

Effort in fake drugs avoids detection in free-trade zones

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half a million pills of coumadin, a blood-thinning drug from a French company Sanofi-

Health authorities say they don't know who made it.

But a government official said the pills contained cement powder.

In 2006, British customs officers found a troubling discovery at Heathrow Airport. They intercepted 385 kilograms, or 850 pounds, of pills, mostly counterfeit versions of Coumadin, made by such well-known drug companies as Merck, Novartis, AstraZeneca and Procter & Gamble. The medication contained

no active ingredients. The pills were made in the United States and were going to be shipped to the United Kingdom.

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Eventually it was determined that the pharmacy did \$8 million in annual business. The question was, with whom?

Meanwhile, back in London, there was the matter of tracing the drugs back to their source. That led to one of the many free-trade zones in the United Arab Emirates. Those zones are major revenue producers for the Emirates and, according to a 2006 State Department report, 17 of them were in operation, with 11 more in development.

Free zones act as way stations for goods moving around the globe.

Since most of the shipments do not officially enter the country, there are fewer bureaucratic entanglements. In the Emirates' zones, the usual requirement for local ownership of companies is waived, and there are no import and export fees or income tax.

Shipping records showed that the Heathrow container came from a company located in a free zone in Sharjah, one of the Emirates.

In the Bahamas, investigators had also made an important discovery.

The computers at Personal Touch Pharmacy were connected to a server that was host to a Canadian Internet pharmacy Web site.

The site belonged to RxNorth, described by one trade association as the world's first major online pharmacy.

A founder, Andrew Strempler, had been the subject of numerous profiles, including one in The New York Times in 2005 that described how at the age of 30 he had two Dodge Vipers, a Jaguar and a yellow Lamborghini with a license plate that reads "RX Boss."

The big pharmaceutical companies were not pleased. Pfizer and Merck cut off his supplies, forcing Strempler to buy from other wholesalers.

Strempler's online business began to



Thomas Fricke for The New York Times

Andrew Strempler, a founder of the Canadian-based online pharmacy RxNorth, has publicly defended his drug products, but his business has begun to unravel.

unravel last year when Edward Hector, a former customer service employee of RxNorth, complained to a Canadian television station about the company's business practices. In a recent interview, Hector said he was told, "Under no circumstances are you to tell any customer that their medication comes from the Bahamas."

Hector said he left RxNorth in May 2006 after working there for a little more than a year.

Strempler did not return telephone messages seeking comment, but he has publicly defended his products. The television station also quoted him as saying customers were not told about the Bahamas because medicine coming through there might actually originate

in Europe or Australia.

It was not clear if he knew the true source of drugs being dispensed by the company in the Bahamas.

In fact, drug company investigators say, some of the drugs were coming from China, a country known for producing counterfeit medicine.

"We traced the source of the medicines and determined that they had been manufactured in China," said Mages, of Pfizer.

From the mainland the route went to Hong Kong, then to the United Arab Emirates and the Bahamas, where individual prescriptions were filled and put into packets and addressed.

"Instead of sending it directly to the patient, it then went back to the U.K.,

where U.K. postage would be affixed and then it would be mailed to the U.S.," Mages said. "This was done to lend credibility to the medicine."

Strempler has not been charged with any crime relating to RxNorth, and published reports say that about a year ago he transferred dispensing operations to another Canadian online pharmacy.

The U.S. Food and Drug Administration declined to comment on RxNorth Health Canada, the national health agency, said it "cannot comment on ongoing investigations, specific companies or alleged violations with respect to possible counterfeit activity."

In the Bahamas, a pharmacist and office manager for Personal Touch Pharmacy face trial next year on conspiracy and fraud charges, said Garvin Gaskin, chief counsel for the office of attorney general in the Bahamas.

In Dubai, seven officials associated with Euro Gulf were convicted recently and sent to prison, customs officials said.

"We have been successful in getting customs authorities to work with us to inspect and to seize questionable goods but we still have a long way to go," Mages said.

And Ahmed, the British health official, said he expected individuals to be tried next year on charges relating to RxNorth's links to Britain. He declined to elaborate.

But a critical piece of the puzzle remains missing — who made the counterfeit drugs? Investigators had obtained the license number of a truck that brought the suspect medicine into Hong Kong from mainland China. But that turned out to be a dead end.

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