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TWO PHYSICIANS PLEAD GUILTY IN INTERNATIONAL INTERNET PHARMACY CONSPIRACY

WASHINGTON – Two physicians have pleaded guilty to conspiracy for their participation in an Internet pharmacy business that generated more than \$126 million in gross revenues from the illegal sale of prescription pharmaceuticals, Acting Assistant Attorney General Matthew Friedrich of the Criminal Division and U.S. Attorney Karen P. Hewitt for the Southern District of California announced today.

Chandresh Shah, M.D., 51, of Smyrna, Ga., pleaded guilty today in San Diego before U.S. District Judge Irma E. Gonzalez to one count of conspiracy to illegally distribute controlled substances and agreed to forfeit \$16,674.

On July 8, 2008, Gerald Morris, M.D., 37, of Houston, also pleaded guilty before Judge Gonzalez to one count of conspiracy to illegally distribute controlled substances and agreed to forfeit \$52,446.

Shah and Morris were indicted on July 27, 2007, with 16 other defendants for their role in a conspiracy to operate an international online pharmaceutical distribution network known as Affpower. According to the indictment, the Affpower enterprise sold controlled and non-controlled prescription drugs through numerous affiliated Web sites to customers who lacked prescriptions for the drugs from a personal physician. From August 2004 to June 2006, the Affpower enterprise allegedly received more than one million Internet orders for controlled and non-controlled prescription pharmaceuticals from customers in all 50 U.S. states.

In their plea agreements, both Morris and Shah admitted that they and other doctors issued drug prescriptions, not in the course of diagnosing and treating medical conditions, but to facilitate the sale of prescription pharmaceuticals pre-selected by customers and for the doctors' own personal profit. Morris and Shah also admitted Affpower enterprise doctors conducted no physical or mental examinations before issuing prescriptions, had no contact with customers and had no physician-patient relationship with any customer for whom the doctors prescribed drugs. Morris and Shah also admitted that Web sites advertising the Affpower enterprise's business contained materially false representations, including inaccurate assurances that the enterprise met or exceeded all regulations governing prescription pharmaceuticals sales.

At sentencing, Shah and Morris both face a maximum of five years in prison and \$250,000 fines for conspiracy to illegally distribute controlled substances. Morris is scheduled to be sentenced on April 13, 2009. Shah's sentencing is scheduled for April 20, 2009. Seven other defendants named in the 313-count indictment have previously pleaded guilty. Trial for the remaining defendants is set for Feb. 24, 2009.

"By prescribing drugs to patients they had never even met, much less diagnosed, these two physicians facilitated the illegal sale of pharmaceuticals over the Internet," said Acting Assistant Attorney General Matthew Friedrich. "Those who participate in or operate such schemes can expect to be prosecuted."

"The public deserves to deal with physicians and pharmacists who honestly and professionally work to guard people's health," said U.S. Attorney Karen P. Hewitt. "These convicted defendants sold that immense responsibility with which they were entrusted."

"These individuals participated in a scheme for their own financial benefit by preying upon the vulnerabilities of patients seeking to purchase prescription medications," said Assistant Director Kenneth W. Kaiser, FBI Criminal Investigative Division. "In the interest of public health and safety, the FBI is committed to working with our law enforcement partners to investigate and dismantle the operation of fraudulent Internet pharmacies like Affpower that victimize American consumers."

"Never has the expression 'buyer beware' had a greater ring of truth," said Julie L. Myers, Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE). "The illegal sale of pharmaceuticals over the Internet poses a serious threat to Americans who mistakenly assume these substances are safe. The defendants who pleaded guilty today were medical professionals who knew full well the risks inherent in what they were doing. ICE is committed to seeing that those who exploit the Internet for profit and put the public in harm's way are prosecuted to the fullest extent of the law."

"The Internet age has changed the way we all conduct our daily business and the medical profession is not immune. Unfortunately, the proliferation of unlawful Internet pharmacies has allowed some in trusted professions who seek to exploit perceived vulnerabilities to veil themselves with anonymity and betray their sacred oath and the public trust," stated Drug Enforcement Administration (DEA), San Francisco Special Agent-in-Charge Javier F. Peña.

"IRS Criminal Investigations' contribution in this case, as well as in many others, involves providing the financial expertise to follow the money trail and seizing the profits of illegal activities," said Eileen Mayer, Chief of the Internal Revenue Service-Criminal Investigation Division (IRS-CI). "Working together and utilizing the expertise offered by our partner investigative agencies makes law enforcement more effective in ending corruptive activity such as what occurred in this case."

In addition to the pleas by Shah and Morris, plea agreements for two other defendants connected to the Affpower enterprise have recently been unsealed in U.S. District Court in San Diego. Michael L. Bezonsky, 46, of Calabasas, Calif., whose plea was unsealed on June 5, 2008,

pleaded guilty in San Diego before U.S. District Judge John A. Houston to one count of participating in a RICO conspiracy for his role in creating and operating the Affpower enterprise. Bezonsky also agreed to forfeit \$12,257,411 in connection with his plea. In pleading guilty Bezonsky admitted that at his and others' direction, the Affpower enterprise engaged in a pattern of racketeering activity involving multiple acts of illegally distributing controlled substances and money laundering. At sentencing – scheduled for April 13, 2009 – Bezonsky faces a maximum of 20 years in prison and fine of \$250,000 or twice his gross profits from the illegal activity for the RICO conspiracy.

At the same time, Bezonsky also entered a guilty plea to one count of conspiracy to distribute controlled substances and one count of money laundering charged in a separate indictment that was returned Aug. 2, 2006, in the Eastern District of Pennsylvania stemming from other related illegal Internet pharmacy activities. Bezonsky agreed to forfeit more than \$635,792 in connection with the plea in the Eastern District of Pennsylvania. In that plea agreement, Bezonsky admitted to being the principal operator of another Internet pharmacy business known as RX Medical One, which received approximately \$33,676,000 from the sale of controlled pharmaceutical substances from approximately September 2003 to May 2004. At his sentencing on April 13, 2009, Bezonsky also faces a maximum of five years in prison and a \$250,000 fine for the conspiracy to illegally distribute controlled substances, and a maximum of 20 years in prison and a fine of two times the value of the property involved in the transactions for conspiracy to commit money laundering.

Brittin Cahill, 45, of Alisa Viejo, Calif., whose plea was unsealed on June 9, 2008, also pleaded guilty before Judge Houston to one count of conspiracy to illegally distribute controlled substances and one count of conspiracy to commit money laundering. Cahill also agreed to forfeit \$582,746. Cahill admitted under the terms of her plea agreement that she operated Affpower enterprises' Web sites, recruited and managed other affiliates who advertised the Affpower enterprises' business, and opened an overseas account in the name of a fictitious business in which she received some of her commissions from the illegal sales of controlled substances. At sentencing – scheduled for Sept. 22, 2008 – Cahill faces a maximum of five years in prison and a \$250,000 fine for the conspiracy to illegally distribute controlled substances and a maximum of 20 years in prison and a \$500,000 fine for the conspiracy to commit money laundering.

In addition, two other defendants previously pleaded guilty for their roles in the Affpower enterprise. David Ari Glass pleaded guilty on June 29, 2006, to conspiracy to commit mail fraud and to dispense misbranded drugs with the intent to defraud, as well as conspiracy to commit money laundering. Glass also agreed to forfeit approximately \$118,000 of illegally earned proceeds from his participation in the Affpower enterprise. Jeffrey Alan Wright pleaded guilty on Nov. 16, 2006, to a misdemeanor charge of conspiracy to dispense misbranded drugs and agreed to forfeit to \$205,143.

The cases are the result of an investigation by a multi-agency task force based in San Diego consisting of agents from ICE, the Federal Drug Administration's Office of Criminal Investigations, IRS-CI, the FBI, the DEA's San Francisco Field Division and the U.S. Postal Inspection Service. This case is being prosecuted by Senior Counsel Corbin Weiss and Trial

Attorneys Jared Strauss and Michelle Kane of the Criminal Division's Computer Crime and Intellectual Property Section.

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