

News Release

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DEA Announces Largest Steroid Enforcement Action in U.S. History

Raw steroid materials from China, HGH, Insulin Growth Factor, counterfeit medications also part of Operation Raw Deal



11.4 million steroid dosage units were seized as part of Operation Raw Deal.

SEP 24--WASHINGTON – DEA and federal law enforcement officials from the FDA's Office of Criminal Investigations and the U.S. Postal Inspection Service today announced the culmination of *Operation Raw Deal*, an international case targeting the global underground trade of anabolic steroids, human growth hormone (HGH) and insulin growth factor (IGF). In addition, the investigation includes significant enforcement of illicit underground trafficking of ancillary and counterfeit medications. The investigation represents the largest steroid enforcement action in U.S. history and took place in conjunction with enforcement operations in nine countries worldwide. The Internal Revenue Service (IRS), Immigration and Customs Enforcement (ICE), Federal Bureau of Investigation (FBI), and the National Drug Intelligence Center (NDIC) also played key roles in the investigation.

143 federal search warrants were executed on targets nationwide, resulting in 124 arrests and the seizure of 56 steroid labs across the United States. In total, 11.4 million steroid dosage units were seized, as well as 242 kilograms of raw steroid powder of Chinese origin. As part of Operation Raw Deal, \$6.5 million was also seized, as well as 25 vehicles, 3 boats, 27 pill presses, and 71 weapons.

These law enforcement operations were the result of *Operation Raw Deal*, the largest steroid enforcement action in U.S. history. The nearly two-year-old operation, which culminated in a series of law enforcement actions last week, was led by the Drug Enforcement Administration (DEA), working with federal law enforcement officials from the Food and Drug Administration's (FDA) Office of Criminal Investigations, the U.S. Postal Service and others. The Internal Revenue Service (IRS), U.S. Immigrations and Customs Enforcement (ICE), Federal Bureau of Investigation (FBI) and the National Drug Intelligence Center (NDIC) also played key roles in *Operation Raw Deal*. The multi-jurisdictional Organized Crime Drug Enforcement Task Force (OCDETF) operation was coordinated by prosecutors from the Criminal Division's Narcotic and Dangerous Drug Section assigned to the Special Operations Division. The U.S. operation took place in conjunction with enforcement operations in Mexico, Canada, China, Belgium, Australia, Germany, Denmark, Sweden, and Thailand.

Criminal charges were filed this month in several federal districts as part of *Operation Raw Deal*, including the U.S. Attorneys' Offices in the Southern District of California, the Southern District of New York, the Middle District of Pennsylvania, and the District of Rhode Island. The indictments include various narcotics distribution offenses, such as conspiracy to import anabolic steroids, and other charges including conspiracy to launder money.

“DEA successfully attacked the illegal steroid industry at every level of its distribution network—from the manufacturers in China who supply the raw materials, to the traffickers in the United States who market the deadly doses. Operation Raw Deal uncovered a clandestine web of international drug dealers who lurk on the Internet for young adults craving the artificial advantage of anabolic steroids,” said DEA Administrator Karen P. Tandy. “Today we reveal the truth behind the underground steroid market: dangerous drugs cooked up all too often in filthy conditions with no regard to safety, giving Americans who purchase them the ultimate raw deal.”



“The FDA Office of Criminal Investigations takes this illegal conduct very seriously and fully supports the investigation and ultimate prosecution of these profiteers who endanger the public by formulating and selling unapproved illegal drugs, even when those who would be endangered are willing participants. These buyers are solely motivated by a desire to gain an unfair competitive advantage by using illegal performance-enhancing substances and the sellers are not concerned with the buyers' health but with making money,” said Terry Vermillion, Director of the FDA Office of Criminal Investigations.

“Whenever someone uses the U.S. Mail to send anything that they know is dangerous, illegal or counterfeit, postal inspectors are prepared to find them and arrest them in order to preserve the integrity of the mail,” said Chief Postal Inspector Alexander Lazaroff of the United States Postal Inspection Service. “I am proud to partner in this operation to stop the suppliers of anabolic steroids and the customers who purchase them, so that the mail will not be an ingredient in this deadly recipe.”

Operation Raw Deal is a four-prong strategy focusing on: raw material manufacturers/suppliers in the China and other countries; underground anabolic laboratories in the United States, Canada and Mexico; numerous U.S.-based websites distributing materials, or conversion kits, necessary to convert raw steroid powders into finished product; and Internet bodybuilding discussion boards that are the catalysts for individuals to learn how to illicitly use, locate and discreetly purchase performance enhance drugs, including anabolic steroids. Many of the underground steroids labs targeted in this case advertise and are endorsed on these message boards.

According to the charges filed in connection with *Operation Raw Deal*, worldwide manufacturers of the raw materials needed for steroids use websites to market their products and even provide guidance to potential customers. Steroid Internet message boards and chat rooms also use the latest technology in an effort to keep their business transactions – and those of their customers – anonymous. These websites, chat rooms, and message boards also provide information about how to convert the raw material into finished steroid product and boast of their ability to resist law enforcement scrutiny. In addition, these sites promote and often sell “conversion kits” that allow customers to convert raw materials into steroids themselves from home. Besides steroids, many websites targeted also offered other dangerous drugs and chemicals such as ketamine, fentanyl, ephedrine, pseudoephedrine, and GHB.

There is great danger in buying steroids, chemicals, and other illicit products on the Internet. Many companies operating illegally both in the United States and worldwide have no regard for product safety and mislabeling is common – both intentional and unintentional. Products are often misrepresented, and their safety is not at all guaranteed. In addition, federal agents report that many of the underground steroid labs seized in ***Operation Raw Deal*** are extremely unsanitary, further illustrating the danger in buying these products illegally. For example, recent lab seizures uncovered huge amounts of raw materials being mixed in bathtubs and bathroom sinks.

Southern District of California

A federal grand jury sitting in San Diego handed up seven indictments charging 14 individuals with conspiracy to import anabolic steroids, conspiracy to distribute anabolic steroids, and conspiracy to launder money. The indictments also seek criminal forfeiture. The indictments allege that the defendants purchased raw anabolic steroid powers from suppliers in foreign countries, including

China, in order to manufacture steroid products in their underground laboratories and distribute the anabolic steroids through the Internet. Defendants include: Adam C. Hullander, Israel Sanchez, Felix Parache, Charles Joseph Lupico, Timothy Edward Smith, Jeffrey Lee Mitchell, Thomas Robert Souders, Michael Guthrie, John Russo, and Otis Neal Armour.

Southern District of New York

Indictments returned on May 17, 2007, and Sept. 20, 2007, by a federal grand jury in the Southern District of New York charge a total of five individuals with conspiracy to distribute a controlled substance. Three of the defendants are also charged with conspiracy to engage in money laundering. The indictments allege that the defendants owned and ran underground steroid labs operating in the New York area called "Bodiez by Design," and "Strong Island Underground," a/k/a "SIUG Labs." The indictments also allege that the defendants advertised steroids for sale on the Internet and shipped them to customers across the country by mail, directing customers to pay for the steroids in such a way as to mask the parties' identities and the nature of the transactions. Searches of the Strong Island Underground lab location and the defendants' residences resulted in the seizure of over 1.1 million dosage units of steroids and ancillary drugs in liquid and pill form, as well as steroid-related drug paraphernalia.

Four complaints, signed on Sept. 20 and 21, 2007, by a federal magistrate judge in the Southern District of New York, together charge an additional four individuals. Two are charged with conspiracy to distribute a controlled substance; one is alleged to have sold raw testosterone powder to customers over the Internet, and another allegedly purchased steroids from China for domestic redistribution. A third defendant is charged with maintaining a drug-involved premise, for allegedly providing access to a rental storage unit to a steroid underground lab to be used as a stash house for the lab's operations. A fourth individual is charged with three counts: selling drug paraphernalia, using the mails to distribute drug paraphernalia, and providing equipment for the manufacture of controlled substances. The complaint alleges that the defendant owned and operated a company called "Titan Med Supply" which supplied the illegal steroid community with the necessary materials to convert raw steroid powders and other precursor materials into injectable liquid steroid solutions.

Middle District of Pennsylvania

On Sept. 18, 2007, a federal grand jury in the Middle District of Pennsylvania returned a one-count indictment charging three individuals with conspiracy to distribute and possess with intent to distribute anabolic steroids. The indictment alleges that these defendants and others conspired together to illegally distribute steroids for a two-year period extending from June 2005 through September 2007. The defendants were arrested following the return of the indictment and are currently awaiting trial. Each defendant faces up to five years in prison and fines totaling \$250,000 if convicted on the conspiracy charge.

In a number of related matters, on Sept. 24, 2007, the U.S. Attorney for the Middle District of Pennsylvania filed felony informations charging five other individuals with drug-related crimes. Three persons were charged with conspiracy to distribute and possess with intent to distribute ketamine, a Schedule III controlled substance. One individual was charged with conspiracy to distribute and possess with intent to distribute anabolic steroids. Each defendant faces up to five years in prison and fines totaling \$250,000 if convicted on the conspiracy charges. Another person was charged with conspiracy to distribute cocaine. This defendant faces up to 20 years in prison and fines totaling \$1 million if convicted.

District of Rhode Island

A federal grand jury in Rhode Island has charged Genescience Pharmaceutical Company, which is based in China, the company's CEO, Lei Jin, and three other men with participating in an international trafficking conspiracy in which millions of dollars worth of human growth hormone (HGH) was smuggled into the United States and other countries. The smugglers allegedly used Internet Web sites and clandestine e-mail addresses to facilitate the smuggling. The U.S. government has also seized money traced to the smuggling operation – about \$3.6 million – from Chinese bank branches in New York

District of Maryland

On May 9, 2007, a federal grand jury in Baltimore indicted Bradley C. Blum, 36, of Houston Texas, for

conspiring to illegally distribute and illegally distributing human growth hormone (HGH), which he allegedly obtained from a manufacturer in China, and then unlawfully sold to customers in Lexington Park, Md., and elsewhere in the United States. The indictment also seeks \$863,534 in property and proceeds involved in and traceable to this illegal distribution scheme. In a related case, Anthony E. Schuler, of Allentown, Pa. was arrested on Sept. 20, 2007 and charged by criminal complaint with conspiracy to distribute and attempted distribution of human growth hormone, also allegedly obtained from a manufacturer in China.

Western District of Missouri

Four individuals have been charged in the Western District of Missouri for their involvement in the distribution of anabolic steroids. An indictment returned Sept. 21, 2007 charges Bryan Wilson and April Wilson with conspiring to distribute and distributing anabolic steroids. The indictment alleges that Bryan and April Wilson conspired with individuals located in China to distribute anabolic steroids to customers located around the United States. In exchange for wire money transfers to sources located in Qingdao, China, Bryan and April Wilson would receive raw steroid powder. At locations in Boone and Jackson Counties, Missouri, Bryan Wilson allegedly the raw steroid powder to pill and liquid anabolic steroid form. Operating under the names Pro Pharm, Pro Pharm Labs, and Palmco, Bryan and April Wilson allegedly distributed the final anabolic steroid products to customers throughout the United States.

Two other defendants were charged by way of federal complaint in the Western District of Missouri as part of Operation Raw Deal. Mikal Schrage and Jason Varner were charged in separate criminal complaints with possessing with the intent to distribute anabolic steroids. The affidavit in support of Mikal Schrage's criminal complaint alleges that Schrage allegedly transported approximately five pounds of powder anabolic steroids and 10,000 milliliters of liquid anabolic steroids from Florida to his residence in Nixa, Mo., when Schrage was stopped and arrested by law enforcement on Sept. 1, 2007. The affidavit in support of Jason Varner's criminal complaint alleges that Varner sought to purchase 188 vials of anabolic steroids outside of Columbia, Mo., on Sept. 19, 2007. After Varner's arrest, law enforcement officers recovered an additional 44 vials of anabolic steroids from Varner's residence.

District of Connecticut

In a related action, In April 2006, the FBI's Healthcare Fraud Unit in the District of Connecticut initiated "Operation Phony Pharm," an undercover investigation targeting the illegal sale of anabolic steroids, HGH and prescription pain medication over the Internet. Although they began independently of each other, Operation Phony Pharm and Operation Raw Deal have provided mutual assistance as these investigations evolved.

In an indictment unsealed in Hartford, Conn., Edwin F. Porter, 41, of Chandler, Ariz.; Matthew J. Peltz, 36, of Chandler, Ariz.; Tyler J. Lunn, 27 of Phoenix, Ariz.; and Walter T. Corey, 37, of Cherleroi, Pa., are charged with conspiring to distribute and distribution of anabolic steroids. The indictment alleges the defendants purchased raw steroid powder from China, manufactured anabolic steroids in home laboratories in both oral and injectable form, and distributed them to customers around the country through a MySpace.com profile and an internet website they created, www.anabolic-superstore.com.

Also, as a result of this ongoing investigation, on Sept. 21, 2007, Brian S. Tompkins, 29, of Deltona, Fla., pleaded guilty in Hartford to one count of distribution of anabolic steroids. Tompkins admitted that from September 2006 to July 2007, he distributed anabolic steroids by mail to individuals who contacted him through his MySpace.com profile. Tompkins further admitted that, in July 2007, he purchased two kilograms of steroid powder from a supplier in China. And today, Alan R. Blair, 52, of Wilton, Conn., pleaded guilty in Hartford to one count of distributing HGH without a prescription. Blair admitted that, from approximately November 2004 to April 2007, he distributed HGH to customers throughout world using the website www.jintropin.com. The HGH was shipped directly to Blair's customers from a supplier in China.

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