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## **DOCTOR AND PHARMACY OWNER PLEAD GUILTY IN INTERNET PHARMACY CONSPIRACY**

WASHINGTON – A Florida pharmacy owner and a Kentucky physician 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, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney Karen P. Hewitt for the Southern District of California announced today.

Claude Covino, 55, of Del Ray Beach, Fla., pleaded guilty in San Diego before U.S. District Judge Irma E. Gonzalez, to one count of conspiracy to commit money laundering and one count of conspiracy to illegally distribute controlled substances. Covino also agreed to forfeit \$831,560.

Subramanya K. Prasad, M.D., 40, of London, Kentucky, also pleaded guilty before Judge Gonzalez to one count of conspiracy to illegally distribute controlled substances. Prasad also agreed to forfeit \$95,994.

“These defendants abused their positions of trust within the health care industry by illegally peddling prescription drugs for their own gain and outside the usual course of professional practice,” said U.S. Attorney Karen P. Hewitt. “Such illegal activity endangers the health and safety of the public, which must rely on the honesty and integrity of their doctors and pharmacists to personally and professionally address their health concerns. Today, these defendants were held responsible for their violation of the public's trust.”

In pleading guilty, Covino admitted that he was part-owner of Saveon RX Pharmacy, located in Florida, which was established primarily to service Internet pharmacy networks such as the Affpower organization. Affpower recruited licensed pharmacies such as Covino's to fill drug orders. Savon RX was the largest supplier of prescription pharmaceuticals to the Affpower organization. From approximately May 2005 through June 2006, the Savon RX Pharmacy filled and shipped over 200,000 orders for prescription drugs, generating in excess of \$26 million in revenue for Affpower. Saveon RX received approximately \$7 for each order shipped from the Affpower organization, in addition to the pharmacy's product costs. Covino also earned a personal commission for each order shipped by Saveon RX.

Prasad admitted under the terms of his plea agreement that, as a licensed physician in Kentucky and Ohio, he was recruited by Affpower to review and approve orders for prescription drugs. In a four-month period between March and June 2006, he approved more than 30,790 orders for prescription drugs from Affpower customers. He occasionally reviewed and approved more than 1,000 orders in a day, sometimes spending fewer than five seconds reviewing the online medical questionnaire. Affpower usually paid Dr. Prasad \$3 for every customer order he reviewed and his earnings during that four-month period exceeded \$95,000. Dr. Prasad also admitted that he and other Affpower doctors: had no contact with Affpower customers and lacked any physician-patient relationship with them; were not issuing prescriptions in the usual course of a professional practice; and were not issuing the prescriptions for a legitimate medical purpose, but simply to make money.

Covino faces a maximum of 25 years in prison for both counts of conspiracy. Prasad faces a maximum of five years in prison for conspiracy to illegally distribute controlled substances. Both are scheduled to be sentenced on March 17, 2008.

Covino and Prasad are two of 18 defendants charged by indictment on July 27, 2007, for their involvement in the Affpower online pharmaceutical business. Defendants include: three physicians (including Prasad), two pharmacists, a pharmacy owner (Covino), an administrator and manager, two recruiters of physicians and pharmacies, a credit card processor, and eight affiliate website operators. From August 2004 through June 2006, the Affpower enterprise allegedly received over one million Internet orders for controlled and non-controlled prescription pharmaceuticals from customers in all 50 states, and generated in excess of \$126 million in gross revenue.

The case is being investigated by a multi-agency task force based in San Diego consisting of agents from U.S. Immigration and Customs Enforcement (ICE), FDA's Office of Criminal Investigations, IRS-Criminal Investigations, the Federal Bureau of Investigation, and the U.S. Postal Investigations Service. Special agents from San Francisco DEA also provided substantial assistance to the investigation. Corbin Weiss, Senior Counsel for the Department of Justice's Computer Crime and Intellectual Property Section, is prosecuting the case on behalf of the government, with support from Wanda Dixon of the Department's Narcotic and Dangerous Drug Section.

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