

Press release

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Counterfeit medicines gang convicted in Operation Stormgrand

An investigation by the Medicines and Healthcare products Regulatory Agency (MHRA) has today led to the sentencing of a man to four and a half years' imprisonment at Kingston Crown Court. He was convicted of four offences under the Medicines Act and Trade Marks Act. Three other men have also been found guilty, one of whom was also convicted of money laundering offences. The offences concerned the conspiracy to smuggle and supply counterfeit medicines into and, in some cases, out of the UK

The men were charged with masterminding the industrial-scale supply of counterfeit medicine between 2002 and 2005, involving millions of pounds worth of counterfeit Viagra, Cialis and Propecia. These seizures resulted in the MHRA unravelling the biggest conspiracy of the supply of counterfeit medicines thus far in the UK. The seizure of over £1,500,000 of counterfeit medicines was intended to be supplied to customers through this conspiracy.

In the autumn of 2002, counterfeit Viagra was seized by HM Revenue & Customs at Stansted airport. This was followed by a number of other seizures at Stansted and Heathrow airports where false descriptions for a variety of products e.g. "Vitamins C & E", "Calcium for Kids" and "Samples of Mineral Supplements for Dogs" were used. The counterfeit medicines were filtered for sale through licensed wholesalers to pharmacies in the UK and through internet sites operating both in the UK and overseas. In 2004 counterfeit Cialis made its way into the regulated supply chain reaching patient level, this led to a recall of that product from the UK market

The investigation traced a complex network of individuals, companies and bank accounts facilitating the movement of these medicines. Over that period of time, the men conspired together with the common purpose to profit from these counterfeits. The men were part of the UK distribution arm of a global counterfeiting ring, operating from China, India and Pakistan, and extending to the Caribbean and the USA.

Mick Deats, Head of Enforcement at the MHRA said, "The MHRA treat every report of a counterfeit medicine as a serious incident. We will continue to use every power at our disposal to prosecute those engaged in this illicit activity and confiscate the proceeds of their crimes. This successful prosecution should serve as a clear signal to those contemplating the supply of counterfeit medicines. The public are strongly advised to avoid buying medicines online, where the risk of being provided with counterfeit medicines is greatly increased."

ENDS

Notes to Editor:

1. Mr Ashish Halai (DOB 13.07.74) of 1 Nicholas Road, Elstree, Borehamwood, Herts, WD6 3JY pleaded guilty on 24 February 2007 to four counts.

Mr Gary Haywood (DOB 16.03.48) of 63 Waterfall Way, Barwell, Leicester; Ashwin Patel (DOB 01.03.82) of 196 Chaberlayne Road, London, NW10; and Zahid Mirza (DOB 14.08.60) of 17 Milverton Gardens, Ilford, Essex were all found guilty on various counts

Details of the verdicts per person are attached in Annex A.

2. An overview of each defendant's involvement in the conspiracy is outlined in Annex B.
3. All names, addresses, occupations and dates of birth were provided by the defendants at the time of questioning/arrest.
4. The trial at Kingston Crown Court has been heard over six and a half months, during which time, evidence was received by the jury from witnesses both in person and via live satellite link from the USA and Mexico.
5. One of the defendants, Zahid Mirza, absconded from trial on 30 August 2007 after being found guilty of five offences. A warrant has been issued for his arrest.
6. The sentencing of Gary Haywood, Ashwin Patel and Zahid Mirza will take place on date to be confirmed at Kingston Crown Court.
7. Confiscation hearings will take place on a date to be confirmed.
8. Retrial of George Patino, Rajendra Shah, Ketan Mehta, Alpesh Patel is expected to commence September 2008.

9. The MHRA will be hosting a major international conference about counterfeit medicines on 22 November 2007 at the Hilton London Metropole. It will bring together key organisations, high-profile international speakers and strategic ideas on the problem of counterfeit medicines. The event will focus on international co-ordination efforts and the UK strategy and response to this issue.
10. The MHRA is the government agency responsible for ensuring that medicines and medical devices work, and are acceptably safe. No product is risk-free. Underpinning all our work lie robust and fact-based judgements to ensure that the benefits to patients and the public justify the risks. We keep watch over medicines and devices, and take any necessary action to protect the public promptly if there is a problem.
11. Where appropriate the MHRA will use the Proceeds of Crime Act 2002 to determine whether or not benefits were accrued through criminal activity and will recoup illicit earnings if the individual is found guilty.

Annex A

Ashish Halai (31)
Businessman
1 Nicholas Road
Elstree, Borehamwood
Herts WD6 3JY

Charged counts 1 to 9
Pleaded guilty 24/2/07 counts 1 - 4

Gary Haywood (58) (In custody)
Salesman
63 Waterfall Way
Barwell
Leicester

Charged & found guilty on all 11 counts listed

Ashwin Patel (24)
University graduate
196 Chaberlayne Road
London NW10

Charged counts 1 to 9
Found guilty counts 1,2, 3, 4, 6, 7,8
Found not guilty counts 5 & 9

Zahid Mirza (45)
Businessman
17 Milverton Gardens
Ilford
Essex

Charged counts 1,2,3,4,7,8
Found guilty counts 1,2,3,4,8
Found not guilty count 7

COUNT 1

Conspiracy to evade the prohibition on the unauthorised use of a trade mark in relation to goods, contrary to section 92 (1) of the Trade Marks Act 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to offer or expose for sale goods, namely medicinal products, which bore, or the packaging of which bore, the manufacturer's trademark sign "Viagra" and with a view to gain for themselves or others, or with intent to cause loss to another, and without the consent of the proprietor,

COUNT 2

Conspiracy to place a medicinal product on the market, contrary to Schedule 3(1) of the Medicines for Human Use (Marketing Authorisations etc.) Regulations 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to place a relevant medicinal product, namely Sildenafil Citrate in tablet form, on the market without holding a Community or United Kingdom marketing authorisation in respect of that product.

COUNT 3

Conspiracy to evade the prohibition on the unauthorised use of a trade mark in relation to goods, contrary to section 92 (1) of the Trade Marks Act 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to offer or expose for sale goods, namely medicinal products, which bore, or the packaging of which bore, the manufacturer's trademark sign "Cialis" and with a view to gain for themselves or others, or with intent to cause loss to another, and without the consent of the proprietor.

COUNT 4

Conspiracy to place a medicinal product on the market contrary to Schedule 3(1) of the Medicines for Human Use (Marketing Authorisations etc.) Regulations 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to place a relevant medicinal product, namely Tadalafil in tablet form, on the market without holding a Community or United Kingdom marketing authorisation in respect of that product.

COUNT 5

Conspiracy to evade the prohibition on the unauthorised use of a trade mark in relation to goods, contrary to section 92 (1) of the Trade Marks Act 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to offer or expose for sale goods, namely medicinal products, which bore, or the packaging of which bore, the manufacturer's trademark sign "Propecia" and with a view to gain for themselves or others, or with intent to cause loss to another, and without the consent of the proprietor

COUNT 6

Conspiracy to place a medicinal product on the market contrary to Schedule 3(1) of the Medicines for Human Use (Marketing Authorisations etc.) Regulations 1994 and section 1(1) of the Criminal Law Act 1977.

Between 1st January 2002 and 12th October 2005 conspired together with ASHISH HALAI and with other persons known and unknown to place a relevant medicinal product, namely Finasteride in tablet form, on the market without holding a Community or United Kingdom marketing authorisation in respect of that product.

COUNT 7

Conspiracy to evade the prohibition on wholesale dealing, contrary to section 8 (3) (a) and section 45(1) of the Medicines Act 1968 and section 1(1) of the Criminal Law Act 1977

Between 1st January 2002 and 12th October 2005 in the course of a business conspired together with ASHISH HALAI and with other persons known and unknown to sell, or offer to sell, a medicinal product, namely a quantity of Sildenafil Citrate in tablet form, except than in accordance with a wholesale dealer's licence.

COUNT 8

Conspiracy to evade the prohibition on wholesale dealing contrary, to section 8 (3) (a) and section 45(1) of the Medicines Act 1968 and section 1(1) of the Criminal Law Act 1977

Between 1st January 2002 and 12th October 2005 in the course of a business conspired together with ASHISH HALAI and with other persons known and unknown to sell, or offer to sell, a medicinal product, namely a quantity of Tadalafil in tablet form, except than in accordance with a wholesale dealer's licence.

COUNT 9

Conspiracy to evade the prohibition on wholesale dealing, contrary to section 8 (3) (a) and section 45(1) of the Medicines Act 1968 and section 1(1) of the Criminal Law Act 1977

Between 1st January 2002 and 12th October 2005 in the course of a business conspired together with ASHISH HALAI and with other persons known and unknown to sell, or offer to sell, a medicinal product, namely a quantity of Finasteride in tablet form, except than in accordance with a wholesale dealer's licence.

COUNT 10

Concealing, disguising, converting, transferring or removing the proceeds of criminal conduct, contrary to section 93C of the Criminal Justice Act 1988

Between 1st January 2002 and 24th February 2003 knowing or having reasonable grounds to suspect that property, in whole or in part, represented the proceeds of his criminal conduct did conceal, disguise, covert, transfer or remove such property from the jurisdiction for the purpose of avoiding prosecution for an offence to which this Part of this Act applies or the making or enforcement in his case of a confiscation order.

COUNT 11

Concealing, disguising, converting, transferring or removing the proceeds of criminal conduct, contrary to section 327 of the Proceeds of Crime Act 2002

Between 25th February 2003 and 21st March 2006 knowing or suspecting that property, in whole or in part, represented the proceeds of his criminal conduct did conceal, disguise, convert, transfer or remove criminal property from England and Wales.

Annex B

Defendants – Background

Ashish HALAI 33 years old [dob: 13 July 1974]. A Kenyan citizen, he settled in this country with his family when much younger. He was the lynchpin of the British arm of the conspiracy and came to the attention of the MHRA in July 2005. From his business base in North London, he and the co-conspirators used a variety of companies, both actual and bogus, including Stormgrand Ltd, as fronts to distribute vast quantities of counterfeit medicines in the UK and abroad. HALAI travelled the world in search of suppliers and buyers. He ensured that the conspiracy ran smoothly in the UK.

Gary HAYWOOD is 59 years old [dob:16 March 1948] like Mr HALAI was a pivotal conspirator. He promoted himself as a qualified pharmacist with extensive experience in the pharmaceutical industry. One of his many bogus claims was that he had been a prominent Pfizer employee. He like Mr HALAI used a variety of company names to cover his tracks. Mr HAYWOOD used off-shore bank accounts to hide his money. He also used forged documents to further the conspiracy. He was the intermediary who dealt with the counterfeiters abroad and in particular a counterfeiter based in China who readily supplied “made to order” fakes which would then be smuggled into the UK. The contents of these parcels would be disguised using false descriptions e.g. “sample C&E vitamins” “Sample of fishprotein” “calcium for kids” and “Sample of Protein for Dogs”- so as not to attract attention by the authorities. In this way over some 6 months HAYWOOD smuggled into UK about 500,000 fake Viagra tabs. In July 2003, MHRA officers seized over 120,000 fake Viagra tabs including packing material, fake product leaflets etc. Mr HAYWOOD left the country before MHRA investigators could interview him, a warrant for his arrest was issued and he was arrested at Heathrow airport in March 2006 disembarking from a flight from Singapore. He has since remained in custody.

Ashwin PATEL 25 years old [dob: 01 March 1982] is the youngest of the conspirators and HALAI is his brother-in-law in what is considered to be a close knit family. PATEL became HALAI’s “right-hand” man and was a trusted member of the conspiracy. Mr Ashwin PATEL was instrumental with others in the supply of counterfeit Cialis through a company named IMPERAZO

Zahid MAHMOOD MIRZA, 46 years old [dob:14 August 1960] is based in Pakistan. Mr MIRZA was a key player in the supply of counterfeit Viagra from Pakistan and through a bogus UK company fake Cialis in the UK. He was the sole Director of a UK company

named IMPERAZO; the only real trade it did was in counterfeit medicine. Mr MIRZA is also linked to foreign companies that have been involved in the sale of counterfeit Viagra in the UK.