RECENT LAW ENFORCEMENT CASES, PROSECUTIONS AND INVESTIGATIONS INVOLVING ILLEGAL ONLINE DRUG DEALERS

In the summer of 2011, U.S. federal agents identified a 41-year-old, Shane Lance. The agents arrested Lance and indicted him on multiple counts, including conspiracy to traffic counterfeit drugs. Last spring, he pled guilty to one count of conspiracy to traffic and one count of trafficking, and in November he received his sentence: 10 months in prison and a $5,100 fine to be paid to Pfizer.¹

In December of 2012, the State of Oregon fined Hayden Hamilton, founder of ProgressiveRx.com, $50,000 for operating without an Oregon pharmacy license. The 35-year-old Portland businessman has shipped medicine from India and other countries to customers in the United States and around the world.²

On April 24, 2012, two men pled guilty and were sentenced for smuggling counterfeit and misbranded pharmaceuticals into the U.S. Both men operated an Internet business in Israel that used multiple websites to illegally sell large amounts of prescription drugs to U.S. purchasers. In total, they sent approximately 9,000 separate drug shipments to U.S. purchasers, generating over $1.4 million in gross proceeds. Ultimately, one man received 10 months in federal prison, was fined $30,000 and forfeited $50,000. The other man received one year of probation, was fined $15,000 and forfeited $15,000.³

On August 5, 2012, Chinese government officials seized “more than $182 million of counterfeit pharmaceuticals in the latest attempt to clean up a food and drug market that has been flooded with fakes.” Chinese police arrested more than 2,000 individuals and destroyed 1,100 production facilities for producing counterfeit drugs.⁴

On August 9, 2012, a Puerto Rican man faced up to 10 years in prison after being found guilty by a jury on U.S. federal charges stemming from his role as a key operative for a drug ring that distributed large quantities of Chinese-made counterfeit pharmaceuticals throughout the United States and worldwide. Special agents with U.S. Immigration and Customs Enforcement’s (ICE) Homeland Security found more than 100,000 pills made to resemble a variety of popular prescription medications, including Viagra, Cialis, Valium, Xanax and Lipitor.⁵

On January 9, 2013, a pioneer of the Canadian Internet pharmacy business, Andrew Stremler, 38 years old, was sentenced in U.S. federal court in Miami to four years in prison for conspiracy to commit mail fraud in connection with the sale of foreign and counterfeit medicines to U.S. customers.⁶
On March 13, 2013, Edmond Paolucci, 54, of Coventry, Rhode Island and Patrick Cunningham, 44, of Cranston, Rhode Island, admitted to the court that they participated in a conspiracy to repackage illegal drugs and sell them under various names and labels to consumers who placed orders via the Internet. A significant portion of the proceeds realized from the sale of the illegal drugs was laundered back to individuals in Israel.7

On March 27, 2013, nine defendants were sentenced for their roles in illegally distributing controlled substances to customers who bought the drugs from illicit Internet pharmacies. The defendants were also collectively ordered to forfeit more than $94 million in illegal proceeds. Drug Enforcement Administration Acting Special Agent in Charge Bruce C. Balzano stated, “Prescription drug abuse has risen to alarming levels, often times leaving a trail of devastation behind and negatively impacting our communities. The individuals sentenced this week were involved in online pharmacy schemes that were illegally distributing controlled substances.”8

On March 27, 2013, three men and one woman were sentenced in relation to the illegal online supply of prescription only and counterfeit medicines. This follows an undercover operation by the Medicines and Healthcare products Regulatory Agency (MHRA). Searches of the homes of those involved uncovered stashes of counterfeit medication and generic prescription only medicine. This included Viagra, Cialis, diazepam and methadone. A study of a computer also showed email traffic between Andrew Luxton, Samantha Steed, Carl Willis and others indicating the previous supply of illegitimate medicine.9

On June 27, 2013 the U.S. FDA reported the successful execution of Operation Pangea VI, a law enforcement initiative resulting in the elimination of 1,677 websites selling illegal prescription drugs. In partnership with the Department of Justice, FDA’s Office of Criminal Investigations, Interpol, and authorities from nearly 100 countries took action against 9,600 websites. Dangerous drugs valued at $41 million were seized.10

In a March 2014 raid, India’s FDA officials seized more than 4,000 strips of prescription drugs including addictive anti-depressants, anti-hypertensive, and Viagra, worth over Rs 4,000,000, before the shipments could be illegally exported. All of the drugs had been ordered online, and the raid came just before the consignment was about to be smuggled to various countries like the US, the UK, Australia, Japan, and Dubai.11

In May of 2014, the San Diego County Sheriff’s Department made 19 arrests and seized drugs and $25,000 in U.S. and Mexican currency after a five-month undercover investigation called Operation.com. Undercover deputies made 41 buys upon easily finding drugs available on sites like Facebook and Craigslist. Seized were quantities of heroin, methamphetamine, LSD, cocaine, Ecstasy and prescription drugs.12

On May 22, 2014, the U.S. FDA reported on the 7th annual International Internet Week of Action (IIWA) which is also known as Operation Pangea VII. During the week-long event, May 13 to May 20, 2014, law enforcement, customs, and regulatory authorities from 111 countries collaborated to target illegal online pharmacies. Within the U.S. the FDA along with Customs and Border Protection (CBP) inspected packages at mail facilities in Los Angeles, New York and Chicago resulting in the seizure of 583 shipments. The FDA also notified Internet service providers of the 1,975 websites in violation of U.S. law.13
1 “Inside Pfizer’s Fight Against Counterfeit Drugs.” Bloomberg Businessweek (January 17, 2013); http://www.businessweek.com/articles/2013-01-17/inside-pfizers-fight-against-counterfeit-drugs
4 “China Arrests 2,000 Individuals and Destroys 1,100 Production Facilities for Making Counterfeit Drugs” Rx-360 (August 5, 2012); http://hosted-p0.vresp.com/427409/59c2b0af06/ARCHIVE***>
6 “Canadian Internet Pharmacy Founder Gets 4 Years In Counterfeit Drugs Case” Partnership for Safe Medicines (January 18, 2013); http://www.safemedicines.org/2013/01/fake-online-pharmacy-founder-andrew-stremler-guilty-of-mail-fraud-508.html
7 “Two Plead Guilty to Participation in International Conspiracy to Import and Distribute Prescription Drugs and Anabolic Steroids” Department of Justice (March 13, 2013); http://www.justice.gov/usao/ri/news/2013/mar2013/steroids.html
8 “Nine Sentenced For Illegally Distributing Controlled Substances Over The Internet” Department of Justice (March 27, 2013); http://www.justice.gov/usao/can/news/2013/2013_03_27_nine_sentenced.press.html
9 “Three men and one woman sentenced in counterfeit medicines case” MHRA (March 27, 2013); http://www.mhra.gov.uk/NewsCentre/Pressreleases/CON254551
10 “International operation targets online sale of illicit medicines” Interpol (June 27, 2013); http://www.interpol.int/News-and-media/News-media-releases/2013/PR077