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UNITED STATES DISTRICT COURT -
EASTERN DISTRICT OF NEW YORK -

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UNITED STATES OF AMERICA,

Plaintiff,

- against -

BELLCO DRUG CORPORATION,

Defendant.
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~~CONSENT JUDGMENT~~
Civil Action No.

WHEREAS:

- A. In or about June 2007, the United States commenced this action by filing a civil complaint (the "Complaint");
- B. The United States alleges in the Complaint that defendant Bellco Drug Corporation ("Bellco") committed certain violations of 21 U.S.C. § 842 and the regulations promulgated thereunder;
- C. Bellco denies committing any of the violations alleged in the complaint of the United States;
- D. On or about July 24, 2006 the Drug Enforcement Administration ("DEA") issued to Bellco a renewal of Certificate of Registration number PB0034861 (the "Certificate of Registration"), which authorizes Bellco to distribute controlled substances; and
- E. The United States and Bellco wish to settle this action without further litigation and without any admission of wrongdoing or liability;

THEREFORE, the United States and Belco hereby agree as follows pursuant to 21 U.S.C. § 842(c)(1) and 843(f):

1. Upon execution by Belco of this Consent Judgment, Belco shall pay to the United States the aggregate sum of Eight Hundred Thousand Dollars (\$800,000.00) by electronic funds transfer in accordance with the instructions set forth in the document annexed hereto as Appendix A.

2. Notwithstanding 21 U.S.C. § 824(f), within five (5) business days after the entry of this Consent Judgment, Belco shall distribute its entire inventory of controlled substances and listed chemicals (the "inventory") to American Medical Distributors, Inc. ("AMD") at 100 New Highway, Amityville, New York, provided that (a) at the time of the distribution, AMD is authorized by a DEA registration to possess the inventory; and (b) after the distribution, AMD has exclusive custody and control of the inventory and the vault and the cages in which the inventory is stored. Belco shall document the distribution of the inventory in accordance with all applicable DEA regulations. Within one (1) business day of the distribution, Belco shall notify the DEA Long Island District Office of the distribution. That notification shall be made by letter to the DEA Long Island District Office Diversion Group Supervisor, which shall be faxed to him at (631)420-4551 and sent to him by first class mail at 175 Pinelawn Road, Suite 205, Melville, New York 11747. Within

three (3) business days of that notification, Bellico shall execute a DEA Form 104, in the form annexed hereto as Appendix B, in the presence of two DEA investigators. Bellico's execution of the DEA Form 104 shall be a positive factor in DEA's consideration of any application filed by Bellico in accordance with paragraph 4 herein.

3. From the date of entry of this Consent Judgment until and including October 2, 2007, Bellico is enjoined from

- (a) manufacturing, distributing, importing or exporting any controlled substance or listed chemical, except for the distribution mandated under paragraph 2 of this Consent Judgment; and
- (b) filing with DEA any application for a registration authorizing Bellico to manufacture, distribute, import or export any controlled substance or listed chemical.

4. At all times on and after October 3, 2007, Bellico is permanently enjoined from manufacturing, distributing, importing or exporting any controlled substance or listed chemical, unless and until Bellico applies for and obtains a valid DEA Certificate of Registration authorizing Bellico to do so. Any application filed by Bellico with DEA for authorization to manufacture, distribute, import and/or export controlled substances shall include a compliance program designed to detect

and prevent the diversion of controlled substances that Bellico proposes to manufacture, distribute, import and/or export. DEA will conduct a preregistration investigation concerning the first application for registration filed by Bellico on or after October 3, 2007 within sixty (60) days after receiving the application. Nothing herein shall require DEA to approve or deny any application for registration filed by Bellico.

5. Subject to Bellico's performance of its obligations under this Consent Judgment, the United States hereby releases Bellico from all liability for the claims for relief set forth in the Complaint. Notwithstanding any term of this Consent Judgment, specifically reserved and excluded from the scope of the terms of this Consent Judgment are the following claims of the United States:

- a. Any civil, criminal or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Any administrative liability, except as explicitly stated in this Consent Judgment;
- d. Any liability to the United States (or its agencies) for any conduct other than the conduct alleged in the Complaint;

e. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

f. Any liability for failure to deliver goods or services due; and

g. Any liability based upon such obligations as are created by this Consent Judgment.

Nothing in this Consent Judgment shall be construed as a release from liability for any claim, demand, claim for relief or cause of action that the United States has or may have against any non-party, including without limitation AMD.

6. This Consent Judgment is entered into by the parties for the sole purpose of resolving this civil action and may not be used by any party in connection with any other civil, criminal or administrative proceeding or action including, without limitation, a determination by the DEA concerning whether to approve or deny an application for a certificate of registration. Nothing in this Consent Judgment shall constitute an admission or a finding of wrongdoing or lack of wrongdoing on the part of Bellco.

7. For the purposes of this Consent Judgment, the terms "distribute", "manufacture", "listed chemical" and

"controlled substance" are defined in the manner set forth in 21 U.S.C. § 802, and the term "import" is defined in the manner set forth in 21 U.S.C. § 951.

8. The obligations imposed upon Bellico pursuant to this Consent Judgment shall be in addition to, and not in derogation of, all requirements imposed upon Bellico pursuant to all applicable federal, state and local laws, including without limitation the requirements set forth in Title 21 of the United States Code and the regulations promulgated thereunder. Bellico acknowledges that it is entering into this Consent Judgment voluntarily.

9. Bellico represents that Eric Schuss is the Chairman of Bellico and is authorized to enter into this Consent Judgment and all documents necessary to effectuate this Consent Judgment --including without limitation the document annexed hereto as Appendix B --on behalf of Bellico.

10. The Court shall retain jurisdiction to enforce the provisions of this Consent Judgment.

Dated: - Brooklyn, New York
June 26, 2007

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CONSENTED TO:

BELCO DRUG CORPORATION

By: *Eric Schuss*
ERIC SCHUSS
Chairman

On June 26, 2007 before me,
personally came Eric Schuss,
to me known, who by me duly
sworn, did say that he is
Chairman of Belco Drug
Corporation.

Bandra C. Johnson
NOTARY PUBLIC

BANDRA C. JOHNSON
NOTARY PUBLIC, State of N.Y.
No. 01JO6018663
Qualified in Suffolk Co.
Commission Expires Jan. 19, 2011

SO ORDERED this 5th day of July, 2007
at Central Islip, New York

Dennis R. Hurley
HONORABLE DENNIS R. HURLEY
United States District Judge