

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)
)
) v.) CRIMINAL NO. 03-530-A
)
CHHABRA GROUP, LLC)

STATEMENT OF FACTS

The United States and the defendant agree that had this matter proceeded to trial, the United States would have proven the following facts beyond a reasonable doubt:

1. Defendant Vineet K. Chhabra, also known as Vincent K. Chhabra, was an owner, operator, corporate officer and/or director of businesses that operated websites and toll-free telephone numbers through which the defendants distributed and dispensed controlled substances, and laundered the proceeds thereof. Some of these businesses included: Medisource Medical Centers; Next Generation Health Systems, Inc.; ID Limited; DVM Enterprises, Inc.; ePrescription Global Limited; T.A.C.E., LLC; JavinTech, LLC; Lortan Limited, LLC; MedPrescribe, Inc.; ePrescribe, Inc.; Safewebmedical, Inc.; Giant Pharmaceuticals, LLC; Prescription Resources, Inc.; SV Enterprises; Chhabra Investment Group, LLC; defendant VKC Consulting, LLC; MVC Holdings; MAC Investments, LLC; defendant USA Prescription, Inc.; and defendant Chhabra Group, LLC. Defendant Vineet K. Chhabra was the President and Director of defendant USA Prescription, Inc., President and Chief Executive Officer of defendant Chhabra Group, LLC; and Manager of defendant VKC Consulting, LLC.

Additionally, defendant Vineet K. Chhabra owned at least one pharmacy through which defendants distributed and dispensed controlled substances.

2. The defendant, Chhabra Group, LLC, was a business incorporated in the State of Florida, which was involved with selling controlled substances over the Internet and through toll-free telephone numbers, and with laundering the proceeds therefrom.

3. Defendants Chhabra Group, LLC, and Vineet K. Chhabra, and their co-conspirators caused to be distributed and dispensed thousands of controlled substance prescriptions, which resulted in the distribution and dispensing of at least hundreds of thousands of pills of Schedule III drugs and millions of pills of Schedule IV drugs, all in violation of federal law. Such drugs were distributed and dispensed to customers in, among other places, Fairfax County, Arlington County, and Fauquier County in the Eastern District of Virginia.

4. The Schedule III substance distributed and dispensed was phendimetrazine, a stimulant for weight loss, sold by its brand name Bontril. The Schedule IV substances distributed and dispensed were phentermine, sold generically and by the brand names Adipex and Ionamin, and sibutramine hydrochloride, sold by the brand name Meridia and zolpidem tartrate, sold as Ambien, used for insomnia. Phentermine, Adipex, Ionamin, and Meridia are indicated for weight loss. Other prescription drugs illegally distributed and dispensed included Viagra, Xenical, Propecia, and Celebrex.

5. Customers who ordered drugs from the websites were not required to provide a prescription before receiving the controlled substances. Instead, customers filled out an online order form and chose the type, quantity, and dosage of controlled substance the customer wished to purchase. Customers also answered questions about their medical conditions.

6. The prescriptions were dispensed under the authorizations of defendants Dr. Daniel Thompson and Dr. William Thompson, as well as Dr. Marvin Brown, Dr. Russell Johnson, Dr. Arturo Portales, and Dr. Laurence Cockerille, through pharmacies owned by defendant Sunil K. Sethi and others.

7. Under the Controlled Substances Act and its implementing regulations, for a prescription to be valid, a prescription has to be issued for a legitimate medical purpose by an individual acting in the usual course of the professional practice. 21 C.F.R. § 1306.04.

8. The prescriptions authorized by the physicians were not valid because they did not establish a doctor-patient relationship. Other than the questionnaires, the physicians did not have any contact with the persons ordering the medication. They performed no mental or physical examination, did not take a patient history or perform any diagnostic or laboratory testing, did not check the accuracy of the information customers provided (including their identities, ages, and qualifying medical conditions, such as weight), and did not monitor, or provide any means to monitor, medication response, weight loss or weight gain. Instead, the controlled substances, as set forth above, were distributed and dispensed for other than legitimate medical purposes and not in the usual course of professional practice. As such, the actions of defendants Chhabra Group, LLC, and Vineet K. Chhabra, and their co-conspirators violated the Controlled Substances Act.

9. During the course of the conspiracy, defendants Chhabra Group, LLC, and Vineet K. Chhabra, and their co-conspirators received millions of dollars in wages and profits from the distribution and dispensing of controlled substances and other prescription drugs ordered by the Internet customers.

10. Beginning in or before December 1998, and continuing until October 2003, in the Eastern District of Virginia and elsewhere, defendants Chhabra Group, LLC, and Vineet K. Chhabra, and their co-conspirators knowingly conspired and agreed to conduct financial transactions, and did conduct financial transactions, affecting interstate and foreign commerce and involving the proceeds of the illegal distribution and dispensing of controlled substances. The defendants acted with the intent to promote the carrying on of such activity and, while conducting such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity. The defendants also knowingly conspired and agreed to engage in, and did engage in, monetary transactions by, through, and to financial institutions, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from the illegal distribution and dispensing of controlled substances.

Respectfully submitted,

PAUL J. McNULTY
UNITED STATES ATTORNEY

By:

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Director
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After consulting with the attorney for Chhabra Group, LLC, and pursuant to the plea agreement entered into this day between the defendant, Chhabra Group, LLC, and the United

States, I hereby stipulate on behalf of Chhabra Group, LLC, that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Vineet K. Chhabra
President and Chief Executive Officer
Chhabra Group, LLC
Defendant

I am Chhabra Group, LLC's attorney. I have carefully reviewed the above Statement of Facts with Vineet K. Chhabra. To my knowledge, Chhabra Group, LLC's decision to stipulate to these facts is an informed and voluntary one.

James C. Clark
Counsel for Defendant