



United States Department of Justice

United States Attorney Joseph P. Russoniello

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

FORMER CAMPBELL BUSINESSMAN CHARGED WITH TAX EVASION, ILLEGAL DRUG DISTRIBUTION, FRAUD IN SALES OF NUTRITIONAL SUPPLEMENTS

Owner And Operator Of Cocoon Nutrition Conspired To Distribute Genuine And Fraudulent Human Growth Hormone, Deposited Money In Offshore Bank Accounts And A Created False Corporate Identity To Conceal Income Derived From Sales Of Products

SAN JOSE, Calif. – A federal grand jury sitting in San Jose last week indicted a former Campbell, Calif., businessman for his involvement in conspiring to illegally distribute human growth hormone, fraudulently selling products that he falsely claimed contained HGH, and using offshore bank accounts and a “corporation sole” tax filing status to commit tax evasion, United States Attorney Joseph P. Russoniello announced today.

An indictment returned on December 3 and unsealed December 15 charged Stephen Joseph Heuer, 48, formerly of Aptos, Calif., and now of Greer, S.C., and Robert Bohen, 50, of Trabuco Canyon, Calif., with conspiracy, distribution of HGH, distribution of misbranded drugs, and mail fraud. The indictment also charged Heuer with tax evasion.

According to the indictment, Cocoon Nutrition, which was owned and operated by Heuer, was a nutritional supplement business with stores in Cupertino, Calif., and Campbell. Its primary business was the distribution of items it identified as HGH, along with the sale of dietary items and nutritional supplements. Cocoon Nutrition also maintained a website, cocoonnutrition.org, through which it distributed items it identified as HGH, as well as other products. Cocoon Nutrition distributed items represented as containing HGH to other persons in a manner outside the usual course of professional practice, and not for a legitimate medical purpose. Customer orders placed at the Cocoon Nutrition storefront or at the Cocoon Nutrition website were filled through deliveries of items represented as containing HGH to customers throughout the United States.

Bohen owned a separate company called Anti-Aging Research Laboratory in Trabuco Canyon, Calif. Bohen supplied Heuer with items represented as containing HGH. According to the indictment, Heuer and Bohen distributed those items without a valid prescription or other order of a physician. Beginning in at least 2003, Heuer and Bohen began to distribute items with false and misleading labeling, in that the labeling falsely and misleadingly stated that the items contained HGH, when in fact, those products did not contain any human growth hormone.

According to the indictment, Heuer used various advertising methods, including radio advertisement, e-mails, and Internet claims to market their bunk HGH. Both defendants sent packages of bunk HGH throughout the United States through the United States Postal Service and the United Parcel Service, and accepted credit-card payments for the distributed substances.

In addition, Heuer is charged with failing to report income derived from the sale of Cocoon Nutrition products on his federal income tax returns. According to the indictment, between 2002 and 2004, Heuer failed to file tax returns and concealed income through a variety of techniques, including the establishment of a “Corporation Sole” in the name of Alchemy Ministries in the State of Washington for the purpose of concealing income, and using the Unified Business Identifier Number assigned to him by the State of Washington to conceal income derived from the sale of items through Cocoon Nutrition. The indictment further alleges that Heuer falsely claimed in correspondence with state and federal government officials that he was not a U.S. citizen, and was therefore not obligated to pay income taxes in this

country. Heuer also maintained offshore bank accounts for the purpose of concealing income derived from the sale of items through Cocoon Nutrition. In addition, he used a business bank account to pay personal expenses and failed to report the income realized by the use of the business account.

Heuer was arrested on January 14, 2009 in Lyman, S.C., and made his initial appearance in federal court in Greenville, S.C. on that same date. The court set a \$500,000 secured bail. If Heuer is released, his next court date will be January 29, 2009 at 9:30 a.m. before the Hon. Patricia V. Trumbull in San Jose for an initial appearance in California on the charges. No court date has yet been scheduled for Bohen.

The maximum penalty for the conspiracy to commit offenses against the United States, in violation of 18 U.S.C. § 371, is five years and a fine of \$250,000. The maximum penalty for distribution of human growth hormone, in violation of 21 U.S.C. 333(e), is five years imprisonment and a \$250,000 fine. The maximum penalty for the counts of misbranding and delivering misbranded drugs in violation of 21 U.S.C. 331(a) and 333(a)(2) is three years imprisonment and a \$250,000 fine. The maximum penalty for the mail fraud counts in violation of 18 U.S.C. § 1341 is 20 years imprisonment and a fine of \$250,000, plus restitution if appropriate. The maximum penalty for the counts of tax evasion in violation of 26 U.S.C. § 7201 is five years imprisonment and a fine of \$250,000. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Jeff Nedrow is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Susan Kreider. The prosecution is the result of a four-year investigation by the Internal Revenue Service—Criminal Investigation and the Food and Drug Administration Office of Criminal Investigations.

Please note, an indictment contains only allegations against an individual and, as with all defendants, Heuer and Bohen must be presumed innocent unless and until proven guilty.

Further Information:

Case #: CR 08-00866-JW

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

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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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