

Black Market HIV/AIDS Drugs in the News, 2006 – 2013



America's closed, secure drug supply chain brings life saving medicines that allow HIV/AIDS patients to live full lives without the imminent threat of death. However there is a criminal element that sells substandard or counterfeit drugs to the HIV/AIDS patient community.

Criminals operating as unlicensed distributors have acquired medications and HIV/Hepatitis C testing kits from the black market, repackaged them and resold them to American pharmacies and patients. Since 2006, 86 individuals have been charged with the distribution of black market medications prescribed to patients with HIV or AIDS. As of January 2014, 12 have pleaded guilty or been convicted in a jury trial.

The pursuit of profit over safety puts both physicians and patients at tremendous risk.



SIGNIFICANT CASES INVOLVING BLACK MARKET HIV/AIDS DRUGS

DECEMBER 2013

New York: Pharmacist Purna Chandra Aramalla charged with conspiracy to commit healthcare fraud and money laundering. Between 2009 and 2013, he allegedly made \$2.6 million by repackaging black market HIV medications he had purchased, selling them to patients as if they were FDA-approved drugs and submitting fraudulent reimbursement requests to Medicare.

MARCH 2013

New York: Pharmacy owner David Correa charged with 2 counts related to healthcare fraud and the misbranding and adulteration of prescription drugs. Between 2010 and 2012, he purchased black market HIV, schizophrenia and asthma medications and sold them to patients, billing Medicare full price for them. He pleaded guilty in August 2013 and will be sentenced in 2014. This prosecution is part of a larger investigation the FBI announced in July 2012.

DECEMBER 2012

Puerto Rico, California and New York: 23 suspects indicted on a total of 61 charges for allegedly selling \$440 million in non-FDA approved prescription drugs (including those that treat HIV, cancer and depression) to pharmacies across the U.S. The suspects allegedly created false pedigrees for drugs from unlicensed suppliers and sold them to unsuspecting pharmacies.

JULY 2012

New York: 48 people indicted for the diversion and trafficking of HIV, schizophrenia and asthma drugs—costing an estimated \$500 million in reimbursements. Participants allegedly acquired and resold the black market medications to distributors, sometimes with counterfeit prescription labels. The diverted drugs made their way to pharmacies and to patients, who were unaware they were receiving suspect medicines.

APRIL 2012

New York: 3 pharmacists and an unlicensed distributor indicted on charges relating to the sale of \$274 million of adulterated or mislabeled HIV drugs. The indictment charged that the wholesaler acquired medicines illegally and sold them to Allion Healthcare, who owned MOMS pharmacies until August 2012. It alleged that the pharmacists arranged the sale of the black market medicine and falsified pedigrees and invoices to legitimize the purchases. 1 pharmacist, Harry Abolafia, pleaded guilty in April 2013 to felony conspiracy; his company pleaded guilty to felony money laundering. He will serve 90 days with 5 years probation and will pay \$375,000 to the state. The remaining defendants' cases are still pending.

NOVEMBER 2011

Florida: Jonathan Barash indicted on 7 counts for selling illegally imported Chinese HIV and Hepatitis C testing kits. He repackaged the kits, claimed that his company manufactured the devices and that they were FDA-approved and shipped them to residents of Louisiana, New Jersey, Ohio and Florida. He pleaded guilty to 1 count in February 2012 and was sentenced to 3 years probation and 180 days home detention the following May.

False test results from black market kits can prevent patients from seeking critical treatment and increase the risk of transmission to others.

SEPTEMBER 2010

New York and New Jersey: Edison Rosario, Rudy Manuel Gonzalez and Jose Batista charged with conspiring to engage in the unlicensed wholesale distribution of pharmaceuticals after police found them removing labels from thousands of bottles of medication, including HIV medications, with lighter fluid. All 3 pleaded guilty in first half of 2011 and were sentenced to 30 months, 24 months and 6 months with 3 years supervised release, respectively.

BLACK MARKET HIV/AIDS DRUGS (cont.)

FEBRUARY 2010

Florida: After being indicted in July 2003, Michael Carlow pleaded guilty to racketeering, fraud and 17 other counts for selling adulterated cancer, HIV and other drugs into pharmacy supplies. Sentenced to 9 years in state prison in February 2010.

MAY 2008

Rhode Island: Louise Romanelli, a drug trafficker, and pharmacist Carmine DeTomasio charged with the illegal sale of pharmaceuticals and healthcare fraud. Romanelli sold black market HIV/AIDS drugs to DeTomasio, who dispensed them to patients. Romanelli pleaded guilty to 13 counts related to the illegal sale of prescription drugs in September 2008. He was sentenced to 30 months and a forfeiture of almost \$30,000 in May 2009. DeTomasio pleaded guilty to 4 counts in October 2008. He was sentenced to a year in prison, 18 months home confinement and over \$800,000 in restitution and forfeitures in April 2009.

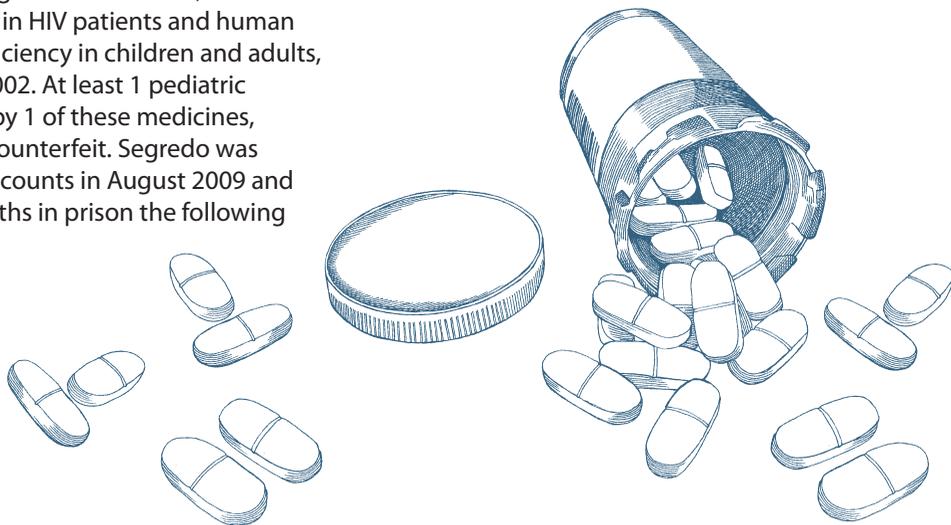
SEPTEMBER 2007

Florida: Arnesto Segredo indicted for distributing black market human growth hormones, which treat wasting disease in HIV patients and human growth hormone deficiency in children and adults, between 2000 and 2002. At least 1 pediatric patient was harmed by 1 of these medicines, which proved to be counterfeit. Segredo was convicted of 2 felony counts in August 2009 and sentenced to 70 months in prison the following February.

NOVEMBER 2006

California and New Hampshire: Robert McFadden, a Californian attorney, indicted for purchasing black market growth hormones that treat wasting and weight loss in HIV patients. McFadden resold the drugs with false paperwork to wholesale distributors, where they made their way to pharmacies and unsuspecting patients. He was convicted by jury in January 2009 of 58 counts related to wire fraud, money laundering and conspiracy to engage in unlicensed distribution of prescription drugs, and was sentenced in June 2009 to 3 years in prison, 2 years supervised release and a forfeiture of over \$95,000.

Co-conspirators Thomas Lavery of Irvine, California and Beth Handy of Milford, New Hampshire pleaded guilty to similar counts. Lavery was sentenced in June 2009 to 52 months in prison, 3 years of supervised release and \$1,009,460 in restitution and fines. Handy was sentenced in June 2010 to 2 years in prison.





How can patients and medical practices protect themselves?



HEALTHCARE PROVIDERS: Buying drugs and medical devices from unlicensed distributors is illegal and dangerous to your patients. Prescription drugs and medical devices should only be purchased from wholesale drug distributors licensed in the United States. Know your distributors and verify that the drugs you purchase have a genuine pedigree.

The FDA keeps a list of verification sites by state:

<http://safedr.org/fdalicense>.

In addition to sourcing medicines safely, healthcare professionals can spot therapeutic failure and educate patients about how to buy medications from safe sources.

Learn more about protecting patients at

http://safedr.org/healthcare_pros.



Counterfeit

PATIENTS: Be safe. Buy at reputable brick and mortar pharmacies or online pharmacies certified by VIPPS (www.vipps.info). **Examine your prescription for accurate labeling in English.** Does it look the same as usual? Is the medicine and packaging in good condition? If you have

questions or your medicine behaves differently, alert your doctor or pharmacist.

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INFORMATION
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