

**Department of Justice**

U.S. Attorney's Office

District of New Jersey

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FOR IMMEDIATE RELEASE

Thursday, July 14, 2022

## **Two New Jersey Men Admit Health Care Fraud Conspiracy Targeting State Health Benefits Programs**

CAMDEN, N.J. – Two New Jersey men today admitted defrauding New Jersey state and local health benefits programs and other insurers by submitting fraudulent claims for medically unnecessary prescriptions, Attorney for the United States Vikas Khanna announced.

Brian Pugh, 45, of Absecon, New Jersey, and Thomas Schallus, 45, of Northfield, New Jersey, pleaded guilty before U.S. District Judge Robert B. Kugler to one count each of conspiracy to commit health care fraud.

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

Pugh and Schallus were part of a criminal conspiracy in which state and local government employees were recruited and compensated to receive medically unnecessary compound prescription medications. Pugh and Schallus caused the pharmacy benefits administrator to pay approximately \$1.47 million and \$477,958.00, respectively, for medically unnecessary compounded prescription medications for individuals they recruited into the scheme.

Pugh and Schallus were previously charged alongside others in an indictment with conspiracy to commit health care fraud and wire fraud and other offenses. Conspiracy leader William Hickman pleaded guilty in June of 2020 to defrauding New Jersey health benefits programs and other insurers out of more than \$50 million and is awaiting sentencing. Charges remain pending against co-defendants John Sher, Thomas Sher, and Christopher Broccoli, who are set to proceed to trial before Judge Kugler in Camden federal court on Aug. 15, 2022. The charges against those three defendants are merely accusations, and they remain innocent unless and until proven guilty.

Pugh and Schallus each face a maximum penalty of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense. Sentencing for Pugh is scheduled for Nov. 17, 2022, and for Schallus, Nov. 14, 2022.

Attorney for the United States Khanna credited agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Jesse Levine in Newark; special agents of IRS Office of Criminal Investigation, under the direction of Acting Special Agent in Charge Tammy Tomlins 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 Jonathan Mellone, with the investigation leading to today's guilty pleas.

The government is represented by Assistant U.S. Attorney Christina O. Hud of the Criminal Division, Deputy Chief of the Criminal Division Desiree Grace, and R. David Walk Jr., Chief of the Opioid Abuse Prevention & Enforcement Unit.

Defense counsel:

Pugh: Michael A. Baldassare Esq. and Jennifer Mara Esq., Newark

Schallus: John C. Whipple Esq., Moorestown, New Jersey

**Topic(s):**  
Health Care Fraud

**Component(s):**  
USAO - New Jersey

**Press Release Number:**  
22-263