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CENTRAL DISTRICT OF CALIF.
LOS ANGELES

1 NICOLA T. HANNA
United States Attorney
2 LAWRENCE S. MIDDLETON
Assistant United States Attorney
3 Chief, Criminal Division
MATTHEW W. O'BRIEN (Cal. Bar No. 261568)
4 Assistant United States Attorney
Environmental and Community Safety Crimes Section
5 1300 United States Courthouse
312 North Spring Street
6 Los Angeles, California 90012
Telephone: (213) 894-8644
7 Facsimile: (213) 894-0141
E-mail: Matthew.O'Brien@usdoj.gov
8

Attorneys for Plaintiff
9 UNITED STATES OF AMERICA

10 UNITED STATES DISTRICT COURT

11 FOR THE CENTRAL DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,
13 Plaintiff,
14 v.
15 MATTHEW BURROUGHS,
16 Defendant.

No. CCR 19-00068-FMD
PLEA AGREEMENT FOR DEFENDANT
MATTHEW BURROUGHS

17
18 1. This constitutes the plea agreement between defendant
19 MATTHEW BURROUGHS ("defendant") and the United States Attorney's
20 Office for the Central District of California (the "USAO") in the
21 above-captioned case. This agreement is limited to the USAO and
22 cannot bind any other federal, state, local, or foreign prosecuting,
23 enforcement, administrative, or regulatory authorities.

24 DEFENDANT'S OBLIGATIONS

25 2. Defendant agrees to:
26 a. At the earliest opportunity requested by the USAO and
27 provided by the Court, appear and plead guilty to the single-count
28 information in this matter, in the form attached to this agreement as

1 Exhibit A or a substantially similar form, which charges defendant
2 with a violation of Title 18 United States Code, Section 371,
3 conspiracy to commit an offense against the United States, namely,
4 introducing misbranded drugs into interstate commerce, in violation
5 of 21 U.S.C. §§ 331(a), 352, 333(a)(1), a Class A misdemeanor
6 offense.

7 b. Not contest facts agreed to in this agreement.

8 c. Abide by all agreements regarding sentencing contained
9 in this agreement.

10 d. Appear for all court appearances, surrender as ordered
11 for service of sentence, obey all conditions of any bond, and obey
12 any other ongoing court order in this matter.

13 e. Not commit any crime; however, offenses that would be
14 excluded for sentencing purposes under United States Sentencing
15 Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not
16 within the scope of this agreement.

17 f. Be truthful at all times with Pretrial Services, the
18 United States Probation Office, and the Court.

19 g. Make restitution and not seek the discharge of any
20 restitution obligation, in whole or in part, in any present or future
21 bankruptcy proceeding.

22 h. Pay the applicable special assessment at or before the
23 time of sentencing unless defendant lacks the ability to pay and
24 prior to sentencing submits a completed financial statement on a form
25 to be provided by the USAO.

26 i. Recommend and advocate to the Court that defendant be
27 sentenced as provided in paragraphs 12 and 13.

28

PENALTIES AND RESTITUTION

1
2 5. Defendant understands that the statutory maximum sentence
3 that the Court can impose for a misdemeanor violation of Title 18,
4 United States Code, Section 371, is: one year of imprisonment; a
5 one-year period of supervised release or a five-year period of
6 probation; a fine of \$100,000 or twice the gross gain or gross loss
7 resulting from the offense, whichever is greatest; and a mandatory
8 special assessment of \$25.

9 6. Defendant understands that supervised release is a period
10 of time following imprisonment during which defendant will be subject
11 to various restrictions and requirements. Defendant understands that
12 if defendant violates one or more of the conditions of any supervised
13 release imposed, defendant may be returned to prison for all or part
14 of the term of supervised release authorized by statute for the
15 offense that resulted in the term of supervised release, which could
16 result in defendant serving a total term of imprisonment greater than
17 the statutory maximum stated above.

18 7. Defendant understands that defendant will be required to
19 pay full restitution to the victim(s) of the offense to which
20 defendant is pleading guilty. Defendant agrees that, in return for
21 the USAO's compliance with its obligations under this agreement, the
22 Court may order restitution to persons other than the victim(s) of
23 the offenses to which defendant is pleading guilty and in amounts
24 greater than those alleged in the count to which defendant is
25 pleading guilty. In particular, defendant agrees that the Court may
26 order restitution to any victim of any of the following for any
27 losses suffered by that victim as a result of any relevant conduct,
28

1 as defined in U.S.S.G. § 1B1.3, in connection with the offense to
2 which defendant is pleading guilty.

3 8. Defendant understands that, by pleading guilty, defendant
4 may be giving up valuable government benefits and valuable civic
5 rights, such as the right to vote, the right to possess a firearm,
6 the right to hold office, and the right to serve on a jury.
7 Defendant understands that once the court accepts defendant's guilty
8 plea, it may be a federal felony for defendant to possess a firearm
9 or ammunition. Defendant understands that the conviction in this
10 case may also subject defendant to various other collateral
11 consequences, including but not limited to revocation of probation,
12 parole, or supervised release in another case and suspension or
13 revocation of a professional license. Defendant understands that
14 unanticipated collateral consequences will not serve as grounds to
15 withdraw defendant's guilty plea.

16 9. Defendant understands that, if defendant is not a United
17 States citizen, the conviction in this case may subject defendant to:
18 removal, also known as deportation, which may, under some
19 circumstances, be mandatory; denial of citizenship; and denial of
20 admission to the United States in the future. The court cannot, and
21 defendant's attorney also may not be able to, advise defendant fully
22 regarding the immigration consequences of the felony conviction in
23 this case. Defendant understands that unexpected immigration
24 consequences will not serve as grounds to withdraw defendant's guilty
25 plea.

26 FACTUAL BASIS

27 10. Defendant admits that defendant is, in fact, guilty of the
28 offense to which defendant is agreeing to plead guilty. Defendant

1 and the USAO agree to the statement of facts provided below and agree
2 that this statement of facts is sufficient to support a plea of
3 guilty to the charge described in this agreement and to establish the
4 Sentencing Guidelines factors set forth in paragraph 12 below but is
5 not meant to be a complete recitation of all facts relevant to the
6 underlying criminal conduct or all facts known to either party that
7 relate to that conduct.

8 Defendant worked for co-defendant LANCASTER DISTRIBUTORS, INC.
9 ("LANCASTER"), whose business included the distribution of male
10 sexual enhancement pills. From January 2013 through February 2017,
11 defendant, on behalf of LANCASTER, purchased at least 153,000 male
12 sexual enhancement pills from Co-conspirator #1, who manufactured and
13 sold the pills from locations in the Central District of California.
14 LANCASTER paid approximately \$362,000 to Co-conspirator #1 for these
15 pills. All of the male sexual enhancement pills that defendant
16 purchased from Co-conspirator #1 contained Tadalafil, the active
17 pharmaceutical ingredient in the prescription drug Cialis.

18 Co-conspirator #1 manufactured the pills using Tadalafil that he
19 had smuggled into the United States from suppliers in China. While
20 the typical Cialis prescription contains 25-85 mg of Tadalafil per
21 pill, Co-conspirator #1 included up to 350-400 mg of Tadalafil in his
22 pills. None of Co-conspirator #1's pills had been tested or approved
23 by the Food and Drug Administration ("FDA"). Co-conspirator #1 also
24 included Sildenafil, the active pharmaceutical ingredient in Pfizer,
25 Inc.'s prescription drug Viagra, that he had smuggled into the United
26 States from China, as an ingredient in the male sexual enhancement
27 pills that he supplied to defendant.

28

1 Co-conspirator #1 did not disclose the presence of Tadalafil (or
2 Sildenafil) on the packaging of the pills that he supplied to
3 defendant. While the packaging differed somewhat for each of the
4 pill brands, each contained basically the same text in its labeling.
5 All of the labels for the pills that Co-conspirator #1 supplied to
6 defendant stated "no prescription necessary" and listed as
7 ingredients a "proprietary blend" of 13 specified herbal ingredients,
8 plus a "special blend." None of the labels disclosed that the pills
9 contained Tadalafil or that the pills were drugs for which a
10 prescription was necessary.

11 Defendant typically purchased three types of pills from Co-
12 conspirator #1 and Co-conspirator #2 (who was Co-conspirator #1's
13 assistant): white pills, gold pills, and silver pills. Each color
14 pill had a different brand name, strength, and price (white was the
15 weakest and cheapest; silver was the strongest and most expensive).
16 When the FDA announced that one of Co-conspirator #1's pill brands
17 was tainted because it contained undisclosed active pharmaceutical
18 ingredients (including Tadalafil), Co-conspirator #1 would begin
19 manufacturing the same colored pill but with a different brand name.
20 Thus, while the brand names of Co-conspirator #1's pills changed over
21 the years, the formulas for the white, gold, and silver pills
22 remained the same.

23 In December 2015, the FDA announced that Co-conspirator #1's
24 white "X Again" pills were tainted because they contained undisclosed
25 Tadalafil. Thereafter, defendant and LANCASTER agreed to begin
26 buying a replacement brand of pills from Co-conspirators #1 and #2,
27 branded "X Monster," which had the same formula and price as the
28 tainted "X Again" pills and similar labeling that failed to disclose

1 the presence of Tadalafil. On March 2, 2016, Co-conspirator #2
 2 informed defendant that "[n]ot sure if you were aware but X-Again was
 3 pulled by the FDA. So now, we are replacing XA with a new brand
 4 called X-monster that has the same formula but slight changes on
 5 package artwork." Defendant replied, in relevant part, "Ok go ahead
 6 and substitute please."

7 Pursuant to defendant's requests, Co-conspirator #2 shipped the
 8 following quantities of white "X Monster" pills from the Central
 9 District of California to defendant in Salem, Oregon:

Date	Invoice	Pill Quantity
3/2/16	5006	1,200
4/8/16	5046	1,440
5/26/16	5105	2,040
6/24/16	5136	1,200
9/7/16	5240	2,040
10/14/16	5279	600
10/17/16	5288	1,440

16 Defendant knew, or should have known, that all of the "X
 17 Monster" pills that he bought from Co-conspirators #1 and 2 were
 18 misbranded and contained undisclosed Tadalafil.

19 In August 2016, the FDA announced that Co-conspirator #1's gold
 20 "Master Zone" pills and silver "One More Knight" pills were tainted
 21 because they contained undisclosed Tadalafil. Thereafter, defendant
 22 and LANCASTER agreed to begin buying (1) a replacement gold pill from
 23 Co-conspirators #1 and #2, branded "Royal Master," which had the same
 24 formula and price as the tainted "Master Zone" pills and similar
 25 labeling that failed to disclose the presence of Tadalafil, and (2) a
 26 replacement silver pill from Co-conspirators #1 and #2, branded "Own
 27 the Knight," which had the same formula and price as the tainted "One
 28 More Knight" pills and similar labeling that failed to disclose the

1 presence of Tadalafil. On October 25, 2016, defendant wrote to Co-
 2 conspirator #2 and asked, "Is Royal master replacing Master Zone? Is
 3 one More Knight being replaced?" Co-conspirator #2 responded to
 4 defendant that "Yes, both items were put on the FDA list back in
 5 August. . . . Sorry if we forgot to let you know! Master Zone is
 6 being replaced by Royal Master and One More Knight is being replaced
 7 by Own The Knight, but nothing changes on the formula."

8 Pursuant to defendant's orders, Co-conspirator #2 shipped the
 9 following quantities of pills from the Central District of California
 10 to defendant in Salem, Oregon:

Date	Invoice	White Pill Quantity (X Monster)	Gold Pill Quantity (Royal Master)	Silver Pill Quantity (Own the Knight)
10/28/16	5309	-	-	1,200
11/1/16	5312	600	-	-
11/4/16	5326	-	-	1,440
11/11/16	5338	-	-	1,200
11/18/16	5348	-	-	1,440
11/21/16	5354	-	1,440	-
1/5/17	5375	-	-	1,800
1/13/17	5387	1,200	1,200	600
1/17/17	5401	600	-	-
1/23/17	5417	-	-	1,200
2/7/17	5442	-	1,440	-
2/13/17	5455	-	-	1,200
2/17/17	5466	-	1,200	1,200

22
 23 Defendant knew, or should have known, that all of the "Royal
 24 Master" and "Own the Knight" pills that he bought from Co-
 25 conspirators #1 and 2 were misbranded and contained undisclosed
 26 Tadalafil.

SENTENCING FACTORS

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2 11. Defendant understands that in determining defendant's
3 sentence the Court is required to calculate the applicable Sentencing
4 Guidelines range and to consider that range, possible departures
5 under the Sentencing Guidelines, and the other sentencing factors set
6 forth in 18 U.S.C. § 3553(a). Defendant understands that the
7 Sentencing Guidelines are advisory only, that defendant cannot have
8 any expectation of receiving a sentence within the calculated
9 Sentencing Guidelines range, and that after considering the
10 Sentencing Guidelines and the other § 3553(a) factors, the Court will
11 be free to exercise its discretion to impose any sentence it finds
12 appropriate up to the maximum set by statute for the crime of
13 conviction.

14 12. Defendant and the USAO agree to the following applicable
15 Sentencing Guidelines factors:

16	Base Offense Level:	6	[U.S.S.G. § 2N2.1(a)]
17	Acceptance of Responsibility:	-2	[U.S.S.G. § 3E1.1(a)]
18	Total Offense Level:	4	

19
20 The USAO will agree to a two-level downward adjustment for acceptance
21 of responsibility (and, if applicable, move for an additional one-
22 level downward adjustment under U.S.S.G. § 3E1.1(b)) only if the
23 conditions set forth in paragraph 3 are met. Subject to paragraph 25
24 below, defendant and the USAO agree not to seek, argue, or suggest in
25 any way, either orally or in writing, that any other specific offense
26 characteristics, adjustments, or departures relating to the offense
27 level be imposed. Defendant agrees, however, that if, after signing
28 this agreement but prior to sentencing, defendant were to commit an

1 act, or the USAO were to discover a previously undiscovered act
2 committed by defendant prior to signing this agreement, which act, in
3 the judgment of the USAO, constituted obstruction of justice within
4 the meaning of U.S.S.G. § 3C1.1, the USAO would be free to seek the
5 enhancement set forth in that section.

6 13. Defendant and the USAO agree that, taking into account the
7 factors listed in 18 U.S.C. § 3553(a)(1)-(7) and the relevant
8 sentencing guideline factors set forth above, an appropriate
9 disposition of this case is that the court impose a sentence of:
10 (a) \$25 special assessment; (b) a 5-year term of probation with
11 conditions to be fixed by the Court, including 400 hours of community
12 service; and (c) a \$10,000 fine, which defendant shall pay within two
13 weeks of the entry of judgment by certified check or wire transfer to
14 the Clerk of the United States District Court for the Central
15 District of California (defendant shall provide confirmation of the
16 completed payment to the USAO).

17 14. The parties agree that they will recommend that the court
18 impose the sentence set forth in paragraph 13 above, and that they
19 will not seek, argue, or suggest in any way, either orally or in
20 writing, that any other specific offense characteristics,
21 adjustments, departures, or variances in sentence pursuant to the
22 Sentencing Guidelines and/or the factors set forth in 18 U.S.C.
23 § 3553(a) be imposed, or that the court impose a sentence other than
24 what has been stipulated to by the parties herein.

25 15. Defendant understands that there is no agreement as to
26 defendant's criminal history or criminal history category.

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1 appeal defendant's conviction on the offense to which defendant is
2 pleading guilty. Defendant understands that this waiver includes,
3 but is not limited to, arguments that the statute to which defendant
4 is pleading guilty is unconstitutional, and any and all claims that
5 the statement of facts provided herein is insufficient to support
6 defendant's plea of guilty.

7 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

8 18. Defendant agrees that, provided the Court imposes a total
9 term of imprisonment on the count of conviction of no more than six
10 months, or a total period of probation of no more than five years if
11 imprisonment is not imposed, defendant gives up the right to appeal
12 all of the following: (a) the procedures and calculations used to
13 determine and impose any portion of the sentence; (b) the term of
14 imprisonment imposed by the Court; (c) the fine imposed by the court,
15 provided it is within the statutory maximum; (d) to the extent
16 permitted by law, the constitutionality or legality of defendant's
17 sentence, provided it is within the statutory maximum; (e) the amount
18 and terms of any restitution order; (f) the term of probation or
19 supervised release imposed by the Court, provided it is within the
20 statutory maximum; and (g) any of the following conditions of
21 probation or supervised release imposed by the Court: the conditions
22 set forth in General Orders 318, 01-05, and/or 05-02 of this Court;
23 the drug testing conditions mandated by 18 U.S.C. §§ 3563(a)(5) and
24 3583(d); the alcohol and drug use conditions authorized by 18 U.S.C.
25 § 3563(b)(7); and any conditions of probation or supervised release
26 agreed to by defendant in paragraphs 2 and 13 above.

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1 19. The USAO agrees that, provided all portions of the sentence
2 are at or below the statutory maximum specified above, the USAO gives
3 up its right to appeal any portion of the sentence.

4 RESULT OF WITHDRAWAL OF GUILTY PLEA

5 20. Defendant agrees that if, after entering a guilty plea
6 pursuant to this agreement, defendant seeks to withdraw and succeeds
7 in withdrawing defendant's guilty plea on any basis other than a
8 claim and finding that entry into this plea agreement was
9 involuntary, then (a) the USAO will be relieved of all of its
10 obligations under this agreement; and (b) should the USAO choose to
11 pursue any charge or any civil, administrative, or regulatory action
12 that was either dismissed or not filed as a result of this agreement,
13 then (i) any applicable statute of limitations will be tolled between
14 the date of defendant's signing of this agreement and the filing
15 commencing any such action; and (ii) defendant waives and gives up
16 all defenses based on the statute of limitations, any claim of pre-
17 indictment delay, or any speedy trial claim with respect to any such
18 action, except to the extent that such defenses existed as of the
19 date of defendant's signing this agreement.

20 EFFECTIVE DATE OF AGREEMENT

21 21. This agreement is effective upon signature and execution of
22 all required certifications by defendant, defendant's counsel, and an
23 Assistant United States Attorney.

24 BREACH OF AGREEMENT

25 22. Defendant agrees that if defendant, at any time after the
26 signature of this agreement and execution of all required
27 certifications by defendant, defendant's counsel, and an Assistant
28 United States Attorney, knowingly violates or fails to perform any of

1 defendant's obligations under this agreement ("a breach"), the USAO
2 may declare this agreement breached. All of defendant's obligations
3 are material, a single breach of this agreement is sufficient for the
4 USAO to declare a breach, and defendant shall not be deemed to have
5 cured a breach without the express agreement of the USAO in writing.
6 If the USAO declares this agreement breached, and the Court finds
7 such a breach to have occurred, then: (a) if defendant has previously
8 entered a guilty plea pursuant to this agreement, defendant will not
9 be able to withdraw the guilty plea, and (b) the USAO will be
10 relieved of all its obligations under this agreement.

11 23. Following the Court's finding of a knowing breach of this
12 agreement by defendant, should the USAO choose to pursue any charge
13 or any civil, administrative, or regulatory action that was either
14 dismissed or not filed as a result of this agreement, then:

15 a. Defendant agrees that any applicable statute of
16 limitations is tolled between the date of defendant's signing of this
17 agreement and the filing commencing any such action.

18 b. Defendant waives and gives up all defenses based on
19 the statute of limitations, any claim of pre-indictment delay, or any
20 speedy trial claim with respect to any such action, except to the
21 extent that such defenses existed as of the date of defendant's
22 signing this agreement.

23 c. Defendant agrees that: (i) any statements made by
24 defendant, under oath, at the guilty plea hearing (if such a hearing
25 occurred prior to the breach); (ii) the agreed to factual basis
26 statement in this agreement; and (iii) any evidence derived from such
27 statements, shall be admissible against defendant in any such action
28 against defendant, and defendant waives and gives up any claim under

1 the United States Constitution, any statute, Rule 410 of the Federal
2 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal
3 Procedure, or any other federal rule, that the statements or any
4 evidence derived from the statements should be suppressed or are
5 inadmissible.

6 COURT AND PROBATION OFFICE NOT PARTIES

7 24. Defendant understands that the Court and the United States
8 Probation Office are not parties to this agreement and need not
9 accept any of the USAO's sentencing recommendations or the parties'
10 agreements to facts or sentencing factors.

11 25. Defendant understands that both defendant and the USAO are
12 free to: (a) supplement the facts by supplying relevant information
13 to the United States Probation Office and the Court, (b) correct any
14 and all factual misstatements relating to the Court's Sentencing
15 Guidelines calculations and determination of sentence, and (c) argue
16 on appeal and collateral review that the Court's Sentencing
17 Guidelines calculations and the sentence it chooses to impose are not
18 error, although each party agrees to maintain its view that the
19 calculations in paragraph 12 are consistent with the facts of this
20 case. While this paragraph permits both the USAO and defendant to
21 submit full and complete factual information to the United States
22 Probation Office and the Court, even if that factual information may
23 be viewed as inconsistent with the facts agreed to in this agreement,
24 this paragraph does not affect defendant's and the USAO's obligations
25 not to contest the facts agreed to in this agreement.

26 26. Defendant understands that even if the Court ignores any
27 sentencing recommendation, finds facts or reaches conclusions
28 different from those agreed to, and/or imposes any sentence up to the

1 maximum established by statute, defendant cannot, for that reason,
2 withdraw defendant's guilty plea, and defendant will remain bound to
3 fulfill all defendant's obligations under this agreement. Defendant
4 understands that no one -- not the prosecutor, defendant's attorney,
5 or the Court -- can make a binding prediction or promise regarding
6 the sentence defendant will receive, except that it will be within
7 the statutory maximum.

8 NO ADDITIONAL AGREEMENTS

9 27. Defendant understands that, except as set forth herein,
10 there are no promises, understandings, or agreements between the USAO
11 and defendant or defendant's attorney, and that no additional
12 promise, understanding, or agreement may be entered into unless in a
13 writing signed by all parties or on the record in court.

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PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

28. The parties agree that this agreement will be considered part of the record of defendant's guilty plea hearing as if the entire agreement had been read into the record of the proceeding.

AGREED AND ACCEPTED

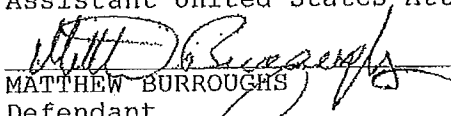
UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF
CALIFORNIA

NICOLA T. HANNA
United States Attorney




MATTHEW W. O'BRIEN
Assistant United States Attorney

2-6-19
Date



MATTHEW BURROUGHS
Defendant

1/23/19
Date



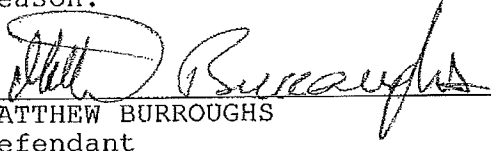
PAUL FERDER
Attorney for Defendant MATTHEW
BURROUGHS

1/23/19
Date

CERTIFICATION OF DEFENDANT

I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences

1 of entering into this agreement. No promises, inducements, or
2 representations of any kind have been made to me other than those
3 contained in this agreement. No one has threatened or forced me in
4 any way to enter into this agreement. I am satisfied with the
5 representation of my attorney in this matter, and I am pleading
6 guilty because I am guilty of the charge and wish to take advantage
7 of the promises set forth in this agreement, and not for any other
8 reason.

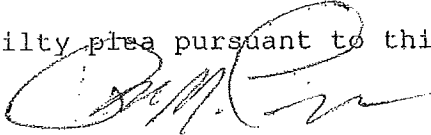
9 
10 MATTHEW BURROUGHS
11 Defendant

1123119
Date

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14 CERTIFICATION OF DEFENDANT'S ATTORNEY

15 I am MATTHEW BURROUGHS' attorney. I have carefully and
16 thoroughly discussed every part of this agreement with my client.
17 Further, I have fully advised my client of his rights, of possible
18 pretrial motions that might be filed, of possible defenses that might
19 be asserted either prior to or at trial, of the sentencing factors
20 set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines
21 provisions, and of the consequences of entering into this agreement.
22 To my knowledge: no promises, inducements, or representations of any
23 kind have been made to my client other than those contained in this
24 agreement; no one has threatened or forced my client in any way to
25 enter into this agreement; my client's decision to enter into this
26 agreement is an informed and voluntary one; and the factual basis set
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1 forth in this agreement is sufficient to support my client's entry of
2 a guilty plea pursuant to this agreement.



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4 PAUL FERDER
5 Attorney for Defendant MATTHEW
6 BURROUGHS

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Date 1/23/19

EXHIBIT A

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
LANCASTER DISTRIBUTORS, INC.,
and
MATT BURROUGHS,
Defendants.

CR No. 19-
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy]
[CLASS A MISDEMEANOR]

The United States Attorney charges:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

A. THE DEFENDANTS AND CO-CONSPIRATORS

1. Defendant LANCASTER DISTRIBUTORS, INC. ("LANCASTER") was located at 3925 Labranche Street in Salem, Oregon. Defendant LANCASTER distributed male sexual enhancement pills to retail locations across the United States.

2. Defendant MATT BURROUGHS ("BURROUGHS") was an employee of LANCASTER. Defendant BURROUGHS was responsible for ordering male sexual enhancement pills from defendant LANCASTER's suppliers.

1 3. Co-conspirator #1 supplied male sexual enhancement pills to
2 defendants LANCASTER and BURROUGHS. Co-conspirator #1 owned and
3 operated several businesses between 2011 and 2017 for the purpose of
4 manufacturing and distributing male sexual enhancement pills that he
5 marketed as herbal remedies, but that in fact contained undisclosed
6 Tadalafil, an active pharmaceutical ingredient. Each of Co-
7 conspirator #1's pill businesses was located in the Central District
8 of California.

9 4. Co-conspirator #2 worked for Co-conspirator #1 as an office
10 assistant from approximately 2014 to 2017.

11 5. These Introductory Allegations are hereby re-alleged and
12 incorporated by reference in the following count.

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COUNT ONE

[18 U.S.C. § 371]

Beginning on a date unknown to the United States Attorney and continuing to on or about February 17, 2017, in Los Angeles County, within the Central District of California, and elsewhere, defendants LANCASTER and BURROUGHS, together with others known and unknown to the United States Attorney, including Co-conspirators #1 and #2, knowingly conspired and agreed to introduce and cause the introduction of misbranded drugs into interstate commerce, in violation of 21 U.S.C. §§ 331(a), 352, and 333(a)(1).

A. MEANS BY WHICH THE OBJECT OF THE CONSPIRACY WAS TO BE ACCOMPLISHED

The object of the conspiracy was to be accomplished, in substance, as follows:

1. Co-conspirator #1 would import shipments of bulk Tadalafil from suppliers in China.

2. After Co-conspirator #1 received the bulk Tadalafil in the Central District of California, he would cause the bulk Tadalafil to be manufactured into pills that Co-conspirators #1 and #2 would sell in packages whose labeling did not disclose the presence of Tadalafil, and whose labeling falsely stated that no prescription was necessary, even though the pills were in fact prescription drugs.

3. Defendants LANCASTER and BURROUGHS would place orders for the misbranded pills with Co-conspirators #1 and #2.

4. Co-conspirator #2 would fulfill the orders placed by defendants LANCASTER and BURROUGHS by shipping the misbranded drugs from the Central District of California to defendants LANCASTER and BURROUGHS in Salem, Oregon.

1 5. Defendant LANCASTER would resell and distribute the
2 misbranded pills to retail locations across the United States.

3 6. Defendants LANCASTER and BURROUGHS would track when the
4 Food and Drug Administration ("FDA") announced that a certain brand
5 of Co-conspirator #1's pills were tainted because they contained
6 undeclared Tadalafil.

7 7. When the FDA announced that a certain brand of Co-
8 conspirator #1's pills was tainted because the pills contained
9 undeclared Tadalafil, defendants LANCASTER and BURROUGHS would begin
10 buying a replacement brand of pills, with an identical formula
11 (including Tadalafil) but different brand name, from Co-conspirators
12 #1 and #2. For example:

13 a. After the FDA announced in December 2015 that Co-
14 conspirator #1's white "X Again" pills were tainted because they
15 contained undisclosed Tadalafil, defendants LANCASTER and BURROUGHS
16 would begin buying a replacement brand of pills from Co-conspirators
17 #1 and #2, branded "X Monster," which had the same formula and price
18 as the tainted "X Again" pills and similar labeling that failed to
19 disclose the presence of Tadalafil.

20 b. After the FDA announced in August 2016 that Co-
21 conspirator #1's gold "Master Zone" pills were tainted because they
22 contained undisclosed Tadalafil, defendants LANCASTER and BURROUGHS
23 would begin buying a replacement gold pill from Co-conspirators #1
24 and #2, branded "Royal Master," which had the same formula and price
25 as the tainted "Master Zone" pills and similar labeling that failed
26 to disclose the presence of Tadalafil.

27 c. After the FDA announced in August 2016 that Co-
28 conspirator #1's silver "One More Knight" pills were tainted because

1 they contained undisclosed Tadalafil, defendants LANCASTER and
2 BURROUGHS would begin buying a replacement silver pill from Co-
3 conspirators #1 and #2, branded "Own the Knight," which had the same
4 formula and price as the tainted "One More Knight" pills and similar
5 labeling that failed to disclose the presence of Tadalafil.

6 8. Defendant LANCASTER would resell and distribute the
7 replacement pills to retail locations across the United States,
8 despite knowing that the pills had the same formula and misleading
9 packaging as the misbranded pills that the FDA had declared were
10 tainted.

11 B. OVERT ACTS

12 On or about the following dates, in furtherance of the
13 conspiracy and to accomplish its object, defendants LANCASTER and
14 BURROUGHS, and others both known and unknown to the United States
15 Attorney, including Co-conspirators #1 and #2, committed various
16 overt acts within the Central District of California and elsewhere,
17 including, but not limited to, the following:

18 Overt Act No. 1: On or about March 2, 2016, approximately
19 three months after the FDA announced that Co-conspirator #1's white
20 "X Again" pills were tainted because they contained undisclosed
21 Tadalafil, Co-conspirator #2 informed defendants LANCASTER and
22 BURROUGHS that "[n]ot sure if you were aware but X-Again was pulled
23 by the FDA. So now, we are replacing XA with a new brand called X-
24 monster that has the same formula but slight changes on package
25 artwork."

26 Overt Act No. 2: On or about March 2, 2016, defendant
27 BURROUGHS replied, in relevant part, "Ok go ahead and substitute
28 please."

1 Overt Acts Nos. Three Through Nine: On or about the following
 2 dates, pursuant to orders from defendants LANCASTER and BURROUGHS,
 3 Co-conspirator #2 shipped the following quantities of white "X
 4 Monster" pills from the Central District of California to defendants
 5 LANCASTER and BURROUGHS in Salem, Oregon:

Overt Act	Date	Invoice	Pill Quantity
3	3/2/16	5006	1,200
4	4/8/16	5046	1,440
5	5/26/16	5105	2,040
6	6/24/16	5136	1,200
7	9/7/16	5240	2,040
8	10/14/16	5279	600
9	10/17/16	5288	1,440

12 Overt Act No. 10: On or about October 25, 2016, approximately
 13 two months after the FDA announced that Co-conspirator #1's gold
 14 "Master Zone" pills and silver "One More Knight" pills were tainted
 15 because they contained undisclosed Tadalafil, defendant BURROUGHS
 16 wrote to Co-conspirator #2 and asked, "Is Royal master replacing
 17 Master Zone? Is one More Knight being replaced?"

18 Overt Act No. 11: On or about October 26, 2016, Co-conspirator
 19 #2 responded to defendant BURROUGHS that "Yes, both items were put on
 20 the FDA list back in August. . . . Sorry if we forgot to let you
 21 know! Master Zone is being replaced by Royal Master and One More
 22 Knight is being replaced by Own The Knight, but nothing changes on
 23 the formula."

24 Overt Acts Nos. Twelve Through Twenty-Four: On or about the
 25 following dates, pursuant to orders from defendants LANCASTER and
 26 BURROUGHS, Co-conspirator #2 shipped the following quantities of
 27 pills from the Central District of California to defendants LANCASTER
 28 and BURROUGHS in Salem, Oregon:

Overt Act	Date	Invoice	White Pill Quantity (X Monster)	Gold Pill Quantity (Royal Master)	Silver Pill Quantity (Own the Knight)
12	10/28/16	5309	-	-	1,200
13	11/1/16	5312	600	-	-
14	11/4/16	5326	-	-	1,440
15	11/11/16	5338	-	-	1,200
16	11/18/16	5348	-	-	1,440
17	11/21/16	5354	-	1,440	-
18	1/5/17	5375	-	-	1,800
19	1/13/17	5387	1,200	1,200	600
20	1/17/17	5401	600	-	-
21	1/23/17	5417	-	-	1,200
22	2/7/17	5442	-	1,440	-
23	2/13/17	5455	-	-	1,200
24	2/17/17	5466	-	1,200	1,200

NICOLA T. HANNA
United States Attorney

LAWRENCE S. MIDDLETON
Assistant United States Attorney
Chief, Criminal Division

JOSEPH O. JOHNS
Assistant United States Attorney
Chief, Environmental and
Community Safety Crimes Section

MATTHEW W. O'BRIEN
Assistant United States Attorney
Environmental and Community
Safety Crimes Section