



Department of Justice

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WEDNESDAY, DECEMBER 19, 2018
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(202) 514-2007
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Eight Dallas-Area Pharmacy Owners and Marketers Charged in \$9 Million Kickback Scheme

WASHINGTON – Eight Dallas, Texas-area pharmacy owners and marketers were charged in an indictment unsealed today for their roles in a scheme involving approximately \$92 million in compound drug claims to TRICARE and the U.S. Department of Labor (DOL), which were allegedly the product of over \$9.1 million in illegal kickbacks.

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

Richard Hall, 48; Scott Schuster, 47; Dustin Rall, 43; George Lock Paret, 34; and Michael Ranelle, 49, all of Fort Worth, Texas; John Le, 43, of Dallas; Quintan Cockerell, 37, of Manhattan Beach, California; and Turner Luke Zeutzius, 36, of Horseshoe Bay, Texas, were each charged in an indictment filed Dec. 12 in the Northern District of Texas with one count of conspiracy to defraud the United States and pay and receive kickbacks. Hall, Schuster, Rall, and Le were each additionally charged with four counts of paying kickbacks. Zeutzius was additionally charged with two counts of receiving kickbacks and Ranelle and Cockerell were each charged with one count of receiving kickbacks. Hall, Schuster, Rall, Le and Ranelle were arrested yesterday and had their initial court appearances before U.S. Magistrate Court Judge Irma C. Ramirez in Dallas. Paret, Cockerell and Zeutzius self-surrendered this morning and will have their initial court appearances today at 2 p.m. CST before Judge Ramirez.

According to the 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 indictment, Rxpress and Xpress were separate in name only; Rxpress Pharmacy and Xpress Compounding employed the same staff, operated out of the same building, and utilized a call center to direct prescriptions depending on whether the prescriptions were for private or federal insurance. The 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 Rexpress Pharmacy, the indictment alleges.

The indictment alleges that as a result of the scheme, Zeutzius was paid approximately \$4.4 million, Cockerell (through an unnamed person) was paid approximately \$2.1 million, and Ranelle was paid approximately \$2.6 million in illegal kickbacks, for a total of approximately \$9.1 million in illegal kickbacks.

The charges in the 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 14 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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