

JAN 17 2013


DEPUTY CLERK

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

UNITED STATES OF AMERICA)	NO. <u>3:13-00012</u>
)	
v.)	18 U.S.C. § 2
)	18 U.S.C. § 371
[1] CHARLES JEFFREY EDWARDS)	18 U.S.C. § 1343
(Counts 1 – 28))	18 U.S.C. § 1957
)	18 U.S.C. § 1001
[2] BRENDA ELISE EDWARDS (a/k/a)	
Brenda Medina Segura))	
(Counts 1 – 27))	
)	
[3] JERROD NICHOLS SMITH)	
(Counts 1 – 16; Count 28))	

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES:

At times material to this Indictment:

I. Background

1. The wholesale distribution of prescription drugs in the United States is subject to regulation. Regulating the wholesale market ensures that drugs dispensed to patients are authentic (i.e., not counterfeit), properly labeled, and have been handled and maintained according to industry standards and Food and Drug Administration (FDA) requirements, that they have been in the possession of state-licensed entities, and have a verifiable chain of custody, also known as a pedigree.

2. The FDA was an agency within the U.S. Department of Health and Human Services responsible for protecting the public health by assuring the safety, effectiveness, and security of human and veterinary drugs.

3. Congress enacted the Prescription Drug Marketing Act in 1987 to combat a practice known as prescription drug diversion. In essence, diverted pharmaceuticals are those that have been removed from the regulated distribution channels but then reintroduced into the wholesale marketplace through various means, including the falsification of the accompanying pedigrees. Once a pharmaceutical is diverted outside of the regulated distribution channels, it becomes difficult, if not impossible, for the regulators or the end-users to know whether the pharmaceutical was altered, stored in improper conditions, or its potency adversely affected.

4. In a practice known as street diversion, diverters repurchase medications that have already been dispensed, remove the patient labels, and reintroduce them into the wholesale market.

5. The aim of prescription drug diversion is to acquire drugs at steep discount and reintroduce them into the wholesale market in a manner that obscures the fact that the drugs were ever diverted. When done effectively, neither the pharmacist nor the consumer know that the diverted drugs are handled, packaged, and labeled by parties not authorized or qualified to do so.

6. To prevent drug diversion, federal law requires, among other things, that wholesalers of prescription drugs be licensed by the state in which they operate.

7. In addition, federal law generally requires wholesale distributors to provide what are commonly called “pedigrees” with each wholesale distribution of a prescription drug, and prohibits any alteration or modification of the same. The pedigree lists all previous sales of that drug back to the last authorized distributor of record. Requiring such an affirmative disclosure discourages the introduction of drugs that come from illegitimate sources like unlicensed wholesalers, closed-door pharmacies, street diverters, and drug counterfeiters. Separate and

apart from the federal requirement, many states also required that wholesalers provide pedigrees with each wholesale distribution.

8. Cumberland Distribution, Inc. (“Cumberland”), formerly known as Midwest Pharmacy, was a wholesale drug distribution company incorporated in Nevada and Tennessee. Cumberland maintained an office in Houston, Texas and warehouses in Nashville, Tennessee.

9. JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS owned and operated Cumberland. BRENDA ELISE EDWARDS (a/k/a Brenda Medina Segura, hereinafter referred to as “BRENDA ELISE EDWARDS”) was an employee at Cumberland.

10. JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS, through Cumberland Distribution, Inc., were engaged in the business of wholesale distribution of prescription drugs, as defined by 21 U.S.C. § 353(e)(3)(B), to pharmacy customers throughout the United States.

11. Cumberland Distribution, Inc. was engaged in the wholesale distribution of prescription drugs from within the State of Tennessee and, as required by 21 U.S.C. § 353(e)(2)(A), was licensed by the State of Tennessee as a wholesale distributor of prescription drugs.

12. Pharmacy Customers G.P, A.P., and H.P. were retail pharmacy businesses known to the Grand Jury.

II. The Conspiracy

13. As part of its business, Cumberland Distribution, Inc. operated a warehouse facility located in Nashville, Tennessee. At various times throughout the scheme, Cumberland’s warehouses were located at 5245 Harding Place, Nashville, Tennessee and at 1419 Donelson Pike, in Nashville, Tennessee (collectively, the “Nashville warehouse facilities”).

14. Cumberland Distribution, Inc., with the knowledge of JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS, used the Nashville warehouse facility to: (a) receive deliveries of prescription drugs that Cumberland Distribution, Inc. had purchased; (b) sort, organize, and package prescription drugs for resale to pharmacy customers; and (c) ship prescription drugs to pharmacy customers that had made purchases from Cumberland Distribution, Inc.

15. The vast majority of the prescription drugs purchased by Cumberland Distribution, Inc. and received at the Nashville warehouse facility were sold to Cumberland Distribution, Inc., directly and indirectly, by individuals and entities that, as JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, were not licensed by any state to engage in the wholesale distribution of prescription drugs, and were not otherwise authorized to distribute prescription drugs pursuant to 21 U.S.C. § 353 (“unauthorized sellers of prescription drugs”).

16. The unauthorized sellers of prescription drugs obtained the prescription drugs they sold to Cumberland Distribution, Inc., from various networks of “street-level drug diverters” who obtained prescription drugs from persons with legitimate prescriptions.

17. As JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, the prescription drugs purchased through Cumberland Distribution, Inc., and from unauthorized sellers of prescription drugs, were “diverted prescription drugs.”

18. As JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, the diverted prescription drugs were shipped, both directly and indirectly, to the Nashville warehouse facilities by the unauthorized sellers of prescription drugs.

19. As JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, the diverted prescription drugs shipped to the Nashville Warehouse facility did not have pedigree documents when received by Cumberland Distribution, Inc. because the diverted prescription drugs had been obtained from networks of street-level drug diverters. Cumberland Distribution Inc. used wire transfers to pay the supplier, who obtained the drugs from street-level drug diverters.

20. As JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, the diverted prescription drugs could not lawfully be resold by Cumberland Distribution, Inc. because the diverted prescription drugs were not accompanied by the required pedigree documents.

21. Once diverted prescription drugs arrived at the Nashville warehouse facilities, warehouse personnel employed by Cumberland Distribution, Inc. sorted the diverted prescription drugs, ensured that containers of diverted prescription drugs were labeled in a manner that would make the diverted prescription drugs appear to have been obtained by Cumberland Distribution, Inc. from a licensed wholesale distributor, and, for diverted prescription drugs accepted by Cumberland Distribution, Inc., entered information into a computerized inventory tracking system known as Netsuite.

22. As JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS knew, Cumberland Distribution, Inc. used wire transfers to directly and indirectly pay for the diverted prescription drugs purchased from the unauthorized sellers of prescription drugs and accepted by Cumberland Distribution, Inc.

23. Sales personnel employed by Cumberland Distribution, Inc. sold diverted prescription drugs to pharmacy customers throughout the United States, including Pharmacy Customers G.P, A.P., and H.P.

24. These pharmacy customers of Cumberland Distribution, Inc. would not have knowingly purchased diverted prescription drugs. Accordingly, employees of Cumberland Distribution, Inc., with JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS' knowledge, created false pedigree documents for the diverted prescription drugs sold by Cumberland Distribution, Inc. These falsified pedigree documents were either provided to the pharmacy customers or maintained at Cumberland Distribution. These falsified pedigree documents inaccurately stated that the diverted prescription drugs had been obtained by Cumberland Distribution, Inc. from licensed wholesale distributors of prescription drugs.

25. Based on the falsified pedigree documents created by Cumberland Distribution, Inc., as well as other representations regarding the source of the prescription drugs sold by Cumberland Distribution, Inc., the pharmacy customers purchased diverted prescription drugs from Cumberland Distribution, Inc. on the understanding that the prescription drugs they were purchasing had been in the custody of licensed wholesale distributors or other authorized distributors since being sold by the original manufacturer.

26. After selling diverted prescription drugs to pharmacy customers, employees of Cumberland Distribution, Inc., with the knowledge of JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS, used Federal Express to ship diverted prescription drugs and inaccurate pedigree documents to the pharmacy customers.

27. Beginning in or about December, 2006, and through in or about August, 2009, **JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS** did willfully, knowingly, and unlawfully combine, conspire, confederate, and agree with each other and others, known and unknown to the grand jury, to commit mail fraud, in violation of Title 18, United States Code, Section 1341.

III. Manner & Means

28. The manner and means by which JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS sought to accomplish and carry out the conspiracy and the underlying scheme to defraud included the following: It was a part of the conspiracy that JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS

a. Knowingly procured pharmaceuticals from unauthorized and unlicensed sources through a network of street collectors in South Florida and in and around New York City (the “diverted pharmaceuticals”);

b. Cleansed and caused to be cleansed the pharmaceutical packaging, and re-attached Patient Information Pamphlets (“PIP’s”), also known as “outserts” when those documents were not attached to the bottles, to conceal the true origin of the drugs;

c. Established a licensed wholesale distributor, Cumberland Distribution, Inc., to act as a front for introducing diverted pharmaceuticals back into the retail pharmaceutical market;

d. Created a layer of distribution between the diverted pharmaceuticals and Cumberland by incorporating or causing others to incorporate various separate businesses over the course of the conspiracy;

- e. Caused the pharmaceuticals to be shipped to Cumberland through intermediaries, further concealing the true origin of the drugs;
- f. Created and caused to be created false and fictitious records at Cumberland to conceal the true origin of the drugs, and false pedigree documents that created the appearance that the pharmaceuticals had been obtained from legitimate sources;
- g. Sold the diverted pharmaceuticals to pharmacies, misrepresenting the true origin of the drugs and making it appear as though those pharmaceuticals had been in the custody of licensed wholesale distributors or other authorized distributors since being sold by the original manufacturer;
- h. Used Federal Express, a commercial interstate carrier, to ship diverted prescription drugs to pharmacy customers along with falsified pedigree documents. In exchange for such diverted prescription drugs, the pharmacy customers paid Cumberland Distribution, Inc., gross proceeds of approximately \$58,984,912. Of this amount, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS obtained approximately \$14,689,782 in profits;
- i. Diverted funds towards their own personal benefit; and
- j. Took steps to conceal the fraud.

IV. Overt Acts

29. In furtherance of the above conspiracy and to effect the objects and purposes thereof, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS, individually and jointly, committed one or more overt acts within the Middle District of Tennessee and elsewhere, including, among other things, the following:

a. On or about December 4, 2006, at the direction of JERROD NICHOLS SMITH, Midwest Pharmacy, which later became Cumberland Distribution, submitted a drug wholesale license application to the Tennessee Board of Pharmacy. On December 20, 2006, the Tennessee Board of Pharmacy issued a drug wholesale license to Midwest Pharmacy.

b. On or about January 30, 2007, JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS directed an individual known to the Grand Jury, whose initials are D.D., to open a business in Lake Charles, Louisiana, called Bayou Wholesale. The purpose of Bayou Wholesale was to make it appear as though the pharmaceuticals Cumberland Distribution was selling had been purchased from a licensed wholesale distributor, when in fact the pharmaceuticals were purchased from various networks of "street level diverters." When shipments were received at Bayou Wholesale, D.D. would place new shipping labels on the packages and send them to the Cumberland Distribution warehouse in Nashville.

c. On or about March 13, 2007, JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS caused Cumberland Distribution, Inc. to be incorporated in the state of Tennessee.

d. On or about January 31, 2008, JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS directed D.D. to open a business in Texarkana, Arkansas, called Tristate Management Group. The purpose of Tristate Management was to make it appear as though the pharmaceuticals Cumberland Distribution was selling had been purchased from a licensed wholesale distributor, when in fact the pharmaceuticals were purchased from various networks of "street level diverters." When shipments were received at Tristate Management, D.D. would place new shipping labels on the packages and send them to the Cumberland Distribution warehouse in Nashville, or he would inventory the packages at the direction of

BRENDA ELISE EDWARDS before sending the contents of the shipment on to Cumberland.

e. From in or about February, 2008 through in or about May, 2009, CHARLES JEFFREY EDWARDS, or BRENDA ELISE EDWARDS, or both, directed the shipment of approximately 124 packages weighing approximately 3,600 pounds, of diverted pharmaceuticals to Tristate Management in Texarkana, Arkansas. At the direction of CHARLES JEFFREY EDWARDS, or BRENDA ELISE EDWARDS, or both, those diverted pharmaceuticals were thereafter re-shipped from Tristate Management to Cumberland Distribution's warehouse in Nashville, TN.

f. Throughout the scheme, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS directed warehouse employees to take steps to conceal the fact that the drugs did not come from licensed wholesalers or authorized distributors. Such instructions included:

- i. Directing employees to clean the pharmaceutical bottles to remove evidence of glue residue, dirt, or hair;
- ii. Directing employees to inspect the pharmaceutical bottles for signs of diversion, such as scratches in the label, glue residue, broken seals, expired product, or illegible lot numbers;
- iii. Directing employees to organize the bottles by lot number and enter the bottles in the computer system by lot number;
- iv. Directing employees to attach PIP's to bottles that did not have PIP's already attached; and

v. Directing employees to place damaged pharmaceuticals in “quarantine” and then directing the employees to return damaged product to the purported supplier.

g. Throughout the scheme, JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS directed warehouse employees and others to create false pedigree documents that made it appear as though the pharmaceuticals Cumberland was selling were purchased from a licensed wholesaler or authorized distributor.

h. Throughout the scheme, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS attempted to conceal the true source of the pharmaceuticals by causing Cumberland’s business records to reflect that all purchases in 2009 were made from Tristate Management, when in fact the majority of their 2009 purchases were from J.H. According to Cumberland’s purchase orders, Cumberland purchased over \$17 million in pharmaceuticals from Tristate management; however, Tristate Management’s bank account records reflect only \$170,000 in deposits from Cumberland Distribution.

i. Throughout the scheme, and on the dates listed in Counts Two through Five, Seven, and Fourteen, below, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS caused diverted pharmaceuticals to be sent to pharmaceutical customers.

j. Throughout the scheme, and on the dates listed in Counts Seventeen through Twenty-Seven, below, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS caused wire transfers of funds to be made to pay the vendors of the pharmaceuticals, and to make payments to themselves.

k. On or about May 17, 2009, approximately three days after a federal search warrant was executed on Cumberland Distribution's warehouse located at 1419 Donelson Pike, Nashville, TN, Cumberland Distribution's operations were relocated to a warehouse located at 2803 Foster Ave., Nashville, TN.

l. On or about May 19, 2009, CHARLES JEFFREY EDWARDS, or BRENDA ELISE EDWARDS, or both, directed the diverted pharmaceuticals to be sent to this address.

m. On or about June 12, 2009, CHARLES JEFFREY EDWARDS, or BRENDA ELISE EDWARDS, or both, directed diverted pharmaceuticals to be sent to Merchants Freight Line by Federal Express.

n. In or about July, 2009, CHARLES JEFFREY EDWARDS and JERROD NICHOLS SMITH directed the creation of false and fraudulent pedigree documents stating that Cumberland had purchased pharmaceuticals from "Tristate Management," who had obtained those pharmaceuticals from "Oceans Pharmed." These false and fraudulent pedigree documents made it appear as though the pharmaceuticals had been purchased from a licensed wholesale distributor, when in fact the pharmaceuticals were purchased from various networks of "street level diverters."

o. On or about July 15, 2009, CHARLES JEFFREY EDWARDS through his attorney and on behalf of Cumberland Distribution, submitted the false and fictitious pedigrees to the Grand Jury in the Middle District of Tennessee in response to a subpoena request.

In violation of 18 U.S.C. § 371.

COUNTS TWO THROUGH SIXTEEN

THE GRAND JURY FURTHER CHARGES:

1. Paragraphs 1 through 29 of Count One are hereby incorporated and realleged as if fully set forth herein.

2. Beginning in or about December, 2006, and continuing until in or about August, 2009, in the Middle District of Tennessee and elsewhere, **JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS**, and others known and unknown to the Grand Jury, devised and intended to devise a scheme and artifice to defraud pharmacy clients, pharmacy customers, and others, and to obtain money and property by means of false pretenses representations, and promises, and by acts of concealment of the scheme, all described in Paragraphs 1 through 29 of Count One, and, in furtherance thereof, used the United States Postal Service and private interstate carrier.

3. On or about the dates set forth below with respect to each count, in the Middle District of Tennessee and elsewhere, JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in an authorized depository for mail mater and to be sent and delivered by the United States Postal Service and private interstate carrier according to the direction thereon, the following:

Count	Date	Description of Mailing
2	12/16/2008	One (1) package, containing pharmaceuticals sent via Federal Express, to G.P., 320 Summit Ave, Center City, MN, from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
3	12/30/2008	One (1) package, containing pharmaceuticals sent via Federal Express, to G.P., 320 Summit Ave, Center City, MN, from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
4	1/8/2009	One (1) package, containing pharmaceuticals sent via Federal Express, to A.P., 4180 Broadway, New York, NY, from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217

5	1/8/2009	One (1) package, containing pharmaceuticals sent via Federal Express, to G.P., 320 Summit Ave, Center City, MN, from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
6	2/3/09	Seven (7) packages containing pharmaceuticals, sent via Federal Express, from RIS 945 Zerega Avenue, Bronx, NY 10473, to CB Distrib., 1419 Donelson Pike, Nashville, TN 37217
7	2/9/2009	One (1) package, containing pharmaceuticals sent via Federal Express, to H.P., 1901 Madison Ave, New York, NY from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
8	2/10/2009	Eleven (11) packages containing pharmaceuticals sent via Federal Express from a Bronx, NY FedEx location with a return address of Redland Investment Services, 10362 SW 144 th St, Miami, FL 331767046 to Cumb Dist, 1419 Donelson Pike, Nashville, TN 37217
9	2/13/2009	Four (4) packages containing pharmaceuticals, sent via Federal Express, from Miami, FL, with a return address of HL 29 W 5 th St., Hialeah, FL 33012, to Tristate Management Group, Ltd., 1600 Arkansas Blvd. Ste 104, Texarkana, AR 71854
10	2/13/2009	Four (4) packages containing pharmaceuticals, sent via Federal Express, from Miami, FL, with a return address of HL 29 W 5 th St., Hialeah, FL 33012, to Cumberland Distribution TR, 1419 Donelson Pike, Nashville, TN 37217
11	2/16/2009	Four (4) packages containing pharmaceuticals sent via Federal Express, from Tristate Management, 1600 Arkansas Blvd Ste 104, Texarkana, Tx, 71854168, to Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
12	2/17/2009	Eight (8) packages containing pharmaceuticals sent via Federal Express, from Miami, FL, with a return address of H & L, 5 W 29 th St, Hialeah, FL, 33012, to TSMG, 1600 Arkansas Blvd 104, Texarkana, AR 71854
13	2/18/2009	Eight (8) packages containing pharmaceuticals, sent via Federal Express, from Tristate Management, 1600 Arkansas Blvd, Ste 104, Texarkana, TX 71854, to Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
14	3/6/2009	One (1) package, containing pharmaceuticals sent via Federal Express, to G.P., 320 Summit Ave, Center City, MN, from Cumberland Distribution, 1419 Donelson Pike, Nashville, TN 37217
15	6/9/2009	Six (6) packages containing pharmaceuticals sent via Federal Express, using the mailing address "Maxx World, 2803 Foster Ave C-1, Nashville, TN 37210", to Maxx World , 2803 Foster Ave C-1, Nashville, TN 37210
16	6/24/2009	Sixteen (16) packages containing pharmaceuticals sent via Federal Express from C.P., an individual known to the grand jury, 515 156 th St, New York, NY to K.C., an individual known to the grand jury, Merchants Freight Line, 915-B Visco Dr., Nashville, TN 37224

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS SEVENTEEN THROUGH TWENTY-SEVEN

THE GRAND JURY FURTHER CHARGES:

1. Paragraphs 1 through 29 of Count One, and Paragraphs 1 through 3 of Counts Two through Sixteen are hereby incorporated and realleged as if fully set forth herein.

2. From on or about January 1, 2007, and continuing until on or about August 31, 2009, in the Middle District of Tennessee and elsewhere, **CHARLES JEFFREY EDWARDS**, and **BRENDA ELISE EDWARDS**, knowingly engaged in the below-listed monetary transactions, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is, transfers of funds in the amounts listed below, on the dates set forth below, with such funds having been derived from a specified unlawful activity, that is, the mail fraud scheme identified in Counts Two through Sixteen.

Count	Date	Description of Interstate Wire
17	May 29, 2008	\$40,000.00 from Cumberland Distribution's Texas Community Bank account ending in *6200 to Meriden Companies, Inc. Bank of America account ending in *9039
18	May 29, 2008	\$25,000.00 from Meriden Companies, Inc. Bank of America Account ending in *9039 to Woodforest National Bank account ending in *8953
19	January 15, 2009	\$30,516.84 from Cumberland Distribution's Wells Fargo Bank account ending in *4359 to Broman Corporation's Bank of America account ending in *1352
20	January 16, 2009	\$27,444.94 from Broman Corporation's Bank of America account ending in *7132 to House Sweet It Is Amergy Bank account ending in *9185
21	February 2, 2009	\$74,151.37 from Cumberland Distribution's Wells Fargo Bank account ending in *4359 to Broman Corporation's Bank of America account ending in *1352
22	February 3, 2009	\$65,000.00 from Broman Corporation's Bank of America account ending in *1352 to Latitude 26 Yacht Sales Silverton Bank account ending in *1461

23	May14, 2009	\$33,800 from Cumberland Distribution's Wells Fargo Bank account ending in *4359 to Broman Corporation's Bank of America account ending in *1352.
24	May 14, 2009	\$138,709.76 from Broman Corporation's Bank of America Account ending in *1352 to a Banco Del Norte account ending in *6590 in Reynosa Mexico
25	June 9, 2009	\$65,065.10 from Cumberland Distribution's First Victoria Bank Account ending in *9204 to Telecom International Prepaid Cards National Bank of Canada account ending in *2467
26	June 10, 2009	\$105,402.14 from Cumberland Distribution's First Victoria Bank Account ending in *9204 to Telecom International Prepaid Cards National Bank of Canada account ending in *2467
27	June 23, 2009	\$150,067.46 from Cumberland Distribution's Wells Fargo Account ending in *4359 to Telecom International Prepaid Cards account at the National Bank of Canada

In violation of Title 18, United States Code, Sections 1957 and 2.

COUNT TWENTY-EIGHT

1. Paragraphs 1 through 29 of Count One are hereby incorporated and realleged as if fully set forth herein.

2. On or about the day of July 15, 2009, **JERROD NICHOLS SMITH** and **CHARLES JEFFREY EDWARDS** did willfully and knowingly make and cause to be made, and use and cause to be used, in a matter within the jurisdiction of a department or agency of the United States, false writings and documents, knowing the same to contain a materially false, fictitious, and fraudulent statements. JERROD NICHOLS SMITH and CHARLES JEFFREY EDWARDS submitted to the Grand Jury in the Middle District of Tennessee, twenty-one (21) false pedigree documents that each stated that Tristate Management had acquired the pharmaceuticals listed on the pedigrees from a licensed wholesaler, Ocean Pharmed in Irmo, SC, well knowing and believing that the pedigree documents were false because the pharmaceuticals had not been acquired from Ocean Pharmed, but had been acquired directly from J.H. through a network of street collectors on the streets of South Florida, or New York City and surrounding areas.

In violation of Title 18, United States Code, Sections 1001 and 2.

FORFEITURE ALLEGATION

1. The allegations contained in this Indictment are re-alleged and incorporated by reference as if fully set forth in support of this forfeiture.

2. Upon conviction of any offense alleged in Count One (conspiracy to commit mail fraud, in violation of Title 18, United States Code, Section 371) or Counts Two through Sixteen (mail fraud, in violation of Title 18, United States Code, Section 1341) of this Indictment, **JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS**, jointly and severally, shall forfeit to the United States of America:

A. pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the scheme and artifice to defraud as alleged in the violation of mail fraud or a conspiracy to commit mail fraud.

3. Upon conviction of any offense alleged in Counts Seventeen through Twenty-seven (money laundering, in violation of Title 18, United States Code, Section 1957) of this Indictment, **JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS**, jointly and severally, shall forfeit to the United States of America:

a. pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in the scheme or artifice to defraud as alleged in each count, or any property traceable thereto, including proceeds of the violation.

4. The property to be forfeited as to all counts of the indictment, includes the following:

a. CURRENCY.

- b. PERSONALTY.
- c. REAL PROPERTY.
- d. MONEY JUDGMENT.

- i. A money judgment in the amount of at least \$ 56,086,083.40, representing the proceeds of the offense.

5. If any of the property described above, as a result of any act or omission of JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and BRENDA ELISE EDWARDS:

- e. cannot be located upon the exercise of due diligence;
- f. has been transferred or sold to, or deposited with, a third party;
- g. has been placed beyond the jurisdiction of the court;
- h. has been substantially diminished in value; or
- i. has been commingled with other property that cannot be divided without difficulty,

the United States shall be entitled to forfeiture of substitute property, and it is the intent of the United States pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of JERROD NICHOLS SMITH, CHARLES JEFFREY EDWARDS, and

BRENDA ELISE EDWARDS up to the value of the property listed above as being subject to forfeiture.

A TRUE BILL

A black rectangular redaction box covering a signature.

FOREPERSON

Handwritten signature of Jerry E. Martin in cursive script.

JERRY E MARTIN
UNITED STATES ATTORNEYHandwritten signature of Kathryn B. Ward in cursive script.

KATHRYN B. WARD
ASSISTANT UNITED STATES ATTORNEYHandwritten signature of Sandra G. Moses in cursive script.

SANDRA G. MOSES
ASSISTANT UNITED STATES ATTORNEY

Petty Offense ()
Misdemeanor ()
Felony (X)
Juvenile ()

CRIMINAL COVER SHEET
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

County of Offense: Davidson

AUSA's NAME: Kat Ward / Sandi Moses

Charles Jeffrey Edwards (1)
Defendant's Name

106 Zephyr Bend Pl, Spring, TX 77381
Defendant's Address

Interpreter Needed? Yes x No

If Yes, what language?

COUNT(s)	TITLE/SECTION	OFFENSE CHARGED	MAX. PRISON	MAX. FINE
1	18 U.S.C. § 371	Conspiracy to defraud	5 years	\$250,000
2-16	18 U.S.C. § 1341	mail fraud	20 years	\$250,000
18-27	18 U.S.C. § 1957	money laundering	10 years	\$250,000
28	18 U.S.C. § 1001	obstruction of justice	5 years	\$250,000

If the defendant is charged with violating 18 U.S.C. sec. 922(g) and has 3 prior qualifying felonies, then the penalties are as follows: imprisonment not less than 15 years nor more than life; fine not more than \$250,000; supervised release not more than 5 years; 18:924(e)(1)

If the defendant is charged with conspiracy but not with the primary offense, list the primary offense below:

TITLE/SECTION	OFFENSE	MAX. PRISON	MAX. FINE

Is the defendant currently in custody? () Yes (X) No If Yes, State or Federal?

Has a complaint been filed? () Yes (X) No

If Yes: Name of Magistrate Judge _____ Case No.: _____
Was the defendant arrested on the complaint? () Yes () No

Has a search warrant been issued? (X) Yes () No

If Yes: Name of Magistrate Judge _____ Case No.: _____

Was bond set by Magistrate/District Judge: () Yes (X) No Amount of bond: _____

Is this a Rule 20? () Yes (X) No To/from what district? _____

Is this a Rule 40? () Yes (X) No To/from what district? _____

Is this case related to a pending or previously filed case? () Yes (X) No

What is the related case number: _____

Who is the Magistrate Judge: _____ District Judge: _____

Estimated trial time: 1-2 weeks

The Clerk will issue a **Summons** / **Warrant** (circle one)

Bond Recommendation: _____

Petty Offense ()
Misdemeanor ()
Felony (X)
Juvenile ()

CRIMINAL COVER SHEET
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

County of Offense: Davidson

AUSA's NAME: Kat Ward / Sandi Moses

Brenda Elise Edwards ((a/k/a Brenda Medina Segura)
Defendant's Name

106 Zephyr Bend Pl, Spring, TX 77381
Defendant's Address

Interpreter Needed? Yes x No

If Yes, what language?

COUNT(s)	TITLE/SECTION	OFFENSE CHARGED	MAX. PRISON	MAX. FINE
1	18 U.S.C. § 371	Conspiracy to defraud	5 years	\$250,000
2-10	18 U.S.C. § 1341	mail fraud	20 years	\$250,000
18-27	18 U.S.C. § 1957	money laundering	10 years	\$250,000

If the defendant is charged with violating 18 U.S.C. sec. 922(g) and has 3 prior qualifying felonies, then the penalties are as follows: imprisonment not less than 15 years nor more than life; fine not more than \$250,000; supervised release not more than 5 years; 18:924(e)(1)

If the defendant is charged with conspiracy but not with the primary offense, list the primary offense below:

TITLE/SECTION	OFFENSE	MAX. PRISON	MAX. FINE

Is the defendant currently in custody? () Yes (X) No If Yes, State or Federal?

Has a complaint been filed? () Yes (X) No

If Yes: Name of Magistrate Judge _____ Case No.: _____

Was the defendant arrested on the complaint? () Yes () No

Has a search warrant been issued? (X) Yes () No

If Yes: Name of Magistrate Judge _____ Case No.: _____

Was bond set by Magistrate/District Judge: () Yes (X) No Amount of bond: _____

Is this a Rule 20? () Yes (X) No To/from what district? _____

Is this a Rule 40? () Yes (X) No To/from what district? _____

Is this case related to a pending or previously filed case? () Yes (X) No

What is the related case number: _____

Who is the Magistrate Judge: _____ District Judge: _____

Estimated trial time: 1-2 weeks

The Clerk will issue a **Summons** / **Warrant** (circle one)

Bond Recommendation: _____

(Revised January 2008)

Petty Offense ()
Misdemeanor ()
Felony (X)
Juvenile ()

CRIMINAL COVER SHEET
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

County of Offense: Davidson

AUSA's NAME: Kat Ward / Sandi Moses

Jerrold Nichols Smith
Defendant's Name

1710 Wind Trace Cv, Sugarland, TX, 77479
Defendant's Address

Interpreter Needed? Yes x No

If Yes, what language?

COUNT(s)	TITLE/SECTION	OFFENSE CHARGED	MAX. PRISON	MAX. FINE
1	18 U.S.C. § 371	Conspiracy to defraud	5 years	\$250,000
2-16	18 U.S.C. § 1341	mail fraud	20 years	\$250,000
28	18 U.S.C. § 1001	obstruction of justice	5 years	\$250,000

If the defendant is charged with violating 18 U.S.C. sec. 922(g) and has 3 prior qualifying felonies, then the penalties are as follows: imprisonment not less than 15 years nor more than life; fine not more than \$250,000; supervised release not more than 5 years; 18:924(e)(1)

If the defendant is charged with conspiracy but not with the primary offense, list the primary offense below:

TITLE/SECTION	OFFENSE	MAX. PRISON	MAX. FINE

Is the defendant currently in custody? () Yes (X) No If Yes, State or Federal?

Has a complaint been filed? () Yes (X) No

If Yes: Name of Magistrate Judge _____ Case No.: _____

Was the defendant arrested on the complaint? () Yes () No

Has a search warrant been issued? (X) Yes () No

If Yes: Name of Magistrate Judge _____ Case No.: _____

Was bond set by Magistrate/District Judge: () Yes (X) No Amount of bond: _____

Is this a Rule 20? () Yes (X) No To/from what district? _____

Is this a Rule 40? () Yes (X) No To/from what district? _____

Is this case related to a pending or previously filed case? () Yes (X) No

What is the related case number: _____

Who is the Magistrate Judge: _____ District Judge: _____

Estimated trial time: 1-2 weeks

The Clerk will issue a **Summons** / **Warrant** (circle one)

Bond Recommendation: _____

(Revised January 2008)