

reporting the sale of extraordinary quantities of listed chemicals or uncommon method of delivery; verify the existence and validity of business entities; and distributed listed chemicals with knowledge that they were being diverted, as set forth in factor one above. MDI also failed to make required reports of suspicious listed chemical transactions pursuant to 21 U.S.C. 830(b)(1)(A), in that the firm distributed large quantities of pseudoephedrine tablets to smoke shops and other convenience stores in quantities that apparently exceeded legitimate demand for these products.

In addition, MDI's owners were notified by DEA Diversion Investigators of dangers surrounding the diversion of list I chemicals. Ms. DeLuce demonstrated her knowledge of this fact on several occasions, as evidenced by her statement to a law enforcement officer during a traffic stop that she was aware of the illicit uses of pseudoephedrine. Therefore, MDI's distribution of large quantities of pseudoephedrine to smoke shops and convenience stores were in violation of 21 U.S.C. 841(d)(2) (2001), since its owners, by their own admission, knew that these products were being diverted to the illicit manufacture of methamphetamine. *See, e.g. Ace Wholesale & Trading Co.*, 67 FR 12574, 12576 (2002).

The Deputy Administrator also finds factor two applicable to MDI's failure to notify DEA of the circumstances surrounding the traffic stop of its customers in the State of Colorado, and the seizure of MDI pseudoephedrine products that were being transported in the customer's automobile. Factor two is also applicable to the criminal indictment by a Federal Grand Jury of Ms. DeLuce, Mr. Uzan, as well as several individuals who purchased pseudoephedrine products from MDI. These charges stem from allegations regarding the unlawful distribution and possession of listed chemicals, and are pending resolution.

Notwithstanding the pending criminal charges facing its owners, with respect to factor three, there is no evidence in the investigative file that MDI, Ms. DeLuce or Mr. Uzan have any prior conviction record under Federal or State laws relating to controlled substances or chemicals.

With respect to factor four, past experience in the manufacture and distribution of chemicals, the Deputy Administrator finds substantial evidence in the investigative file that Ms. DeLuce and Mr. Uzan failed to maintain adequate controls in distributing pseudoephedrine products, and actively participated in the

unlawful trafficking of this listed chemical knowing that it was being diverted to the manufacture of methamphetamine, as set forth above under factors one and two.

With respect to factor five, such other factors relevant to and consistent with the public safety, the Deputy Administrator finds substantial evidence in the investigative file that the owners of MDI cannot be entrusted with the responsibilities inherent in a DEA registration. Ms. DeLuce and Mr. Uzan distributed large quantities of pseudoephedrine to locations not typically associated with large-scale transactions involving these over-the-counter products (*i.e.*, small retailers of tobacco products). DEA's has obtained information that MDI pseudoephedrine products have been found at numerous clandestine settings.

In light of these events, the Deputy Administrator finds it particularly disturbing that MDI's owners were aware that their pseudoephedrine products were being diverted to illicit uses, but chose to ignore this fact, apparently in the interest of financial gain. Ms. DeLuce and Mr. Uzan were so cavalier and reckless in their quest for profit that they shipped caseloads quantities of pseudoephedrine tablets to non-existent business locations. Such conduct on the part of a DEA registrant is unacceptable, and lends further support to the revocation of a DEA Certificate of Registration.

Ms. DeLuce also demonstrated a lack of candor in her dealings with DEA personnel. On May 24, 2001, Ms. DeLuce informed DEA Diversion Investigators that MDI limited its sale of pseudoephedrine to its customers to one case (or 144 bottles containing 120 tablets) per month. However, Ms. DeLuce's statements are not corroborated by DEA's investigative findings:

The investigative file reveals that in October 2000, MDI sold caseload quantities of pseudoephedrine to Mike's Smoke Shop (2923 North Avenue location) on three occasions; in 2000, during the months of September, November and December, MDI sold caseload quantities to Mike's Smoke Shop (1010½ North 5th Street location) on three separate occasions. In March 2001, MDI shipped caseload quantities of pseudoephedrine to that same location on four occasions; in October 2000, MDI sold caseload quantities of pseudoephedrine to Paradise Smoke, Special Smoke Shop and Special Smoke Shop on four separate occasions for each store. MDI also sold caseload quantities of pseudoephedrine to Special Smoke Shop on four occasions in March 2001, including two caseloads

that were sent within two days of one another.

Ms. DeLuce further informed DEA Diversion Investigators that MDI suspended all sales of pseudoephedrine products to any retail establishment affiliated with Suhail Issa and Mike Yako as a result of the aforementioned traffic stop in Colorado. She further represented that the smoke shop establishments operated by Suhail Issa and Mr. Yako in the State of Colorado had closed. Despite Ms. DeLuce's representations, DEA obtained information that MDI continued its sale of pseudoephedrine products to establishments operated by Suhail Issa and Mr. Yako in the State of Colorado following the March 18, 2001, traffic stop. At least three of the transactions took place after Ms. DeLuce provided assurances to DEA personnel that she had discontinued the sale of listed chemicals to Suhail Issa and Mr. Yako.

The Deputy Administrator finds this lack of candor, taken together with the registrant's disregard of laws and regulations pertaining to a DEA registration to distribute listed chemicals, makes questionable MDI and its owners's commitment to the DEA statutory and regulatory requirements designed to protect the public from the diversion of listed chemicals. *Seaside Pharmaceutical Co.*, 67 FR 12580 (2002); *Aseel, Incorporated, Wholesale Division*, 66 FR 35459 (2001); *Terrence E. Murphy, M.D.*, 61 FR 2841 (1996).

Accordingly, the Deputy Administrator of the Drug Enforcement Administration, pursuant to the authority vested in him by 21 U.S.C. 823 and 824 and 28 CFR 0.100(b) and 0.104, hereby orders that DEA Certificate of Registration, 0046291EY, previously issued to MDI Pharmaceuticals, be, and it hereby is, revoked. The Deputy Administrator further orders that any pending applications for renewal or modification of said registration be, and they hereby are, denied. This order is effective February 27, 2003.

Dated: January 2, 2003.

John B. Brown, III,

Deputy Administrator.

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DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Manufacture of Controlled Substances Notice of Registration

By Notice dated June 18, 2002, and published in the **Federal Register** on