

potent central nervous system stimulant, and its abuse is a growing problem in the United States.

The Administrator finds that on or above November 12, 1999, an application was received by the DEA Chemical Operations Registration section on behalf of Hadid for DEA registration as distributor of the three above-mentioned List I chemicals. The DEA pre-registration inspection revealed that Hadid had no prior experience in distributing List I chemical products, and appeared unprepared to accept the responsibilities of a DEA registrant. The inspection noted deficiencies in Hadid's recordkeeping system that threw doubt the firm's ability to comply with DEA's recordkeeping requirements. The DEA investigation also revealed a number of Hadid's proposed customers and suppliers were being investigated for violations related to the distribution of List I chemicals.

Pursuant to 21 U.S.C. 823(h), the Administrator may deny an application for a DEA Certificate of Registration if he determines that granting the registration would be inconsistent with the public interest. Section 823(h) requires the following factors be considered:

- (1) Maintenance by the applicant of effective controls against diversion of listed chemicals into other than legitimate channels;
- (2) Compliance by the applicant with applicable Federal, State, and local law;
- (3) Any prior conviction record of the applicant under Federal or State laws relating to controlled substances or to chemicals controlled under Federal or State law;
- (4) Any past experience of the applicant in the manufacture and distribution of chemicals; and
- (5) Such other factors as are relevant to and consistent with the public health and safety.

Like the public interest analysis for practitioners and pharmacies pursuant to subsection (f) of section 823, these factors are to be considered in the disjunctive; the Administrator may rely on any one or combination of factors and may give each factor the weight he deems appropriate in determining whether a registration should be revoked or an application for registration be denied. *See, e.g. Energy Outlet*, 64 FR 14,269 (1999). *See also Henry J. Schwartz, Jr., M.D.*, 54 FR 16,422 (1989)

Regarding factor one, the maintenance of effective controls against the diversion of listed chemicals, the DEA pre-registration inspection documented inadequate warehouse security, in that

the side walls separating Hadid from the businesses on either side appeared to be drywall, and there was no separate secure enclosure wherein the List I chemical products would be stored. The inspection also revealed inadequate recordkeeping arrangements, in that only generic receipts/invoices with carbon copies were being generated, and there was no computerized data whatsoever.

Also relevant to this factor, on various weekdays, and at various times during Hadid's stated business hours, investigators drove by Hadid's business premises and did not see any sign of its sole officer/employee Khaled Salem's (Salem) presence at the business.

Regarding factor two, the applicant's compliance with appliance law, the Administrator finds that Salem apparently falsified Hadid's application for DEA registration. During the pre-registration inspection, Salem provided two telephone numbers, each different than the one provided in Hadid's application.

Regarding factor three, there is no evidence that Hadid nor Salem has any record of convictions related to controlled substances or to chemicals controlled under Federal or State law.

Regarding factor four, the applicant's past experience in the distribution of chemicals, the DEA investigation revealed that neither Hadid nor Salem has previous experience related to handling or distributing listed chemicals.

Regarding factor five, other factors relevant to and consistent with the public safety, the Administrator finds that Salem's citizenship status is in question, as he stated he had only been in the United States for approximately one and a half years. At the time of the pre-registration inspection, he was unable to provide DEA investigators with any documentation concerning his citizenship status.

When asked about his proposed supply and distribution network during the pre-registration inspection, Salem stated to investigators that he did not know who would be his supplier, nor did he know which of his customers would be interested in List I chemical products. Salem also did not know what quantities of List I chemical products he would be handling.

Hadid provided a customer list subsequent to the inspection. The list was in a computer-generated format, despite Salem having stated to investigators that he did not keep any computer records. The list provided appears identical to that provided to DEA by a List I chemical distributor whose registration was subject to an

immediate suspension for diversion of List I chemicals two days following the issuance of the OTSC to Hadid. The proposed customer and supplier list provided by Hadid further contained a number of firms and individuals that are currently under investigation for alleged diversion of List I chemicals.

The DEA investigation also revealed information from a reliable Confidential Source that Salem is currently involved in the diversion of List I chemicals to be manufacture of methamphetamine, and that he plans to use his DEA registration to continue these activities, by serving as a front for the above-referenced distributor whose DEA registration was subject to an immediate suspension. The Confidential Source further revealed that Salem recently had left the United States for Germany "to avoid arrest by law enforcement authorities," in the context of his involvement in List I chemical diversion activities.

Therefore, for the above-stated reasons, the Administrator concludes that it would be inconsistent with the public interest to grant the application of Hadid.

Accordingly, the Administrator of the Drug Enforcement Administration, pursuant to the authority vested in him by 21 U.S.C. 823 and 28 CFR 0.100(b) and 0.104, hereby orders that the application for a DEA Certificate of Registration submitted by Hadid International, Inc. be denied. This order is effective April 5, 2002.

Dated: February 22, 2002.

Asa Hutchinson,
Administrator.

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DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Hologram Wonders, Inc.; Denial of Application

On or about July 27, 2000, the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration (DEA), issued an Order to Show Cause (OTSC) by certified mail to Hologram Wonders, Inc., d/b/a New Horizon Dist. (Hologram), located in Kissimmee, Florida, notifying it's owner/president Hani Solomon (Solomon) of an opportunity to show cause as to why the DEA should not deny its application, dated January 17, 1999, for a DEA Certificate of Registration as a distributor of the List I chemicals ephedrine, pseudoephedrine, and phenylpropanolamine, pursuant to 21

U.S.C. 823(h), as being inconsistent with the public interest. The order also notified Hologram that, should no request for hearing be filed within 30 days, the right to a hearing would be waived.

No return postal receipt was received for the OTSC sent by certified mail. On August 2, 2000, DEA investigators from the Orlando, Florida District Office traveled to Hologram's business premises and, when there was no answer to repeated knocking, affixed a copy of the OTSC to the front door. Since that time, no further response has been received from the applicant nor any person purporting to represent the applicant. Therefore, the Administrator of the DEA, finding that (1) thirty days having passed since receipt of the Order to Show Cause, and (2) no request for a hearing having been received, concludes that Hologram is deemed to have waived its right to a hearing. After considering relevant material from the investigative file in this matter, the Administrator now enters his final order without a hearing pursuant to 21 CFR 1301.43(d) and (e) and 1301.46.

The Administrator finds as follows. List I chemicals are chemicals that may be used in the manufacture of a controlled substance in violation of the Controlled Substances Act, 21 U.S.C. 802(34); 21 CFR 1310.02(a). Pseudoephedrine, ephedrine, and phenylpropanolamine are List I chemicals that are commonly used to illegally manufacture methamphetamine, a Schedule II controlled substance. Methamphetamine is an extremely potent central nervous system stimulant, and its abuse is a growing problem in the United States.

The Administrator finds that on or about January 17, 1999, an application was received by the DEA Chemical Operations Registration section on behalf of Hologram for DEA registration as a distributor of the three above-mentioned List I chemicals.

The DEA investigation revealed a number of Hologram's proposed customers and suppliers were currently being investigated by DEA for violations related to the distribution of List I chemicals; and further that a former business partner of Solomon's, with whom he maintained close business ties, was under investigation for violations of law related to the distribution of List I chemicals.

The investigation further revealed that although Hologram and Solomon had no experience in distributing List I chemical products, Solomon expected this to constitute 25% of his business.

Pursuant to 21 U.S.C. 823(h), the Administrator may deny an application for a DEA Certificate of Registration if he determines that granting the registration would be inconsistent with the public interest. Section 823(h) requires the following factors be considered:

- (1) Maintenance by the applicant of effective controls against diversion of listed chemicals into other than legitimate channels;
- (2) Compliance by the applicant with applicable Federal, State, and local law;
- (3) Any prior conviction record of the applicant under Federal or State laws relating to controlled substances or to chemicals controlled under Federal or State law;
- (4) Any past experience of the applicant in the manufacture and distribution of chemicals; and
- (5) Such other factors as are relevant to and consistent with the public health and safety.

Like the public interest analysis for practitioners and pharmacies pursuant to subsection (f) of section 823, these factors are to be considered in the disjunctive; the Administrator may rely on any one or combination of factors and may give each factor the weight he deems appropriate in determining whether a registration should be revoked or an application for registration be denied. *See, e.g. Energy Outlet*, 64 FR 14,269 (1999). *See also Henry J. Schwartz, Jr., M.D.*, 54 FR 16,422 (1989).

The Administrator finds factors four and five relevant to this application. Regarding factor four, the applicant's past experience in the distribution of chemicals, the DEA investigation revealed that the applicant has no previous experience related to distributing listed chemicals, except at the retail level.

Regarding factor five, other factors relevant to and consistent with the public safety, the Administrator finds that, while Hologram and Solomon have no previous experience in distributing List I chemical products, Solomon expected these products to account for 25% of Hologram's business.

In addition, Hologram provided a proposed customer list that contained a substantial number of firms that were already being supplied by one of four distributors, and each of the named distributors currently had an OTSC pending. The customers shared by these firms and Hologram were requesting Solomon to supply them List I chemical products. The DEA investigation revealed substantial evidence that a number of business associates of Solomon are List I chemical distributors

involved in an organization that trafficks illegal pseudoephedrine supplying clandestine methamphetamine laboratories in California. Hologram's proposed customer list indicates it will be supplying the same illicit market as these business associates. Solomon has failed to demonstrate either a legitimate supplier or a legitimate customer base for List I chemical products. Granting Hologram's application would be tantamount to adding another List I chemical distributor supplying the illicit market.

Therefore, for the above-stated reasons, the Administrator concludes that it would be inconsistent with the public interest to grant the application of Hologram.

Accordingly, the Administrator of the Drug Enforcement Administration, pursuant to the authority vested in him by 21 U.S.C. 823 and 28 CFR 0.100(b) and 0.104, hereby orders that the application for a DEA Certificate of Registration submitted by Hologram Wonders, Inc. be denied. This order is effective April 5, 2002.

Dated: February 22, 2002.

Asa Hutchinson,
Administrator.

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DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Sinbad Distributing; Denial of Application

On or about July 6, 2001, the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration (DEA), issued an Order to Show Cause (OTSC) by certified mail to Sinbad Distributing (Sinbad), located in Las Vegas, Nevada, notifying it of an opportunity to show cause as to why the DEA should not deny its application, dated April 10, 2001, for a DEA Certificate of Registration as a distributor of the List I chemicals ephedrine, pseudoephedrine, and phenylpropanolamine, pursuant to 21 U.S.C. 823(h), as being inconsistent with the public interest. The order also notified Sinbad that, should no request for hearing be filed within 30 days, the right to a hearing would be waived.

The OTSC was received July 16, 2001, as indicated by the signed postal receipt. Since that time, no response has been received from the applicant nor any person purporting to represent the applicant. Therefore, the Administrator of the DEA, finding that (1) thirty days