

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Laura E. Duffy***

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For Immediate Release

FLORIDA BUSINESSMAN INDICTED FOR SELLING MILLIONS OF DOLLARS OF UNAPPROVED FOREIGN ONCOLOGY DRUGS IN UNITED STATES

NEWS RELEASE SUMMARY - September 28, 2012

United States Attorney Laura E. Duffy announced that businessman Martin Paul Bean III was arraigned today on a 35-count indictment related to the sale of unapproved foreign oncology drugs in the United States. According to the indictment, Bean operated a business from his residence in Boca Raton, Florida, that sold over \$7 million of prescription oncology drugs (for treatment of cancer) to doctors throughout the United States.

The indictment alleges that Bean, doing business primarily as GlobalRxStore ("Global"), imported unapproved drugs from a wide variety of foreign countries, including sources in Turkey, India and Pakistan. These drugs were then sold to doctors within the United States at substantially discounted prices. The doctors obtained these drugs from Bean's companies using a call center located in Winnipeg, Canada. The

doctors would be able to use toll free numbers and place their oncology drug orders by telephone, facsimile or electronic mail.

According to the indictment, Bean and his co-conspirators ordered misbranded and unapproved drugs (including drugs marketed as Gemzar®, Taxotere®, Eloxatin®, Zometa® and Kytril®) from foreign sources and imported them into the United States where they were shipped in bulk to a location in San Diego. The individual orders would then be shipped to the doctors with an invoice from a California wholesale pharmacy – in order to create the false and misleading appearance that the drugs were approved for use in the United States. The foreign origin of the drugs was further concealed as the domestic oncologists were directed to mail their payments to the location in San Diego named on the invoice, or by providing credit card information that was electronically processed in San Diego.

On March 8, 2012, one of Bean's alleged coconspirators, Maher Idriss, pled guilty to conspiring to import merchandise contrary to law. In his plea, Idriss admitted that between May 1, 2006 and May 5, 2011, he conspired with the owners and operators of Global to import and distribute foreign oncology drugs that were not intended for sale in the United States. Idriss was the owner and operator of Oberlin Medical Supply and Service Corporation (“Oberlin”) in San Diego, California, which had a drug wholesale license issued by the California Board of Pharmacy.

In his plea, Idriss acknowledged allowing Global to use Oberlin to both receive and distribute the foreign oncology drugs to doctors within the United States. He admitted distributing the unapproved foreign drugs with an invoice from Oberlin and receiving payment of over \$7 million in return. After taking his “cut,” Idriss then paid the foreign drug source for providing the drugs and Global – who directed Idriss to send their payment to a bank account they controlled in Canada – for setting up the illegal venture. Idriss admitted that both he and the owners of Global were aware that it was unlawful to import and distribute the foreign oncology drugs.

The Food, Drug & Cosmetic Act (“FDCA”), is intended to assure, among other things, that all drugs manufactured and distributed within the United States are safely manufactured, made from appropriate ingredients, and properly labeled. Pursuant to the terms of the FDCA, the U.S. Food and Drug

Administration (“FDA”) regulates the manufacture, processing, labeling, and distribution of all drugs shipped and received in interstate commerce, including the wholesale distribution of prescription drugs. Under the FDCA, anyone manufacturing, preparing, compounding, or processing prescription drugs for sale and use in the United States must annually register with the FDA as a drug establishment, and provide a list to the FDA of the drugs which they manufacture for commercial distribution, and a copy of all labeling. This registration requirement applies equally to drug establishments located outside of the United States that import their drugs into the United States. Under the FDCA, a drug is deemed misbranded if it was manufactured at any domestic or foreign establishment and that drug was not annually listed with the FDA by the establishment as one of the drugs which was manufactured for commercial distribution in the United States at that location.

Under the FDCA, no person may offer for sale in the United States any drug not approved by the FDA. The approval process addresses the chemical composition of the drug, the drug's safety and effectiveness, and elements of the drug's distribution, such as the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of the drug, as well as the labeling to be used for the drug. The approval process is specific to each manufacturer and each product and its labeling. Drugs manufactured outside the United States which are not intended for use in the United States do not go through this approval process and are considered unapproved drugs.

Any prescription drug whose labeling fails to bear the words “Rx only” is deemed to be misbranded. Moreover, all wording required by the FDCA to appear on drug labels and labeling sold in the continental U.S. must be in the English language. It is unlawful for anyone other than the manufacturer of a drug manufactured in the United States and exported to import that same drug back into the United States.

United States Attorney Duffy praised the agencies for their work on this case and emphasized that it is imperative that we maintain the integrity of our nation’s drug supply and that the use of unapproved foreign drugs in treating serious illnesses will not be tolerated.

Bail was set for Bean at \$100,000 secured by property. His next appearance is before the Hon. William Q. Hayes for a hearing on motions on November 5, 2012 at 2:00 p.m.

Idriss is scheduled to be sentenced before the Hon. William Q. Hayes, United States District Judge, on January 7, 2013 at 9:00 a.m.

An indictment is not evidence, the defendant is presumed innocent until all charges are proven beyond a reasonable doubt.

DEFENDANT

Criminal Case No. 12cr3734-WQH

Martin Paul Bean, III

SUMMARY OF CHARGES

- Count 1: Conspiracy, in violation of Title 18, United States Code, Section 371. Maximum Penalty: 5 years in custody and/or \$250,000 fine
- Counts 2-4: Wire Fraud, in violation of Title 18, United States Code, Section 1343. Maximum Penalty: 20 years in custody and/or \$250,000 fine per count.
- Counts 5-8: Mail Fraud, in violation of Title 18, United States Code, Section 1341. Maximum Penalty: 20 years in custody and/or \$250,000 fine per count.
- Counts 9-13: Importation Contrary to Law, in violation of Title 18, United States Code, Section 545. Maximum Penalty: 20 years in custody and/or \$250,000 fine per count.
- Counts 14-18: Sale of Unapproved Drugs, in violation of Title 21, United States Code, Sections 331(d), 333(a)(2) and 355. Maximum Penalty: 3 years in custody and/or \$10,000 fine per count.
- Counts 19-23: Sale of Misbranded Drugs, in violation of Title 21, United States Code, Sections 331(a), 333(a)(2) and 350(o), 353(b)(4)(A) and 360(j). Maximum Penalty: 3 years in custody and/or \$10,000 fine per count
- Count 24: Conspiracy to Launder Money, in violation of Title 18, United States Code, Section 1956(h). Maximum Penalty: 20 years in custody and/or a \$500,000 fine per count.
- Counts 25-29: Money Laundering, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(I). Maximum Penalty: 20 years in custody and/or a \$500,000 fine per count.
- Counts 30-35: International Money Laundering, in violation of Title 18, United States Code, Section 1956(a)(2)(A). Maximum Penalty: 20 years in custody and/or a \$500,000 fine per count

Criminal Case No. 12cr1775-WQH

DEFENDANT

Maher Idriss

SUMMARY OF CHARGE

Importation Contrary of Law, in violation of Title 18, United States Code, Section 545.
Maximum Penalty: 20 years in custody and/or \$250,000 fine

INVESTIGATING AGENCIES

Food and Drug Administration, Office of Criminal Investigations
Immigration and Customs Enforcement's Homeland Security Investigations
Federal Bureau of Investigation
Postal Inspection Service