



# Department of Justice

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## **INTERNATIONAL LAW ENFORCEMENT OPERATION TARGETS** **UNDERGROUND MANUFACTURE OF ANABOLIC STEROIDS**

### *'Operation Raw Deal' Nets 124 Arrests Nationwide To Date*

WASHINGTON – Authorities have arrested more than 124 individuals in the United States on federal charges as the result of an international investigation targeting the illegal manufacturing and trafficking of anabolic steroids and its raw materials, mainly from China, along with the human growth hormone (HGH) and the insulin growth factor (IGF) markets, the Department of Justice announced today.

These law enforcement operations were the result of *Operation Raw Deal*, the largest steroid enforcement action in U.S. history. The nearly two-year-old operation, which culminated in a series of law enforcement actions last week, was led by the Drug Enforcement Administration (DEA), working with federal law enforcement officials from the Food and Drug Administration's (FDA) Office of Criminal Investigations, the U.S. Postal Inspection Service, and others. The Internal Revenue Service (IRS), U.S. Immigrations and Customs Enforcement (ICE), Federal Bureau of Investigation (FBI) and the National Drug Intelligence Center (NDIC) also played key roles in *Operation Raw Deal*. The multi-jurisdictional Organized Crime Drug Enforcement Task Force (OCDETF) operation was coordinated by prosecutors from the Criminal Division's Narcotic and Dangerous Drug Section assigned to the Special Operations Division. The U.S. operation took place in conjunction with enforcement operations in Mexico, Canada, China, Belgium, Australia, Germany, Denmark, Sweden, and Thailand.

Since *Operation Raw Deal* began in December 2005, 143 federal search warrants were executed on targets nationwide, resulting in 124 arrests and the seizure of 56 steroid labs across the United States. In total, 11.4 million steroid dosage units were seized, as well as 242 kilograms of raw steroid powder of Chinese origin. As part of *Operation Raw Deal*, \$6.5 million was also seized, as well as 25 vehicles, three boats, 27 pill presses, and 71 weapons. Enforcement activity took place in 27 states. Approximately 50 people were arrested and 61 federal search warrants were executed on targets nationwide during the operation's final takedown, which began on Sept. 14, 2007.

Criminal charges were filed this month in several federal districts as part of *Operation Raw Deal*, including the U.S. Attorneys' Offices in the Southern District of California, the Southern District of New York, the Middle District of Pennsylvania, the District of Rhode Island, the District of Connecticut, the District of Maryland and the Western District of Missouri.

The indictments include various narcotics distribution offenses, such as conspiracy to import anabolic steroids, and other charges including conspiracy to launder money.

“DEA successfully attacked the illegal steroid industry at every level of its distribution network—from the manufacturers in China who supply the raw materials, to the traffickers in the United States who market the deadly doses. Operation Raw Deal uncovered a clandestine web of international drug dealers who lurk on the Internet for young adults craving the artificial advantage of anabolic steroids,” said DEA Administrator Karen P. Tandy. “Today we reveal the truth behind the underground steroid market: dangerous drugs cooked up all too often in filthy conditions with no regard to safety, giving Americans who purchase them the ultimate raw deal.”

“The FDA Office of Criminal Investigations takes this illegal conduct very seriously and fully supports the investigation and ultimate prosecution of these profiteers who endanger the public by formulating and selling unapproved illegal drugs, even when those who would be endangered are willing participants. These buyers are solely motivated by a desire to gain an unfair competitive advantage by using illegal performance-enhancing substances and the sellers are not concerned with the buyers' health but with making money,” said Terry Vermillion, Director of the FDA Office of Criminal Investigations.

“This operation led to the dismantling of approximately 100 illegal sites that aided in the manufacturing and distribution of anabolic steroids, prescription medicines, counterfeit drugs and chemical precursors originating from approximately 30 rogue laboratories in China,” said Assistant Director Kenneth W. Kaiser, FBI Criminal Investigative Division. “The FBI is committed to working with its law enforcement partners worldwide to eliminate internet steroid distributors who claim to be legitimate pharmaceutical companies.”

“Whenever someone uses the U.S. Mail to send anything that they know is dangerous, illegal or counterfeit, postal inspectors are prepared to find them and arrest them in order to preserve the integrity of the mail,” said Chief Postal Inspector Alexander Lazaroff of the United States Postal Inspection Service. “I am proud to partner in this operation to stop the suppliers of anabolic steroids and the customers who purchase them, so that the mail will not be an ingredient in this deadly recipe.”

“IRS Criminal Investigation is proud to be a part of this international, multi-agency investigation,” stated Eileen Mayer, Chief, IRS Criminal Investigation. “In this investigation, the IRS criminal investigators analyzed monetary transactions to track the illegal proceeds of this organization, and the money trail led to those individuals indicted today. When law enforcement agencies combine resources and expertise, we create a formidable force.”

“Raw Deal involved individuals providing raw ingredients and internet instructions on how to make complex, illicit and potentially dangerous pharmaceuticals,” said Julie L. Myers, Homeland Security Assistant Secretary for Immigration and Customs Enforcement. “This enforcement action was accomplished through the cooperation of multiple agencies committed to the single goal of identifying and dismantling a vast illicit enterprise that spanned across the globe and throughout cyberspace.”

*Operation Raw Deal* is a four-prong strategy focusing on raw material manufacturers/suppliers in the China and other countries; underground anabolic laboratories in the United States, Canada and Mexico; numerous U.S.-based websites distributing materials, or conversion kits, necessary to convert raw steroid powders into finished product; and Internet bodybuilding discussion boards that are the catalysts for individuals to learn how to illicitly use, locate and discreetly purchase performance enhance drugs, including anabolic steroids. Many of the underground steroids labs targeted in this case advertise and are endorsed on these message boards.

According to the charges filed in connection with *Operation Raw Deal*, worldwide manufacturers of the raw materials needed for steroids use Web sites to market their products and even provide guidance to potential customers. Steroid Internet message boards and chat rooms also use the latest technology in an effort to keep their business transactions – and those of their customers – anonymous. These Web sites, chat rooms, and message boards also provide information about how to convert the raw material into finished steroid product and boast of their ability to resist law enforcement scrutiny. In addition, these sites promote and often sell “conversion kits” that allow customers to convert raw materials into steroids themselves from home. Besides steroids, many Web sites targeted also offered other dangerous drugs and chemicals such as ketamine, fentanyl, ephedrine, pseudoephedrine, and GHB.

### **Southern District of California**

A federal grand jury sitting in San Diego handed up seven indictments charging 14 individuals with conspiracy to import anabolic steroids, conspiracy to distribute anabolic steroids, and conspiracy to launder money. The indictments also seek criminal forfeiture. The indictments allege that the defendants purchased raw anabolic steroid powers from suppliers in foreign countries, including China, in order to manufacture steroid products in their underground laboratories and distribute the anabolic steroids through the Internet. Defendants include: Goran Crnila, Joshua Travis Phillips, Ray Arthur Ross, Natasha Bensulong, Adam C. Hullander, Israel Sanchez, Felix Parache, Charles Joseph Lupico, Timothy Edward Smith, Jeffrey Lee Mitchell, Thomas Robert Souders, Michael Guthrie, John Russo, and Otis Neal Armour.

### **Southern District of New York**

Indictments returned on May 17, 2007, and Sept. 20, 2007, by a federal grand jury in the Southern District of New York charge a total of five individuals with conspiracy to distribute a controlled substance. Three of the defendants are also charged with conspiracy to engage in money laundering. The indictments allege that the defendants owned and ran underground steroid labs operating in the New York area called “Bodiez by Design,” and “Strong Island Underground,” a/k/a “SIUG Labs.” The indictments also allege that the defendants advertised steroids for sale on the Internet and shipped them to customers across the country by mail, directing customers to pay for the steroids in such a way as to mask the parties’ identities and the nature of the transactions. Searches of the Strong Island Underground lab location and the defendants’ residences resulted in the seizure of over 1.1 million dosage units of steroids and ancillary drugs in liquid and pill form, as well as steroid-related drug paraphernalia.

Four complaints, signed on Sept. 20 and 21, 2007, by a federal magistrate judge in the Southern District of New York, together charge an additional four individuals. Two are charged with conspiracy to distribute a controlled substance; one is alleged to have sold raw testosterone powder over the Internet, and another allegedly purchased steroids from China for domestic redistribution. A third defendant is charged with maintaining a drug-involved premise, for allegedly providing access to a rental storage unit to a steroid underground lab to be used as a stash house for the lab's operations. A fourth individual is charged with three counts: selling drug paraphernalia, using the mails to distribute drug paraphernalia, and providing equipment for the manufacture of controlled substances. The complaint alleges that the defendant owned and operated a company called "Titan Med Supply" which supplied the illegal steroid community with the necessary materials to convert raw steroid powders and other precursor materials into injectable liquid steroid solutions.

### **Middle District of Pennsylvania**

On Sept. 18, 2007, a federal grand jury in the Middle District of Pennsylvania returned a one-count indictment charging three individuals with conspiracy to distribute and possess with intent to distribute anabolic steroids. The indictment alleges that these defendants and others conspired together to illegally distribute steroids for a two-year period extending from June 2005 through September 2007. The defendants were arrested following the return of the indictment and are currently awaiting trial. Each defendant faces up to five years in prison and fines totaling \$250,000 if convicted on the conspiracy charge.

In a number of related matters, on Sept. 24, 2007, the U.S. Attorney for the Middle District of Pennsylvania filed felony informations charging five other individuals with drug-related crimes. Three persons were charged with conspiracy to distribute and possess with intent to distribute ketamine, a Schedule III controlled substance. One individual was charged with conspiracy to distribute and possess with intent to distribute anabolic steroids. Each defendant faces up to five years in prison and fines totaling \$250,000 if convicted on the conspiracy charges. Another person was charged with conspiracy to distribute cocaine. This defendant faces up to 20 years in prison and fines totaling \$1 million if convicted.

### **District of Rhode Island**

A federal grand jury in Rhode Island has charged Genescience Pharmaceutical Company, which is based in China, the company's CEO, Lei Jin, and three other men with participating in an international trafficking conspiracy in which millions of dollars worth of human growth hormone (HGH) was smuggled into the United States and other countries. The smugglers allegedly used Web sites and clandestine e-mail addresses to facilitate the smuggling. The U.S. government has also seized money traced to the smuggling operation – about \$3.6 million – from Chinese bank branches in New York

### **District of Maryland**

On May 9, 2007, a federal grand jury in Baltimore indicted Bradley C. Blum, 36, of Houston Texas, for conspiring to illegally distribute and illegally distributing human growth

hormone (HGH), which he allegedly obtained from a manufacturer in China, and then unlawfully sold to customers in Lexington Park, Md., and elsewhere in the United States. The indictment also seeks \$863,534 in property and proceeds involved in and traceable to this illegal distribution scheme. In a related case, Anthony E. Schuler, of Allentown, Pa. was arrested on Sept. 20, 2007 and charged by criminal complaint with conspiracy to distribute and attempted distribution of human growth hormone, also allegedly obtained from a manufacturer in China.

### **Western District of Missouri**

Four individuals have been charged in the Western District of Missouri for their involvement in the distribution of anabolic steroids. An indictment returned Sept. 21, 2007 charges Bryan Wilson and April Wilson with conspiring to distribute and distributing anabolic steroids. The indictment alleges that Bryan and April Wilson conspired with individuals located in China to distribute anabolic steroids to customers located around the United States. In exchange for wire money transfers to sources located in Qingdao, China, Bryan and April Wilson would receive raw steroid powder. At locations in Boone and Jackson Counties, Missouri, Bryan Wilson allegedly converted the raw steroid powder to pill and liquid anabolic steroid form. Operating under the names Pro Pharm, Pro Pharm Labs, and Palmco, Bryan and April Wilson allegedly distributed the final anabolic steroid products to customers throughout the United States.

Two other defendants were charged by way of federal complaint in the Western District of Missouri as part of Operation Raw Deal. Mikal Schrage and Jason Varner were charged in separate criminal complaints with possessing with the intent to distribute anabolic steroids. The affidavit in support of Mikal Schrage's criminal complaint alleges that Schrage allegedly transported approximately five pounds of powder anabolic steroids and 10,000 milliliters of liquid anabolic steroids from Florida to his residence in Nixa, Mo., when Schrage was stopped and arrested by law enforcement on Sept. 1, 2007. The affidavit in support of Jason Varner's criminal complaint alleges that Varner sought to purchase 188 vials of anabolic steroids outside of Columbia, Mo., on Sept. 19, 2007. After Varner's arrest, law enforcement officers recovered an additional 44 vials of anabolic steroids from Varner's residence.

### **District of Connecticut**

In a related action, in April 2006, the FBI's Healthcare Fraud Unit in the District of Connecticut initiated "Operation Phony Pharm," an undercover investigation targeting the illegal sale of anabolic steroids, HGH and prescription pain medication over the Internet. Although they began independently of each other, Operation Phony Pharm and Operation Raw Deal have provided mutual assistance as these investigations evolved.

In an indictment unsealed in Hartford, Conn., Edwin F. Porter, 41, of Chandler, Ariz.; Matthew J. Peltz, 36, of Chandler, Ariz.; Tyler J. Lunn, 27, of Phoenix, Ariz.; and Walter T. Corey, 37, of Cherleroi, Pa., are charged with conspiring to distribute and distribution of anabolic steroids. The indictment alleges the defendants purchased raw steroid powder from China, manufactured anabolic steroids in home laboratories in both oral and injectable form, and

distributed them to customers around the country through a MySpace.com profile and an internet website they created, [www.anabolic-superstore.com](http://www.anabolic-superstore.com).

Also, as a result of this ongoing investigation, on Sept. 21, 2007, Brian S. Tompkins, 29, of Deltona, Fla., pleaded guilty in Hartford to one count of distribution of anabolic steroids. Tompkins admitted that from September 2006 to July 2007, he distributed anabolic steroids by mail to individuals who contacted him through his MySpace.com profile. Tompkins further admitted that, in July 2007, he purchased two kilograms of steroid powder from a supplier in China.

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