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Makers of Nutritional Supplements Charged in Federal Sweep

By **Peter Lattman and Anahad O'Connor** November 17, 2015 7:27 pm

A yearlong federal investigation into the dietary supplement industry has resulted in a widespread crackdown on the sale of tainted or misleading products.

The Justice Department said on Tuesday that it filed criminal and civil enforcement actions against 117 companies and individuals.

At the center of the sweep is USPlabs, a company based in Dallas that sold the best-selling workout supplements Jack3d and OxyElite Pro, which contains the amphetamine-like stimulant dimethylamylamine, or DMAA. On Tuesday, federal prosecutors brought criminal charges against USPlabs and six of its executives related to the sale of those products.

News of the crackdown caused the shares of the country's leading nutritional supplement retailers, including GNC Holdings and the Vitamin Shoppe, to decline.

The indictment against USPlabs, filed in Federal District Court in Dallas, accused the supplement manufacturer of telling its retailers and wholesalers

that it used natural plant extracts in its products, when in fact it was using a synthetic stimulant made in a Chinese chemical factory.

According to the indictment, the use of OxyElite Pro led to a number of liver injuries, including at least one death.

Marketers said the supplements increased strength, speed and endurance, and they became popular with workout enthusiasts.

In December 2011, after the deaths of two soldiers who had used Jack3d, the Defense Department removed all products containing DMAA from stores on military bases, including more than 100 shops operated by GNC Holdings, the nation's largest retailer of nutritional supplements.

In 2013, under pressure from the Food and Drug Administration, USPlabs voluntarily destroyed its inventory of Jack3d and OxyElite Pro.

Among those arrested was Jacobo E. Geissler, 39, the chief executive of USPlabs, who according to the company's defunct website, studied nutrition at Texas A&M. Mr. Geissler and USPlabs could not be reached for comment on Tuesday.

Shares of GNC Holdings, Vitamin Shoppe and other retailers that sell nutritional supplements dropped after the Justice Department announced midday Tuesday that it was holding a news conference to present the charges. Shares of GNC declined as much as 27 percent, and Vitamin Shoppe shares fell as much as 10 percent.

But after it became clear that the retailers were not being named in any of the cases, shares recovered. Still, at the close of trading, GNC had dropped 6.4 percent and Vitamin Shoppe was down 4.9 percent.

GNC has come under increased scrutiny over the last year. Last month, the Oregon attorney general sued the company, accusing it of selling dietary supplements with illegal and dangerous ingredients. At the time, GNC said the

claim was meritless.

And in March, GNC struck an agreement with the New York State attorney general to begin using sweeping new testing procedures on its herbal products.

The attorney general had accused GNC and three other retailers of selling herbal supplements that were fraudulent or contaminated with potentially dangerous ingredients.

In a statement Tuesday night, GNC said it had “provided its full cooperation” to the authorities. The company said it was “committed to maintaining the trust and confidence of our customers.”

The Justice Department, which worked alongside the F.D.A. and other federal agencies in its investigation, said on Tuesday it had also filed complaints against numerous companies that have sold supplements as cures for diseases or that were otherwise in violation of the law.

The case against USPlabs comes as part of a broader crackdown on the supplement industry, which faces calls for tougher regulation of its products after a number of deaths and illnesses linked to them.

“The Justice Department and its federal partners have joined forces to bringing to justice companies and individuals who profit from products that threaten consumer health,” said Benjamin C. Mizer, principal deputy assistant attorney general, in a statement.

“The USPlabs case and others brought as part of this sweep illustrate alarming practices the department found,” he said, “practices that must be brought to the public’s attention so consumers know the serious health risks of untested products.”

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