

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF FLORIDA  
GAINESVILLE DIVISION**

**UNITED STATES OF AMERICA**

**CASE NO.: 1:16cr15-MW**

**v.**

**LARRY BURSTEIN**  
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**STATEMENT OF FACTS**

The Defendant admits that were this case to proceed to trial, the government could prove the following facts beyond a reasonable doubt:

**I. Background**

At all times relevant to the investigation, medsendia.net and freeworldpharmacy.com were internet pharmacy websites that brokered the sale of controlled substances to individuals that did not have valid prescriptions.

Larry Burstein ("Burstein"), who had a Turkey Creek address in Alachua, Florida, created medsendia.net in 2007 and maintained control over the website and related business until 2014. Burstein used the company India Ayurveda Inc., which is a company he owned, to receive payments for orders placed on medsendia.net. Bursetin received millions of dollars in revenue between 2007 and 2014 for sales on medsendia.net and related illegal pharmaceutical websites. Until

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**CLERK, U.S. DISTRICT  
COURT, NORTH. DIST. FLA.**

the website was substantially modified in 2014, medsindia.net stated, “Prescription medications featured on this site are now available for personal use in up to 90-day supply without a prescription.” The site listed generic versions of Darvocet, Xanax, Soma, codeine and Valium, among others, for sale, among other controlled substances. The website shipped medications to customers located in the United States.

Edward Leonforte (“Lenforte”) assisted Burstein by providing customer support and facilitating online orders for medsindia.net. Leonforte used his company, Loud Lion Enterprises (“Loud Lion”), a Florida corporation, to operate his customer support business. Between 2008 and 2015, Loud Lion hired numerous employees to assist in the business of supporting medsindia.net, and later to assist in the business of supporting freeworldpharmacy.com. Loud Lion’s principal place of business was in Alachua, Florida in Progress Park.

Leonforte maintained control over the freeworldpharmacy.com and its related business between 2012 and 2015. Through Freeworldpharmacy.com, Leonforte sold codeine, a Schedule II controlled substance, among other substances. As of July 6, 2015, freeworldpharmacy.com was selling 120 codeine tablets (15 mg) for \$166.00. Freeworldpharmacy.com had a disclaimer that read, “Before placing your order you must agree that you are responsible for understanding your country’s laws regarding the drugs you order. You must also

confirm that you have a valid prescription for any prescription drugs you order. You don't have to show it to us. We will not require you to prove to us that you have it or submit it to us because we are not in the US and don't have the ability to validate or verify it." There is a statement that the website is operated as a "sales referral/broker agent for various pharmacies" and that the company operating the website is "not a pharmacy."

Agents were later able to determine that sales from freeworldpharmacy.com increased from approximately \$257,421 in 2012 to approximately \$2,589,769 in 2013 when Leonforte began diverting business from medsindia.net to freeworldpharmacy.com. Total sales in 2014 were approximately \$3,000,313. Total sales in the first nine months of 2015 were approximately \$2,084,151. Agents obtained itemized sales data for the period January 5, 2015, through September 3, 2015. During this 2015 timeframe, the majority of the drugs being sold unlawfully by Loud Lion were controlled substances. One of the more common substances was codeine. Customers in the United States placed 1,598 orders for a total of 219,197 codeine pills. The orders for codeine generated sales of approximately \$385,589. These figures do not include Loud Lion revenue from supporting other illegal online pharmacy sites.

## **II. Interview of J.K.**

On September 17, 2015, agents with the Internal Revenue Service and the Drug Enforcement Administration executed a search warrant at Loud Lion's business premises in Progress Park in Alachua, Florida. After arriving on the premises, one of the employees, J.K., volunteered to download data to a local computer from Loud Lion's Canadian server. J.K. explained that he was the operations manager and that he had password access to the data.

Law enforcement officers later interviewed J.K. J.K. has known Leonforte since 1994 when J.K. was working for Govindas, a restaurant in Gainesville, Florida. Govindas had hired Leonforte as a consultant. Leonforte and J.K. became friends, and in 2000 Leonforte asked J.K. to assist him with web marketing and search engine optimization (SEO).<sup>1</sup>

J.K. began working for Edward Leonforte at Loud Lion in 2008 as a part-time contractor and was promoted to a full-time position in 2009. Leonforte was the sole owner of Loud Lion. J.K. was responsible for providing customer support and technical support to the constituent internet pharmacy websites operated by Loud Lion. This support included website creation/maintenance,

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<sup>1</sup> By understanding a search engine's algorithm and the concept of web indexing, it is possible to optimize a website's presence on the web to manipulate the results of a given search engine. Leonforte was a pioneer in the field of SEO and made decent money as a consultant for businesses wanting to increase their web profile and visibility.

placing/processing pharmaceutical orders, answering emails, resolving shipping problems, etc. At first, J.K. was Leonforte's only employee. As time progressed, Leonforte gave him more responsibility. As of September 2015, J.K. managed the premises in Alachua, Florida, and managed the other employees. He had little to no authority to conduct financial transactions on behalf of the company. Leonforte always maintained exclusive control over Loud Lion finances. Medsindia.net and freeworldpharmacy.com are two of the websites J.K. maintained during the course of his employment.

In 2008, Leonforte was providing support for a single website, medsindia.net. J.K. learned during his employment that the pharmaceutical supplier utilized by medsindia.net was based in India. Leonforte falsely told J.K. this supplier was licensed to export pharmaceuticals to the United States. J.K. stated Larry Burstein was the owner of the medsindia.net website and the only person in direct contact with the supplier. The shipping was handled by the supplier, who utilized EMS Speedpost in India that would then transfer packages to the United States Postal Service in America. Payments accepted by medsindia.net included cashier's check, wire transfer, eCheck (electronic transfer), and credit card. Cashier's check transactions were processed through a bank in London until Burstein discontinued this form of payment. J.K. stated that medsindia.net utilized

Willow Systems, a credit card and eCheck processing company, to process orders paid by electronic means.

J.K. stated that the products offered for sale on medsindia.net came from a list that Burstein received from the supplier. Burstein would then provide the list to Loud Lion. One of the products offered for sale was codeine. To determine which substances were sold, J.K. stated that Leonforte conducted basic research to determine the extent to which the pharmaceutical was controlled, addictive, or otherwise risky to sell. J.K. stated that the vetting was a conscious effort to evade law enforcement detection because websites with similar business models were being shut down if they sold certain substances.

J.K. stated that Burstein owned the servers that were utilized for medsindia.net, but they were located in Canada. The servers were in Canada because it was competitively priced, and Leonforte said it was safer since Loud Lion was operating in a legal "gray area." J.K. stated Leonforte and Burstein had access to the servers.

In or around July 2012, Leonforte and Burstein began to have disagreements regarding their business arrangement. Leonforte wanted a bigger cut of the proceeds than Burstein was giving him. Leonforte was receiving 10% of Burstein's profit. Leonforte thought he deserved more. During this dispute, Leonforte hired A.K. to help develop a new website,

www.freeworldpharmacy.com/, based on the medsindia.net business model. Leonforte had his employees divert medsindia.net customers to his own pharmacy websites. Leonforte created a new company, Real Customer Support, to separate the customer support function and the pharmacy marketing aspect of the business. Real Customer Support served as a call center and email response service. In July 2013, Loud Lion moved into its leased premises in Progress Park in Alachua, Florida. The lease was approximately \$10,000.00 per month.

J.K. stated that around November 2013, he received a call from Leonforte with instructions to stop Loud Lion support of medsindia.net. Shortly after that, medsindia.net shut down. (Loud Lion would later resume customer support for medsindia.net for a time) Loud Lion, operating as Free World Pharmacy, continued to sell pharmaceuticals, including codeine, without requiring a prescription. Loud Lion's servers remained in Canada, but Real Customer Support servers were hosted in Amsterdam via EuroVPS.

J.K. stated the pharmaceutical suppliers utilized by Free World Pharmacy were recruited by Leonforte. They were different than the suppliers utilized by Burstein and medsindia.net. One of the suppliers for Free World Pharmacy was in Romania, and one was in India. When these suppliers received Free World Pharmacy's orders, they shipped directly to the customer. J.K. stated Loud Lion did not physically receive or handle any pharmaceuticals. J.K. estimated

approximately sixty percent of the pharmaceuticals sold on freeworldpharmacy.com went to the United States.

Loud Lion used “Magneto” to set up pharmacy websites. J.K. stated “Magneto” is a software owned and licensed by Paypal, Inc., that integrates website design, marketing, and order processing.

J.K. stated that Loud Lion accepted different forms of payment and used different credit card processing companies, and bank accounts. J.K. recalled that Leonforte utilized a bank account in the name of Loud Lion at Wells Fargo, and that he also utilized off-shore bank accounts. Leonforte had signatory authority over all the accounts used by Loud Lion.

J.K. estimated Loud Lion made five million dollars in 2014 by marking up the price of pharmaceuticals three to four times their price.

In early 2015, Burstein threatened to sue Leonforte for issues arising from their business agreement, namely that Leonforte stole Burstein’s business. Leonforte settled with Burstein and began making payments of \$2,000.00 per week. In August 2015, Leonforte held a meeting with all of the employees and informed them that Burstein was threatening to call law enforcement regarding Loud Lion’s business. Leonforte explained that there was nothing to worry about and that they were not doing anything illegal. However, J.K. stated that Leonforte confided in him that he really was concerned, and as a result, he considered

shutting down the business. J.K. stated that Leonforte did not have any businesses other than the online pharmacy business generating revenue.

### **III. Controlled Purchases**

On September 11, 2012, a Drug Enforcement Administration Task Force Officer (herein, after “UC-1”) used a laptop computer to place an order for 120 codeine pills (15 milligram) for \$253.80, which included shipping and handling, at [www.medsindia.net](http://www.medsindia.net). UC-1 used an undercover name and address<sup>2</sup> when he placed the order and provided the shipping information. UC-1 subsequently received an email to his UC account from [medsindia.net](http://medsindia.net) customer support providing payment instructions that included sending a money order, payable to India Ayurveda Inc., to an address in London. UC-1 obtained a money order, made payable to India Ayurveda Inc., and sent it to the address in London. On October 29, 2012, UC-1 received 120 codeine pills at the UC address that he provided to [medsindia.net](http://medsindia.net). The package in which the pills were received had an India Post label with “New Delhi” on it. UC-1 did not provide a prescription any time during this transaction.

On November 29, 2012, UC-1 utilized a laptop computer to place an order for 120 codeine pills (15 milligram) for \$229.92, which included shipping and handling, at [www.medsindia.net](http://www.medsindia.net). However, the order was not finalized because

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<sup>2</sup> All addresses used for the shipment of controlled purchases were in Gainesville, Florida.

the payment options did not include money order. UC-1 utilized the same UC name and address as the previous transaction. After subsequent communication via email, the order was finalized for a total of \$253.80. The order would be shipped once payment was received. The payment instructions included sending a money order payable to India Ayurveda Inc., to an address in London. UC-1 obtained a money order, made payable to India Ayurveda Inc., and sent it to the address in London. On February 26, 2013, UC-1 received 120 codeine pills at the UC address that he provided to medsendia.net. The package in which the pills were received had an India Post label with "New Delhi" on it.

The money orders sent to London as payment for the foregoing transaction were deposited into Larry Burstein's bank account at T.D. Bank in Gainesville, Florida.

On April 18, 2013, UC-1 utilized a laptop computer to place an order for 120 codeine pills (15 milligram) for \$253.80, which included shipping and handling, at [www.medsindia.net](http://www.medsindia.net). Google Chrome was utilized as the web browser. UC-1 paid for the order utilizing EFT payable to a third party credit card processor operated by Willow Systems Corp. UC-1 utilized the same UC name and address as the previous transaction. On May 15, 2013, UC-1 received 120 codeine pills at the UC address that he provided to medsendia.net. The package in which the pills were received had an India Post label with "New Delhi" on it.

On May 30, 2013, UC-1 utilized a laptop computer to place an order for 120 codeine pills (15 milligram) for \$253.80, which included shipping and handling, at [www.medsindia.net](http://www.medsindia.net). UC-1 paid for the order utilizing EFT payable to a credit card processor company operated by Willow Systems Corp. UC-1 utilized the same UC name and address as the previous transaction. On June 20, 2013, UC-1 received 120 codeine pills at the UC address that he provided to [medsindia.net](http://medsindia.net). The package in which the pills were received had an India Post label with "New Delhi" on it. The DEA Southeast Laboratory examined these pills and determined they tested positive for codeine.

As of May 13, 2014, [medsindia.net](http://medsindia.net) was still operational but UC-1 had not been able to complete any more undercover purchases due to error messages received when attempting to place an order. [Medsindia.net](http://Medsindia.net) was no longer advertising codeine for sale. The only pain medications that were advertised were Darvocet, Imitrex, and Ultram. On August 13, 2014, UC-1 attempted to access [www.medsindia.net](http://www.medsindia.net) but received a message stating, "Forbidden, You don't have permission to access / on this server. Additionally, a 403 Forbidden error was encountered while trying to use an Error Document to handle the request."

Willow Systems records show that the money sent for the [medsindia.net](http://medsindia.net) transactions was processed on behalf of India Ayurveda, Inc., and ultimately sent to Burstein's account at TD Bank (the same account into which the money orders

were previously deposited). In fact, Willow Systems produced an Electronic Funds Transfer Authorization Form” signed by Larry Burstein on October 16, 2012, that authorized Willow Systems to transfer proceeds into Burstein’s TD Bank account.

All emails pertaining to transactions on medsendia.net came from customersupport@medsendia.net. However, UC-1 received an email on November 20, 2012, titled “News from Medsendia/Freeworld pharmacy” from news@realcustomersupport.com. The email stated medsendia.net had changed their domain to realcustomersupport.com. This email said they had bank transfer options “far more convenient than the Money Order option at Medsendia.” The email listed the new sites as freeworldpharmacy.com, freemarketpharmacy.com and funpharm.com with support managed by realcustomersupport.com.

### **ELEMENTS**

The elements of a violation of 21 U.S.C. §§ 846, 841(a)(1)(A), 841(b)(1)(C) (conspiracy to distribute a controlled substance), as charged in Count I of the Superseding Indictment, are as follows:

- (1) two or more people in some way agreed to try to accomplish a shared and unlawful plan to possess or import codeine as charged in the Superseding Indictment; and

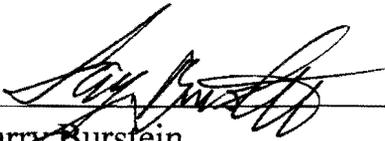
(2) the Defendant, knew the unlawful purpose of the plan and willfully  
joined in it.



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Darren Johnson  
Attorney for Defendant

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