



# Department of Justice

**United States Attorney Melinda Haag  
Northern District of California**

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**TWO MEN CONVICTED OF ILLEGALLY DISTRIBUTING CONTROLLED SUBSTANCES OVER THE  
INTERNET**

SAN FRANCISCO - Yesterday a federal jury convicted Michael Arnold and Jeffrey Herholz of conspiring to distribute controlled substances that were not based on valid prescriptions issued by a physician acting for a legitimate medical purpose in the usual course of professional practice, announced United States Attorney Melinda Haag and Drug Enforcement Administration Special Agent in Charge Anthony D. Williams. Both men also were convicted of conspiring to launder money internationally, and Arnold was convicted of illegally distributing the controlled substance phentermine, a diet medication.

The jury convicted Arnold, 42, of Boca Raton, Fla., and Herholz, 45, of Fayetteville, N.C., after hearing evidence that the two men were members of an international criminal organization that distributed more than 7.8 million doses of controlled substances through the Internet pharmacy Pitcairn Investments, Inc.

Trial testimony revealed that beginning in 2003 and continuing through 2007, customers selected drugs from Pitcairn Investment, Inc.'s websites, including ezdietpills.net, eziprescription.net, and others. The criminal organization employed physicians located in Puerto Rico and elsewhere to approve the customers' orders without conducting a physical examination, meeting, or even speaking to the customers. Pharmacies such as Kwic Fill, owned and operated by co-defendant Herholz, then filled the drug orders, knowing that they were based on invalid prescriptions written by doctors who were not acting in the usual course of

professional medical practice and for a legitimate medical purpose. The evidence at trial showed that one doctor approved more than 5,000 drug orders for Pitcairn in a two-week period, and that Kwic Fill filled up to 8,000 drug orders for Pitcairn and other Internet pharmacies in a single day.

Arnold, the owner of Pitcairn Investments, Inc., generated more than \$69 million in revenue from the sale of the controlled substances, and he laundered those funds through accounts in at least 10 different countries. Herholz, the owner of Kwic Fill Pharmacy, filled orders for Pitcairn Investments, Inc. and other Internet pharmacies, and received more than \$4.3 million as a result of his participation in the scheme.

“Michael Arnold’s and Jeffrey Herholz’s drug trafficking organization fed the habits of drug seekers while the defendants chose profits over the health and well-being of the public. These convictions demonstrate how the DEA will aggressively pursue those who facilitate the diversion of pharmaceutical drugs,” stated DEA Special Agent in Charge Anthony D. Williams.

These convictions were the result of a lengthy investigation by the Drug Enforcement Administration, San Francisco Field Division’s Financial Investigative Team. The prosecution is part of Northern District of California United States Attorney’s Office’s Health Care Fraud program and was initiated as an investigation with the Organized Crime and Drug Enforcement Task Force. Substantial assistance was provided by the North Carolina Board of Pharmacy. Assistant United States Attorneys Kirstin Ault and Tom Stevens, with assistance from paralegal Denise Oki, are prosecuting this case.

**Further Information:**

Case #: CR 10-0642

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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