

**PRESS RELEASE**

# **Two Executives Of Louisiana Compounding Pharmacy Convicted Of Defrauding TRICARE And New Jersey State Health Benefits Programs, Identity Theft, And Money Laundering**

Friday, March 14, 2025

**For Immediate Release**

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

CAMDEN, N.J. – Two former executives of a Louisiana compounding pharmacy were found guilty of conspiring to use the pharmacy to defraud New Jersey and military health benefits programs of approximately \$100 million, conspiring to commit identity theft in connection with the fraud, and conspiring to transact in the criminal proceeds, U.S. Attorney John Giordano announced.

Christopher Kyle Johnston, 46, of Baton Rouge, Louisiana and Trent Brockmeier, 62, of The Villages, Florida, were convicted on March 10, 2025 of one count of conspiracy to commit wire fraud and health care fraud, one count of conspiring to commit identity theft by fraudulently using a means of identification, and one count of conspiracy to commit money laundering by transacting in criminal proceeds following a six-week trial before U.S. District Judge Edward S. Kiel.

According to documents filed in this case and the evidence at trial:

Central Rexall Drugs was a pharmacy in Louisiana that prepared compounded medications, which are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. In 2013, Johnston and Brockmeier entered into an agreement to take over the management of the pharmacy and expand the compounding business in exchange for 90 percent of the profits. Brockmeier became chief operating officer of Central Rexall and Johnston became general counsel.

Johnston and Brockmeier learned that certain insurance plans would reimburse thousands of dollars for a one-month supply of certain compounded medications – including pain, scar, and antifungal creams, as well as vitamin combinations. The health plans for New Jersey state and local government and education employees, including teachers, firefighters, municipal police officers, and state troopers, covered these medications, as did TRICARE, which insures current and former members of the U.S. military and their families.

Johnston and Brockmeier designed compounded medications and manipulated the ingredients in the medications in order to obtain high insurance reimbursements rather than serve the medical needs of patients. To determine which ingredients and combinations resulted in high insurance reimbursements, Johnston and Brockmeier directed Central Rexall employees to submit false prescription claims to test out different combinations of ingredients, but they did not have a valid prescription signed by a doctor for these formulas. Central Rexall submitted these false claims using, without their consent, individuals' names, dates of birth, and identifying information (including insurance information) from pre-existing Central Rexall prescriptions.

By use of these false claims, Johnston and Brockmeier designed compounded medications with combinations of ingredients that were chosen solely based on the amount of money that insurance would pay rather than on the medications' ability to serve the medical needs of patients.

Johnston and Brockmeier retained and directed an outside sales force that used various methods to get doctors to prescribe these medications and patients to accept them, including having prescriptions signed without the patient seeing a doctor or knowing about the medications, having medications or refills ordered without the patients' knowledge, paying patients to accept the medications, and paying doctors to prescribe them.

Johnston and Brockmeier caused approximately \$100 million in fraudulent insurance claims for compounded medications that were not medically necessary. Johnston received approximately \$34 million and Brockmeier received approximately \$5 million in illicit profits.

50 people have been convicted or pled guilty in the overarching conspiracy.

The health care fraud and wire fraud conspiracy count carries a maximum potential penalty of 20 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. The conspiracy to commit identity theft 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. The conspiracy to commit money laundering charge carries a maximum term of imprisonment of 10 years and a fine of \$250,000 or twice the gross gain or loss from the offense or not more than twice the amount of the criminally derived property involved in the transactions. Sentencing is scheduled for July 21, 2025.

U.S. Attorney John Giordano credited special agents of the FBI's Atlantic City Resident Agency, under the direction of Acting Special Agent in Charge Terence G. Reilly in Newark; special agents of IRS - Criminal Investigation, under the direction of Special Agent in Charge Jenifer Piovesan in Newark; and the U.S. Department of Labor, Office of Inspector General, Northeast Region, under the direction of Special Agent in Charge Jonathan Mellone, with the investigation leading to today's conviction.

The government is represented by Assistant U.S. Attorneys R. David Walk, Jr. and Daniel A. Friedman of the Criminal Division.

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Defense counsel:

Johnston: Lawrence S. Lustberg, Anne Collart, and Andrew Marino, Esqs. (Newark, NJ)

Brockmeier: Marc Agnifilo and David Gelfand, Esqs. (New York, NY)

*Updated March 14, 2025*

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**Topic**

**HEALTH CARE FRAUD**

**Component**

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