



Department of Justice

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MASTERS PHARMACEUTICAL, INC. AGREES TO PAY \$500,000 IN CIVIL SETTLEMENT FOR SUPPLYING ILLEGAL INTERNET PHARMACIES

CINCINNATI — A distributor of branded and generic prescription drugs which operates a facility here, Masters Pharmaceutical, Inc. has agreed to pay \$500,000 to settle claims that it provided controlled substances to illegally operating Internet pharmacies, and failed to report these suspicious sales to the Drug Enforcement Administration.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, and Robert L. Corso, Special Agent in Charge, Detroit Field Division, Drug Enforcement Administration (DEA) announced the civil settlement agreement today.

The settlement agreement covers the sales of more than 4,199,465 dosage units of hydrocodone, phentermine and alprazolam that occurred between 2005 and 2008 and were not reported to the DEA.

Under terms of the agreement, Masters, without admitting wrongdoing, shall pay to the United States the sum of \$500,000, with \$350,000 of the amount due by May 15. The company will pay \$100,000 one year later and the final \$50,000 in two years.

In addition, in a separate memorandum of agreement dated April 1, 2009, Masters acknowledged that its DEA-registered facility is required to comply with controlled substance record keeping and reporting requirements of DEA. Masters represents that it has taken good-faith actions to detect and prevent diversion including agreeing to implement the policies and procedures that are the subject of the memorandum of agreement.

Masters has cooperated fully with DEA's investigation and has agreed to continue to cooperate with DEA in reducing the unlawful diversion of controlled substances.

"This agreement will help curb the growing problem of the diversion of prescription drugs for illegal uses," Lockhart said. "I want to commend the DEA Diversion Unit for their efforts in this case."

DEA Special Agent in Charge Corso stated that "By failing to report suspicious orders for controlled substances that it received from rogue Internet pharmacies, Masters Pharmaceuticals contributed substantially to the explosive growth of prescription drug abuse in this country. This civil penalty demonstrates DEA's high priority toward cutting off the drug supply to pharmacies engaged in Internet diversion schemes."

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