



United States Department of Justice

United States Attorney Melinda Haag
Northern District of California

11th Floor, Federal Building
450 Golden Gate Avenue, Box 36055
San Francisco, California 94102
(415) 436-7200
FAX: (415) 436-7234

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WWW.USDOJ.GOV/USAO/CAN

CONTACT: Jack Gillund
(415) 436-6599
Jack.Gillund@usdoj.gov

ELEVEN INDICTED IN CONNECTION WITH MULTI-AGENCY PHARMACY INVESTIGATION

Online Pharmacies Targeted For Illegally Distributing Drugs

SAN FRANCISCO – A federal grand jury yesterday indicted 11 defendants for participating in three separate but related conspiracies to distribute controlled substances outside the scope of professional medical practice, United States Attorney Melinda Haag and Drug Enforcement Administration Special Agent in Charge Anthony D. Williams, announced.

According to the indictment, in the Safescripts Online conspiracy, which began in November 2004 and continued until December 2006, eight individuals conspired to distribute in excess of \$22.2 million worth of controlled substances outside the scope of professional medical practice and without establishing a legitimate medical purpose for the drugs. The individuals charged are: Christopher Napoli, 44, of Newtown Square, Pa.; Joseph Carozza, M.D., 65, of Garden City, N.Y.; Daniel Johnson, 38, of Pekin, Ill.; Jeffrey Herholz, 43, of Fayetteville, N.C.; Darrell Creque, 60, of Clayton, N.C.; Jeffrey Entel, 40, of the Dominican Republic, Steven Paul, 49, of Glendale, Ariz.; and Salvatore Lamorte, 52, of Freehold, N.J. All of the defendants were charged with Conspiracy to Distribute Schedule III and IV Controlled Substances, in violation of 21 U.S.C. § 846, and Conspiracy to Launder Money, in violation of 18 U.S.C. § 1956(h). In addition, all but Paul were charged with Distribution of the Schedule IV Controlled Substance Phentermine, in violation of 21 U.S.C. § 841(a)(1), and all but Creque were charged with Conspiracy to Launder Money, in violation of 18 U.S.C. § 1956(h).

The indictment also alleges that, in the Pitcairn conspiracy, which ran between May 2003 and April 2007, five defendants sold at least \$55 Million worth of controlled substances outside the scope of professional medical practice and without establishing a legitimate medical purpose for the drugs. The individuals charged are: Michael Arnold, 40, of Boca Raton, Fla.; Diego Podolsky Paes, 29, of Brazil; Lamorte, Herholz, and Creque. All of the defendants were charged with Conspiracy to Distribute Schedule III and IV Controlled Substances, in violation of 21 U.S.C. § 846. In addition, Lamorte, Arnold and Paes were charged with four counts of Distribution of the Schedule IV Controlled Substance Phentermine, in violation of 21 U.S.C. § 841(a)(1), and all defendants but Creque were charged with Conspiracy to Launder Money, in violation of 18 U.S.C. § 1956(h).

According to the indictment, during the United Mail Pharmacy Services conspiracy, which began in January 2006 and ended in March 2008, three defendants conspired to distribute in excess of \$48 Million worth of controlled substances outside the scope of professional medical practice and without establishing a legitimate medical purpose for the drugs. The individuals charged are Paul, Entel, and Dino Antonioni, 42, of Miramar, Fla. All three were charged with Conspiracy to Distribute Schedule III and IV Controlled Substances, in violation of 21 U.S.C. § 846, and Conspiracy to Launder Money, in violation of 18 U.S.C. § 1956(h). Entel and Antonioni were also charged with the Attempted Distribution of Schedule III and IV Controlled Substances, in violation of 21 U.S.C. § 846, and International Money Laundering, in violation of 18 U.S.C. § 1956(a)(2)(A).

The narcotics conspiracy offenses (21 U.S.C. § 846) carry a maximum penalty of: five years of imprisonment, a \$250,000 fine, three years of supervised release, and a \$100 special assessment. The offense of distribution of a Schedule IV controlled substance (21 U.S.C. § 841(a)(1)) carries a maximum penalty of: three years of imprisonment, a \$250,000 fine, one year of supervised release, and a \$100 special assessment. The offense of attempted distribution

of Schedule III and IV controlled substances (21 U.S.C. § 846) carries a maximum penalty of: five years of imprisonment, a \$250,000 fine, three years of supervised release, and a \$100 special assessment. The money laundering offenses (18 U.S.C. §§ 1956(h) and 1956(a)(2)(A)) carry a minimum penalty of: 20 years of imprisonment, a fines of up to \$500,000, or twice the value of the property involved in the offense, three years of supervised release, and a \$100 special assessment.

Yesterday's indictment was obtained in connection with an international investigation of illegal Internet pharmacies that began in 2005. The investigation has resulted in the indictment of 37 federal defendants, the conviction of 26 individuals on federal criminal charges, and the dismantling of more than five Internet pharmacies that illegally distributed more than 80 million doses of controlled substances to users in the United States. As a result of the investigation, law enforcement agents have seized more than \$39 million in cash and assets, including several high value homes and multiple luxury vehicles.

The federal criminal cases resulted from an Organized Crime and Drug Enforcement Task Force (OCDETF) investigation involving the coordinated efforts of multiple federal and state law enforcement agencies plus foreign authorities from several jurisdictions. The law enforcement agencies include the U.S. Drug Enforcement Administration, the Internal Revenue Service Criminal Investigation Division, U.S. Immigrations and Customs Enforcement Homeland Security Investigations, the Food and Drug Administration Office of Criminal Investigations, the Federal Bureau of Investigation, the United States Postal Inspection Service, and the Boards of Pharmacy from North Carolina, Florida, Kansas, Colorado, Connecticut, and Louisiana. Significant additional assistance was provided by authorities in Brazil, Panama, the Netherlands, Switzerland, Liechtenstein, Romania, Costa Rica, The Netherlands Antilles, St. Kitts and Nevis, and the Bahamas. Additional federal prosecutions are contemplated upon completion of the ongoing investigations.

Kirstin M. Ault is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Michelle Alter and Erica Doerr.

Please note: An indictment contains only allegations against an individual and, as with all defendants, the individuals listed in this release must be presumed innocent unless and until proven guilty.

Further Information:

Case #: CR 10 - 0642 RS

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by email at Jack.Gillund@usdoj.gov.

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