

time this establishment conducted business, it maintained very little inventory.

A subsequent review of MDI's sales records revealed that from July 31 to November 16, 2000, the firm sold to Mike's Smoke Shop (2923 North Avenue location) approximately 65,650 tablets of pseudoephedrine. During a period of just under three months, MDI distributed an average of over 21,800 tablets per month to this small retailer of tobacco products. Many of the customer receipt documents for these transactions were signed by "M. Yako" or "S. Issa." MDI continued its sale of pseudoephedrine products to Mike's Smoke Shop even after that establishment had closed. Many of these transactions took place within a week of one another. Given the nature of this purported business, the distribution of pseudoephedrine to this establishment was apparently in excess of legitimate demand. The Deputy Administrator finds that MDI failed to report to DEA the sale of an extraordinary quantity of listed chemicals and to verify the existence and validity of a business entity ordering listed chemicals, as required by 21 CFR 1310.05(a) and 1310.07. Furthermore, MDI distributed a listed chemical to this establishment knowing or having reasonable cause to believe that the listed chemical would be used to manufacture illicit methamphetamine in violation of 21 U.S.C. 841(c)(2) (2001).

On February 13, 2001, DEA special agents went to a second establishment under the name of Mike's Smoke Shop, located at 1010 1/2 N. 5th St., Grand Junction, Colorado, also owned by Mr. Yako. While signs posted outside the establishment listed hours of operation, it appeared that the business had not been open for some time, DEA agents observed mail lying on the floor inside the door covered by dirt.

Nevertheless, a subsequent review of sales records revealed that between August 9, 2000, and April 18, 2001, MDI sold 3312 bottles of 120-count 60 mg. (397,400 tablets) pseudoephedrine to Mike's Smoke Shop at its 1010 1/2 North 5th Street location. During this eight-month period, MDI sold an average of 414 bottles or 49,680 tablets per month this small, retail smoke shop. As with the previous Mike's Smoke Shop location, many of the customer receipt documents for these transactions were signed by "M. Yako" or "S. Issa." Given the nature of this purported business, the distribution of pseudoephedrine to this establishment was apparently in excess of legitimate demand. MDI again failed to report to DEA the sale of an extraordinary quantity of listed

chemicals and to verify the existence and validity of a business entity ordering listed chemicals, as required by 21 CFR 1310.05(a) and 1310.07. MDI also distributed a listed chemical to this establishment knowing or having reasonable cause to believe that the listed chemical would be used to manufacture illicit methamphetamine in violation of 21 U.S.C. 841(c)(2) (2001).

MDI also listed as a customer Paradise Smoker, also located in Grand Junction Colorado, and purportedly owned by an individual by the name of Samer Issa. When DEA special agents sought to verify the existence of the business, they were unable to locate it. Nevertheless, a review of MDI's shipment records revealed that between August 10, 2000 and November 16, 2001, the firm sold approximately 190,080 pseudoephedrine tablets to this small retailer of tobacco products. As with the Mike's Smoke Shop locations, many of the customer receipts were signed on behalf of Paradise Smoker by "M. Yako" or "S. Issa." Given the nature of this purported business, the distribution of pseudoephedrine to this establishment was far in excess of legitimate demand. Therefore, with respect to regulated transactions involving Paradise Smoker, the Deputy Administrator finds that MDI failed to report to DEA the sale of an extraordinary quantity of listed chemicals and to verify the existence and validity of a business entity ordering listed chemicals, as required by 21 CFR 1310.05(a) and 1310.07. MDI also distributed a listed chemical knowing or having reasonable cause to believe that the listed chemical would be used to manufacture illicit methamphetamine in violation of 21 U.S.C. 841(c)(2) (2001).

On February 13, 2001, DEA Special Agents interviewed an employee of one of MDI's retail customers, Special Smoke Shop of Delta, Colorado. This small retailer of tobacco products was purportedly owned by Suhail Issa. The employee informed investigators that tobacco products were the only products sold in the store that its owner ordered boxes of goods, which were paid for by money orders. The employee also revealed that the inventory of these boxes was never sold from the store; rather, the owner removed these boxes as soon as they were delivered to the store.

DEA's review of sales records revealed that MDI sold approximately 3,600 bottles of 120-count 60 mg. (432,000 tablets) pseudoephedrine to Special Smoke Shop between August 10, 2000 and April 18, 2001. During this eight-month period, MDI sold an average of 450 bottles (or 54,000 tablets)

per month to this establishment. Again, several of the customer receipt documents showed that they were signed on behalf of this customer by "M. Yako" and "S. Issa." Given the nature of this purported business, MDI's distribution of pseudoephedrine to this establishment was far in excess of legitimate demand. Therefore, with respect to regulated transactions involving Special Smoke Shop, the Deputy Administrator finds that MDI failed to report to DEA the sale of an extraordinary quantity of listed chemicals and to verify the existence and validity of a business entity ordering listed chemicals, as required by 21 CFR 1310.05(a) and 1310.07. MDI also distributed a listed chemical to this establishment knowing or having reasonable cause to believe that the listed chemical would be used to manufacture illicit methamphetamine in violation of 21 U.S.C. 841(c)(2)(2001).

Shortly thereafter, a DEA Special Agent visited another MDI retail customer, Special Smoke (an apparent name variation of "Special Smoke Shop"), located in Fruita, Colorado. Special Smoke was also a retailer of tobacco products and purportedly owned by Suhail Issa. The Special Agent, posing as a customer, noticed that two bottles of pseudoephedrine were displayed in the store along with a sign that read, "Limit three (3) per purchase." A subsequent review of MDI sales records revealed that between January 4, 2000 and April 13, 2001, the company sold 3312 bottles of 120-count 60 mg. (397,440 tablets) pseudoephedrine to Special Smoke. Some of these transactions took place within two to five days of one another.

In addition, several of the customer receipt documents showed that they were signed by "M. Yako" and "S. Issa" as well as by other persons associated with the Mike's Smoke Shop locations, Paradise Smoke and Special Smoke Shop. Given the nature of this purported business, the distribution of pseudoephedrine to this establishment was far in excess of legitimate demand. Therefore, with respect to regulated transactions involving Special Smoke Shop, the Deputy Administrator finds that MDI failed to report to DEA the sale of an extraordinary quantity of listed chemicals and to verify the existence and validity of a business entity ordering listed chemicals, as required by 21 CFR 1310.05(a) and 1310.07. MDI also distributed a listed chemical knowing or having reasonable cause to believe that the listed chemical would be used to manufacture illicit methamphetamine in violation of 21 U.S.C. 841(c)(2) (2001).