

BSA Documents Lead to Repatriation & Seizure of over \$9 Million Generated by Illegal Internet Pharmacy

In 2005, a federal task force initiated a 2-year multi-agency investigation against an online pharmaceutical distribution network, resulting in indictments against 18 individuals. The investigation was based on information received from a cooperating witness, who alleged that a pharmaceutical network sold controlled and non-controlled prescription drugs through numerous affiliated websites to customers without an authorized prescription.

A SAR filed by a financial institution detailed over 225 wire transfers, totaling over \$4.8 million, through correspondent accounts. The SAR helped identify bank accounts that were the focus of the asset removal portion of the investigation. Over \$9 million has been repatriated from overseas accounts and seized by federal agencies as part of the forfeiture proceedings.

The pharmaceutical network website was in operation for almost 2 years. During this time, investigators made numerous undercover purchases of prescription drugs. Additionally, the pharmaceutical network allegedly received more than one million Internet orders for controlled and non-controlled prescription pharmaceuticals from the United States.

The pharmaceutical network paid licensed doctors from different states, as well as Puerto Rico, to review health questionnaires completed by online customers and to issue prescriptions based on those answers. In some instances, the network issued prescriptions for pharmaceuticals even when a customer's answers to the health questionnaire suggested that the drugs could pose a danger to the customer, or where the customer's medical condition did not require treatment.

In an attempt to evade federal law enforcement, the defendants situated the network headquarters in Central America and used computer servers in the Middle East. The company also relied on foreign-based agencies to process credit card payments. The company allegedly used various bank accounts and an accounting firm in the Middle East to distribute proceeds while attempting to conceal and protect the illicit proceeds from U.S. authorities. The accounting firm set up shell companies in overseas locations with associated shell bank accounts, putting only a limited amount of money in each account. The accounting firm reasoned that if U.S. law enforcement officials were to seize one bank account, the rest of the bank accounts would be safe. BSA information, however, assisted law enforcement in connecting these individuals to the various accounts connected to the activity.

Last year, a federal grand jury indicted the 18 individuals on 313 counts of racketeering, conspiracy to distribute controlled substances and conspiracy to commit money laundering for allegedly operating an Internet business that

generated more than \$126 million in gross revenue from the illegal sale of prescription pharmaceuticals to customers in 50 states. The defendants included physicians, pharmacists, a credit card processor, and affiliate website operators. Half the indicted individuals have pled guilty to date and the rest are awaiting trial.

[Published in The SAR Activity Review - Trends, Tips & Issues, Issue 14, October 2008]