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DISTRICT OF NEVADA
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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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UNITED STATES OF AMERICA,

Plaintiff,

vs.

KELLY LUANNE SCHAIBLE,
Aka: KELLY REED,
Aka: HEATHER LANE,

Defendant.

Case No. 2:17-cr- 61

SEALED INDICTMENT
FOR VIOLATIONS OF:

TITLE 18, UNITED STATES CODE, SECTION 1343 – Wire Fraud (Counts One through Nine)

TITLE 18, UNITED STATES CODE, SECTION 1341 – Mail Fraud (Counts Ten through Fifteen)

TITLE 21, UNITED STATES CODE, SECTIONS 331(a), 333(a)(2) – Introduction of Misbranded Drugs Into Interstate Commerce (Counts Sixteen through Nineteen)

TITLE 21, UNITED STATES CODE, SECTIONS 331(a), 333(a)(2) – Introduction of Misbranded Medical Devices Into Interstate Commerce (Counts Twenty through Twenty-Four)

TITLE 18, UNITED STATES CODE, SECTION 2232(a) – Destruction of Evidence (Count Twenty-Five)

THE GRAND JURY CHARGES THAT:

Introductory Allegations

At all times relevant to this Indictment:

1. Defendant KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE (hereinafter "SCHAIBLE") owned and operated several internet websites where she defrauded customers of thousands of dollars selling cheaper, non-FDA approved foreign versions of the prescription drug, Botox®, and the prescription device, Juvederm. SCHAIBLE misrepresented that these products were safe and could be legally administered by customers in a "do it yourself" fashion without a prescription.

Defendant and Associated Business Entities

2. SCHAIBLE was a resident of Henderson, Nevada. Prior to relocating to Henderson, Nevada, in or about 2010, SCHAIBLE was a resident of North Barrington, Illinois.

3. Starting sometime in 2009, and continuing to at least 2014 and beyond, SCHAIBLE owned and operated the following businesses: (1) AAE d/b/a Basics, Inc.; (2) Basics, Inc.; and, (3) Basics Inc., Ltd. (collectively referred to herein as "the Basics companies"). SCHAIBLE used the Basics companies to conduct various aspects of her business, including but not limited to, registering and operating various websites she operated as online retail stores. SCHAIBLE operated the websites as online retail stores to sell various beauty products via online transactions throughout the United States and in other countries. Initially, the Basics companies were operated from SCHAIBLE's home in North Barrington, Illinois. Starting in approximately 2010, the Basic companies were operated from various homes occupied by SCHAIBLE in Henderson, Nevada.

4. On or about February 15, 2010, SCHAIBLE registered and incorporated the company, "Basics Inc." in Wellington, New Zealand. The name of the company was listed as "Basics Inc. Ltd." and two officers were identified: "Heather Lane" and "Kelly Schaible." The sole shareholder listed was "Kelly Schaible." The address provided for the company was to a "virtual office" company located in Johnsonville, Wellington, New Zealand, which in turn

provided a mail forwarding service to SCHAIBLE's address in North Barrington, Illinois. "Basics Inc." never operated or conducted any business from New Zealand. In addition, there was no person named "Heather Lane" affiliated with the Basics companies at any time.

5. The websites registered by the Basics companies to market, sell and distribute the beauty products sold by SCHAIBLE were operated under several domain names. These names were: (1) www.mybasicsonline.net; (2) www.shop.mybasicsonline.net; (3) www.mybasicbeauty.com; (4) www.shop.mybasicsbeauty.com; and, (5) www.perfecthairandskin.com. (Collectively referred to herein as, "the Basics websites.") Each website operated in virtually the same manner, offered the same or similar products, and contained virtually identical information and representations throughout all time periods relevant to this case.

6. The Basics websites operated as online retail stores, which could be accessed by any person operating any computer in the world that was connected to the Internet. Upon accessing the Basics websites, customers could navigate through a variety of pages or links that would take the customer to detailed descriptions of various beauty products that could be selected for purchase. After selecting an item for purchase, the item was placed in the customer's online shopping cart. When the customer was ready to complete their purchase, the customer would proceed to the shopping cart tab to check out. The customer would then provide their personal information, electronic payment information, and click "place order" to electronically submit their order. After submission of the order, the Basics websites would generate an electronic invoice that would display on the website confirming the purchase was accepted. If a credit card number was provided for payment, the customer's credit card would also be electronically charged for the purchase amount and the amounts would be deducted and electronically transferred to the Basics companies bank accounts, which were held and controlled by SCHAIBLE.

7. SCHAIBLE utilized email addresses to communicate with customers and suppliers to facilitate the business for the Basics companies and Basics websites. These email addresses were as follows: (1) basicsincorp@aol.com; and, (2) basics14@cox.net.

8. After submission of an online order on the Basics websites, the customer would also receive an email from one of SCHAIBLE's email addresses confirming the online purchase. These emails would provide detailed information about the order, including the invoice number, the items purchased, and the amounts electronically charged to the customer's credit card for the sale, shipping and taxes.

9. After electronic orders were received from the Basics websites and payment was received, SCHAIBLE would ship the items to the customer through the United States Postal Service or other common carriers. If the order was shipped via the United States Postal Service, the customer would receive a second email from one of SCHAIBLE's email addresses confirming the shipment date and tracking number for the package.

The Federal Food Drug and Cosmetic Act

A. Background

10. The U.S. Food and Drug Administration ("FDA") was the federal agency responsible for protecting the health and safety of the American public by ensuring, among other things, that drugs and devices were safe and effective for their intended uses and had labeling that contained true and accurate information. FDA carried out its responsibilities by enforcing the Federal Food, Drug, and Cosmetic Act ("FDCA") and other pertinent laws and regulations.

11. The FDCA defined "label" as "a display or written, printed, or graphic matter upon the immediate container of any article; and a requirement made by or under authority of [the FDCA] that any word, statement, or other information appear on the label shall not be considered to be complied with unless such word, statement, or other information also appears on the outside container or wrapper, if any there be, of the retail package of such article, or is easily legible through the outside container or wrapper." *See* 21 U.S.C. § 321(k).

12. The FDCA defined "labeling" as all labels and other written, printed, or graphic matter: (1) upon any article or any of its containers or wrappers; or, (2) accompanying such article. *See* 21 U.S.C. § 321(m).

B. Biological Products and Drugs

13. A "biological product" was defined by the Public Health Service Act as including a toxin, therapeutic serum, blood, or blood component or derivative applicable to the prevention, treatment, or cure of a disease or condition of human beings. *See* 42 U.S.C. § 262(i). When a "biological product" also met the definition of a "drug," as stated in paragraph 14 of this Indictment, the "biological product" was also a "drug" under 21 U.S.C. § 321(g)(1).

14. The FDCA defined a "drug" as an article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; an article (other than food) intended to affect the structure or any function of the body of man or other animals; and an article intended for use as a component of any such article. *See* 21 U.S.C. § 321(g)(1)(B), (C), and (D).

15. A "prescription drug" under the FDCA was a drug that: (i) because of its toxicity and other potential for harmful effects, or the method of its use, or the collateral measures necessary to its use, was not safe for use except under the supervision of a practitioner licensed by law to administer such drug; or, (ii) was limited by an application approved by FDA, to use under the professional supervision of a practitioner licensed by law to administer the drugs. *See* 21 U.S.C. § 353(b)(1).

C. Devices

16. The FDCA defined a "device" as, among other things, "an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including any component, part, or accessory, which [was] . . . intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals, or intended to affect the structure or function of the body of man or other animals, and which [did] not achieve its primary intended purposes through chemical action

within or on the body of man or other animals and which [was] not dependent upon being metabolized for the achievement of its primary intended purposes." *See* 21 U.S.C. § 321(h).

17. A "prescription device" was a device that, because of any potential for harmful effect, or the method of its use, or the collateral measures necessary to its use, was not safe except under the supervision of a practitioner licensed by law to direct the use of such device. *See* 21 C.F.R. § 801.109.

D. Misbranded Drugs and Devices

18. Prescription drugs were deemed to be misbranded if at any time, prior to dispensing, the label of the drug failed to bear, at a minimum, the symbol "Rx only." *See* 21 U.S.C. § 353(b)(4)(A).

19. A drug or device was misbranded if it failed to bear adequate directions for use. *See* 21 U.S.C. § 352(f)(1). "Adequate directions for use" meant directions under which a layman can use a drug or device safely and for the purposes for which it was intended. *See* 21 C.F.R. §§ 201.5 (drugs) and 801.5 (devices). By definition, prescription drugs and prescription devices could not have directions that allowed a layman to use them safely and for the purposes for which they were intended. *See*, e.g., 21 U.S.C. § 353(b); 21 C.F.R. §§ 201.5, 801.5, and 801.109. Certain prescription drugs and devices may be exempt from this requirement if, among other things, they: (1) were in the possession of a person, or his agents or employees, who was regularly and lawfully engaged in the storage or wholesale distribution of prescription drugs or devices, 21 C.F.R. §§ 201.100(a)(l)(i); 801.109; (2) bore a label that contained the required language limiting their use to prescription only, 21 C.F.R. §§ 201.100(b)(1), 801.109(b)(1); and for prescription drugs, (3) bore the FDA-approved labeling, 21 C.F.R. § 201.100(c)(2).

20. A drug was also misbranded if its labeling did not bear adequate warnings against use in those pathological conditions, and by children where its use may be dangerous to health, and against unsafe dosage and methods and duration of administration and application, in such manner and form, as were necessary for the protection of users. *See* 21 U.S.C. § 352(f)(2).

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F. Prohibited Act

21. The FDCA prohibited introducing and delivering for introduction, and causing the introduction or delivery for introduction, into interstate commerce of any drug and device that was misbranded. *See* 21 U.S.C. § 331(a).

Botulinum Toxin Type A and Botox

22. Botulinum Toxin Type A is a highly potent and potentially dangerous toxin. If this toxin is present in the human body in a sufficient amount, it will cause botulism. Botulism is a muscle-paralyzing condition in which Botulinum Toxin binds to nerve endings at the point where nerves join muscles, preventing the nerves from signaling the muscles to contract. Botulism may result in weakness and paralysis that severely affects, among other things, the muscles that control breathing. Unless the patient receives proper care to ensure continued breathing, severe botulism results in death. Recovery occurs only when the affected nerves grow new endings, a process that can take several months, although recovery time varies from case to case.

23. Botulinum Toxin Type A constitutes a "biological product" under Title 42, United States Code, Section 262, and a "drug" under Title 21, United States Code, Section 321(g), when the product is intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in human beings, or to affect the structure or the function of the body of human beings.

24. In 1991, FDA approved Botox®, a drug derived from Botulinum Toxin Type A and manufactured by Allergan, Inc., of Irvine, California, for the treatment of certain medical conditions in human beings.

25. In 2002, the FDA approved a supplement to Allergan's Botox® license application for the treatment of glabellar lines, commonly referred to as forehead wrinkles. Under this FDA approval, Allergan's Botulinum Toxin Type A product was marketed and labeled for the supplemental usage as Botox® Cosmetic. FDA's approvals for Botox® and

Botox® Cosmetic limited them to use under the supervision of a licensed practitioner with a prescription and required that their labels bear the symbol "Rx only."

Juvederm Products

26. In 2006 and in subsequent years thereafter, FDA approved the use of various Juvederm products manufactured by Allergan, Inc. Juvederm was sterile, biodegradable, clear, colorless, homogenized gel implants. Juvederm consisted of cross-linked hyaluronic acid, and was intended for injection into the mid-to-deep skin for correction of moderate to severe facial wrinkles and folds. Juvederm was regulated as a device because, when injected, it was intended to reside under the skin and did not achieve its primary intended purpose through chemical action or metabolization. FDA's approvals for Juvederm limited them to use under the supervision of a licensed practitioner and required a prescription.

The Fraudulent Scheme

27. During the relevant time period, SCHAIBLE, engaged in a scheme designed to fraudulently induce customers to purchase misbranded drugs and misbranded devices through the following manner and means:

28. Starting in or about 2009, and continuing through in or about 2014, SCHAIBLE marketed, sold and distributed various beauty products related to weight loss, hair loss, skin care, eyelashes, and wrinkle reduction through the Basics websites. With respect to wrinkle reduction, SCHAIBLE marketed, sold and distributed two categories of products that she knew were not FDA approved and were illegal to sell in the United States with or without a prescription: (1) non-FDA approved prescription drugs containing Botulinum Toxin Type A; and, (2) non-FDA approved prescription devices containing hyaluronic acid. SCHAIBLE obtained these products from distributors located in China knowing that it was illegal for her to import such products into the United States.

29. The non-FDA approved prescription drugs containing Botulinum Toxin Type A were marketed, sold and distributed by SCHAIBLE via the Basics websites to customers across

the United States and in foreign countries. SCHAIBLE marketed and sold these products under the names "Basics BT" and "Beauty Lines 1," referred to collectively as "Basics BT."

30. SCHAIBLE made various representations related to Basics BT on the Basics websites. These representations were intended to lead customers to believe that Basics BT was equivalent or equal to Botox products. SCHAIBLE also represented that Basics BT could be administered in a "do it yourself" or "DIY" fashion by customers without a prescription. SCHAIBLE knew when she made these representations that they were false.

31. SCHAIBLE created and placed labels on the vials of Basics BT prior to shipping the products to customers. These labels did not contain adequate directions of use and did not contain the "Rx only" symbol. Therefore, Basics BT were misbranded drugs within the meaning of the FDCA. SCHAIBLE would then ship these misbranded drugs to customers throughout the United States and to other countries through the United States Postal Service and other common carriers.

32. The non-FDA approved prescription devices containing hyaluronic acid were marketed, sold and distributed by SCHAIBLE via the Basics websites under various names, including but not limited to: (1) "Deep Derm HA Fillers (equal to Juvederm); (2) "Like Juvederm Deep Derm"; (3) "Fine Line HA Fillers (equal to Juvederm); and 4) "Perfection Fine." These products will be referred to collectively as "HA Fillers."

33. SCHAIBLE made various representations on the Basics websites intended to lead customers to believe that the HA Fillers were equal, or equivalent to, Juvederm products or other approved derma fillers. Like Basics BT, SCHAIBLE represented that the HA Fillers could be administered by customers in a "do it yourself" or "DIY" fashion without a prescription. SCHAIBLE knew when she made these representations that they were false.

34. After receiving online orders for HA Fillers, SCHAIBLE shipped syringes containing the HA Fillers. The packaging containing these syringes did not have adequate directions for use as required under the FDCA. Therefore, the HA Fillers were misbranded devices within the meaning of the FDCA. SCHAIBLE shipped these misbranded devices to

locations throughout the United States and to other countries through the United States Postal Service and other common carriers.

35. SCHAIBLE placed multiple representations on the Basics websites intended to: (1) lead customers to believe that the products that she offered for sale, including Basics BT and the HA Fillers, were safe and could be administered without a prescription; and, (2) induce customers to purchase these products. Specifically, SCHAIBLE stated:

A. The Basics websites only sold "SAFE CE certifide [sic] and GMP regulated products. These are very high standards often more astringent than FDA approved products."

B. "A prescription is not required as [the Basics companies] are … Oceania-based … and operate under different laws and regulations."

C. "The pharmaceutical products [the Basics companies and Basics websites] supply are all genuine branded products, unless otherwise clearly stated on our website. However, the packaging may differ slightly from what you are used to due to the fact that we are based in Oceania, and source our stock from places such as Australia and the UK where packaging laws and the manufacturer's product branding can be different from other countries."

D. "[The Basics companies and Basics websites] only supply medications manufactured and marketed by leading international pharmaceutical companies so you can be assured of receiving the highest quality medications. Only FDA, CE Certifide [sic] or GMP standard products are offered."

E. "Non-controlled FDA approved medications can be imported for personal use."

36. SCHAIBLE placed these representations on all versions of the Basics websites. SCHAIBLE knew when she made these representations that they were false.

37. SCHAIBLE made these material misrepresentations to enrich herself with the proceeds of sales from Basics BT and the HA Fillers.

38. Starting in or about 2009, and continuing through in or about June 2014, SCHAIBLE sold approximately 9,500 units of Basics BT and received approximately $1,700,000 in revenue from these sales from the Basics websites.

39. Starting in or about 2009, and continuing through in or about June 2014, SCAIBLE sold approximately 4,000 units of HA Fillers and received approximately $630,000 in revenue from these sales from the Basics websites.

Counts One through Nine – Wire Fraud

40. Paragraphs 1 through 39 are re-alleged and incorporated herein by reference.

41. On or about the dates set forth below, within the State and District of Nevada and elsewhere, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, did knowingly and intentionally devise a scheme and artifice to defraud customers of the Basics websites, and to obtain money and property from them, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did cause writings, signals, pictures and sounds to be transmitted by means of wire communication in interstate and foreign commerce, as set forth below:

Count	On or About Date	Description of Wire Communications
1	2/29/2012	Online sale from Basics websites of misbranded device HA Fillers to a customer located in Pennsylvania whose Discover credit card ending in x5046 was electronically debited for payment.
2	5/4/2012	Online sale from Basics websites of misbranded drug Basics BT and misbranded device HA Fillers to a customer located in Pennsylvania whose Discover credit card ending in x5046 was electronically debited for payment.

3	7/1/2012	Online sale from Basics websites of misbranded drug Basics BT and misbranded device HA Fillers to a customer located in Pennsylvania whose Discover credit card ending in x5046 was electronically debited for payment.
4	11/27/2012	Online sale from Basics websites of misbranded medical device HA Fillers to a customer located in Pennsylvania whose Discover credit card ending in x5046 was electronically debited for payment.
5	12/18/2012	Online sale from Basics websites of misbranded drug Basics BT and misbranded devices HA Fillers to a customer located in Pennsylvania whose Discover credit card ending in x5046 was electronically debited for payment.
6	5/13/2013	Online sale from Basics websites of misbranded drug Basics BT and misbranded device HA Fillers to a customer located in Illinois whose Visa credit card ending in x9449 was electronically debited for payment.
7	3/10/2014	Online sale from Basics websites of misbranded drug Basics BT to a customer located in Illinois whose Visa credit card ending in x9449 was debited for payment.
8	5/13/2014	Online sale from Basics websites of misbranded drug Basics BT and misbranded device HA Fillers to a customer located in Illinois whose Visa credit card ending in x9449 was electronically debited for payment.
9	6/10/2014	Online Sale from Basics websites of misbranded device HA Fillers to customer located in Illinois whose Visa credit card ending in x9449 was electronically debited for payment.

All in violation of Title 18, United States Code, Section 1343.

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Counts Ten through Fifteen - Mail Fraud

42. Paragraphs 1 through 39 are re-alleged and incorporated herein by reference.

43. On or about the dates set forth below, within the State and District of Nevada and elsewhere, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, did knowingly and intentionally devise a scheme and artifice to defraud customers of the Basics websites, and to obtain money and property from them, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing and attempting to execute such scheme and artifice, did place and cause to be placed in mail matters and things, to wit: packages of misbranded drugs and misbranded devices to be delivered by the United States Postal Service, according to the instructions thereon, as set forth below:

Count	On or About Date	From/Location	To/Location	Use of Mail/Item Mailed
10	2/29/2012	Henderson, Nevada	Dresher, Pennsylvania	HA Fillers
11	7/2/2012	Henderson, Nevada	Dresher, Pennsylvania	Basics BT and HA Fillers
12	11/28/2012	Henderson, Nevada	Dresher, Pennsylvania	HA Fillers
13	5/15/2013	Henderson, Nevada	Downers Grove, Illinois	Basics BT and HA Fillers
14	3/11/2014	Henderson, Nevada	Downers Grove, Illinois	Basics BT
15	5/21/2014	Henderson, Nevada	Downers Grove, Illinois	Basics BT and HA Fillers

All in violation of Title 18, United States Code, Section 1341.

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Counts Sixteen through Nineteen –

Introduction of Misbranded Drugs Into Interstate Commerce

44. Paragraphs 1 through 39 are re-alleged and incorporated herein by reference.

45. On or about the dates listed below, in the District of Nevada and elsewhere, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, with the intent to defraud and mislead, did introduce and deliver for introduction into interstate commerce and did cause to be introduced and delivered for introduction into interstate commerce, Basics BT, a drug that was misbranded within the meaning of: (1) 21 U.S.C. § 352(f)(1) in that its labeling failed to bear adequate directions for use; and, (2) 21 U.S.C. § 353(b)(4)(A) in that its labeling failed to bear the symbol "Rx only," as set forth below:

Count	On or About Date	From/Location	To/Location	Use of Mail/Item Mailed
16	7/2/2012	Henderson, Nevada	Dresher, Pennsylvania	Basics BT
17	5/15/2013	Henderson, Nevada	Downers Grove, Illinois	Basics BT
18	3/11/2014	Henderson, Nevada	Downers Grove, Illinois	Basics BT
19	5/21/2014	Henderson, Nevada	Downers Grove, Illinois	Basics BT

All in violation of Title 21, United States Code, Sections 331(a) and 333(a)(2).

Counts Twenty through Twenty-Four–

Introduction of Misbranded Medical Devices Into Interstate Commerce

46. Paragraphs 1 through 39 are re-alleged and incorporated herein by reference.

47. On or about the dates set for below, in the District of Nevada and elsewhere, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, with the intent to defraud and mislead, did introduce and deliver for introduction into interstate commerce and did cause to be introduced and delivered for introduction into interstate

commerce, HA Fillers, a device that was misbranded within the meaning of 21 U.S.C. § 352(f)(1) in that its labeling failed to bear adequate directions for use, as set forth below:

Count	On or About Date	From/Location	To/Location	Use of Mail/Item Mailed
20	2/29/2012	Henderson, Nevada	Dresher, Pennsylvania	HA Fillers
21	7/2/2012	Henderson, Nevada	Dresher, Pennsylvania	HA Fillers
22	11/28/2012	Henderson, Nevada	Dresher, Pennsylvania	HA Fillers
23	5/15/2013	Henderson, Nevada	Downers Grove, Illinois	HA Fillers
24	5/21/2014	Henderson, Nevada	Downers Grove, Illinois	HA Fillers

All in violation of Title 21, United States Code, Sections 331(a) and 333(a)(2).

Count Twenty-Five - Destruction of Evidence

48. Paragraphs 1 through 39 are re-alleged and incorporated herein by reference.

49. On or about June 18, 2014, in the State and District of Nevada, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, before and during and after the search for and seizure of property by Special Agents of the Food and Drug Administration, persons authorized to make such search and seizure, did knowingly attempt to destroy, damage, waste, dispose of, a plastic bag containing vials of white powder that later testing determined contained Botulinum Toxin Type A, for the purpose of preventing and impairing the Government's lawful authority to take said property into its custody and control. All in violation of Title 18, United States Code, Section 2232(a).

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Forfeiture Allegation One –

Wire Fraud and Mail Fraud

50. The allegations contained in Counts 1 through 15 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c).

51. Upon conviction of any of the felony offenses charged in Counts 1 through 15 of this Indictment, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, shall forfeit to the United States of America, any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1341 and 1343, specified unlawful activities as defined in Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1)(B), or a conspiracy to commit such offenses, an in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000, including:

(a) 1998 Baja Boat and Trailer, Serial No. AGC56001E798;

(b) 2007 Lexus Model GX 470, VIN: JTJBT20XX70146356;

(c) $614.52;

(d) $448.09;

(e) $34,646.88;

(f) $14,240;

(g) HP Computer, serial number CNF00833BX;

(h) HP "All in One", serial number 3CR9380CR3; and

(i) iPhone

(all of which constitutes property).

52. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c), as a result of any act or omission of the defendant -

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States of America, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any properties of the defendant for the property listed above and the in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000. All pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c); Title 18, United States Code, Sections 1341 and 1343; and Title 21, United States Code, Section 853(p).

Forfeiture Allegation Two –

Introduction of Misbranded Drugs into Interstate Commerce and Introduction of Misbranded Medical Devices into Interstate Commerce

53. The allegations contained in Counts 16 through 24 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c).

54. Upon conviction of any of the felony offenses charged in Counts 16 through 24 of this Indictment, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, shall forfeit to the United States of America, any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 21, United States Code, Section 331(a), a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7)(F), involving a Federal health care offense as defined in Title 18, United States Code, Section 24, or a conspiracy to commit such offense, an in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000, including:

(a) 1998 Baja Boat and Trailer, Serial No. AGC56001E798;

(b) 2007 Lexus Model GX 470, VIN: JTJBT20XX70146356;

(c) $614.52;

(d) $448.09;

(e) $34,646.88;

(f) $14,240;

(g) HP Computer, serial number CNF00833BX;

(h) HP "All in One", serial number 3CR9380CR3; and

(i) iPhone

(all of which constitutes property).

55. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c), as a result of any act or omission of the defendant -

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States of America, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any properties of the defendant for the property listed above and the in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000. All pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c); Title 21, United States Code, Section 331(a); and Title 21, United States Code, Section 853(p).

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Forfeiture Allegation Three –

Wire Fraud; Mail Fraud; Introduction of Misbranded Drugs into Interstate Commerce; and Introduction of Misbranded Medical Devices into Interstate Commerce

56. The allegations contained in Counts 1 through 24 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(7).

57. Upon conviction of any of the felony offenses charged in Counts 1 through 24 of this Indictment, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, shall forfeit to the United States of America, property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of Title 18, United States Code, Sections 1341 and 1343, and Title 21, United States Code, Section 331(a), involving a Federal health care offense as defined in Title 18, United States Code, Section 24, an in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000, including:

(a) 1998 Baja Boat and Trailer, Serial No. AGC56001E798;

(b) 2007 Lexus Model GX 470, VIN: JTJBT20XX70146356;

(c) $614.52;

(d) $448.09;

(e) $34,646.88;

(f) $14,240;

(g) HP Computer, serial number CNF00833BX;

(h) HP "All in One", serial number 3CR9380CR3; and

(i) iPhone

(all of which constitutes property).

58. If any property being subject to forfeiture pursuant to Title 18, United States Code, Section 982(a)(7), as a result of any act or omission of the defendant -

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States of America, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any properties of the defendant for the property listed above and the in personam criminal forfeiture money judgment including, but not limited to, at least $2,330,000. All pursuant to Title 18, United States Code, Section 982(a)(7); Title 18, United States Code, Sections 1341 and 1343; Title 21, United States Code, Section 331(a); and Title 21, United States Code, Section 853(p).

Forfeiture Allegation Four –

Introduction of Misbranded Drugs into Interstate Commerce and Introduction of Misbranded Medical Devices into Interstate Commerce

59. The allegations contained in Counts 16 through 24 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 21, United States Code, Section 334(a)(2) with Title 28, United States Code, Section 2461(c).

60. Upon conviction of any of the felony offenses charged in Counts 16 through 24 of this Indictment, KELLY LUANNE SCHAIBLE, aka KELLY REED, aka HEATHER LANE, defendant herein, shall forfeit to the United States of America, any drug that is a counterfeit drug, any container of a counterfeit drug, any punch, die, plate, stone, labeling, container, or other thing used or designed for use in making a counterfeit drug or drugs, any adulterated or misbranded device, and any adulterated or misbranded tobacco product, as the result of violations of Title 21, United States Code, Section 331(a):

(a) Cooler box containing Botulinum Toxin ("BT");

(b) Brown envelope containing United States Postal Service return from Germany with two vials of BT;

(c) Box containing Hyaluronic acid and plastic bins;

(d) Cooler box containing BT and hyaluronic acid;

(e) Plastic bag containing vials with white powder;

(f) Box containing miscellaneous misbranded drugs - "Careprost", "Radlesse", and "Travantan"; and

(g) Plastic bag containing 5 boxes of Reyoungel;

(all of which constitutes property). All pursuant to Title 21, United States Code, Section 334(a)(2) with Title 28, United States Code, Section 2461(c) and Title 21, United States Code, Section 331(a).

DATED: this 22nd day of February, 2017.

A TRUE BILL:

/S/
FOREPERSON OF THE GRAND JURY

DANIEL G. BOGDEN
United States Attorney

CARLA B. HIGGINBOTHAM
Assistant United States Attorney