 50, of Houston, a former co-owner of ACP with her husband and co-defendant Cruise, and director at IFWAA, was sentenced to 15 years in prison.
- Kenny Ozoude, 48, of Houston, former owner of Compounding Solutions LLC, a Houston-based pharmacy, was sentenced to 10 years in prison.
- James Don Jackson, 63, of Tyler, Texas, a medical doctor licensed in Texas, was sentenced to five years in prison.
- Nirvana Hightower, 56, of Houston, a pharmacist licensed in Texas and pharmacist-in-charge at Compounding Solutions LLC, was sentenced to five years in prison.
- Keith Hudson, 55, of Humble, Texas, a pharmacist licensed in Texas and pharmacist-in-charge at ACP, was sentenced to 3 years in prison.
- Audra Jones, 46, of Houston, was sentenced to two years and six months in prison.
- Terrance Aice, 50, of Carrollton, Texas, a patient recruiter, was sentenced to one year and six months in prison.
- Sherod Johnson, 44, of Las Vegas, a patient recruiter, was sentenced to one year and six months in prison.

The defendants submitted false and fraudulent claims to the OWCP and TRICARE for prescriptions for compounded and other drugs prescribed to injured federal workers and members of the armed forces. The defendants also paid kickbacks to patient recruiters and physicians to prescribe these drugs. The defendants chose the particular compounds and other drugs based not on the patients' medical needs but in light of the amount of reimbursement for the drugs. The drugs were then mailed to patients, even though the patients often never requested, wanted, or needed them.

Four additional defendants (Dr. Jay Bender, Dr. Deepak Chavda, Donathan Kemp, and Naresh Jivanji) are scheduled to be sentenced on May 12.

Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division, U.S. Attorney Alamdar S. Hamdani for the Southern District of Texas, Special Agent in Charge Jonathan Ulrich of the U.S. Postal Service Office of Inspector General (USPS-OIG), Special Agent in Charge Steve Grell of the Department of Labor Office of Inspector General (DOL-OIG), Special Agent in Charge Michael Mentavlos of the Department of Defense Office of Inspector General (DOD-OIG), and Special Agent in Charge Kris Raper of the Department of Veteran's Affairs Office of Inspector General (DVAO-OIG) South Central Field Office made the announcement.

The USPS-OIG, DOD-OIG, and DOL-OIG investigated the case with assistance from the DVAO-OIG.

Trial Attorneys Catherine Wagner and Patrick J. Queenan of the Criminal Division's Fraud Section prosecuted the case. Trial Attorneys Scott Armstrong, John "Fritz" Scanlon, and Michael McCarthy of the Fraud Section previously prosecuted the case.

Topic(s):

Financial Fraud
Health Care Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section
USAO - Texas, Southern

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