substance in Schedule I or II and prior to issuing a regulation under section 1002(a) authorizing the importation of such a substance, provide manufacturers holding registrations for the bulk manufacture of the substance an opportunity for a hearing.

Therefore, in accordance with § 1301.34 of Title 21, Code of Federal Regulations (CFR), notice is hereby given that on August 31, 2001, ISP Freetown Fine Chemicals, 238 South Main Street, Assonet, Massachusetts 02702, made application by renewal to the Drug Enforcement Administration to be registered as an importer of phenylacetone (8501), a basic class of controlled substance listed in Schedule II.

The firm plans to import the phenylacetone to manufacture amphetamine.

Any manufacturer holding, or applying for, registration as a bulk manufacturer of this basic class of controlled substance may file written comments on or objections to the application described above and may, at the same time, file a written request for a hearing on such application in accordance with 21 CFR 1301.43 in such form as prescribed by 21 CFR 1316.47.

Any such comments, objections, or requests for a hearing may be addressed, in quintuplicate, to the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration, United States Department of Justice, Washington, DC 20537, Attention: DEA Federal Register Representative (CCR), and must be filed no later than April 4, 2002.

This procedure is to be conducted simultaneously with and independent of the procedures described in 21 CFR 1301.34(b), (c), (d), (e), and (f). As noted in a previous notice at 40 FR 43745–46 (September 23, 1975), all applicants for registration to import basic class of any controlled substance in Schedule I or II are and will continue to be required to demonstrate to the Deputy Assistant Administration, Office of Diversion Control, Drug Enforcement Administration that the requirements for such registration pursuant to 21 U.S.C. 958(a), 21 U.S.C. 823(a), and 21 CFR 1311.42(a), (b), (c), (d), (e), and (f) are satisfied.

Dated: February 19, 2002.

Laura M. Nagel,

Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administrator.

[FR Doc. 02–5218 Filed 3–4–02; 8:45 am]

BILLING CODE 4410–09–M

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

North American Group Revocation of Registration

On July 29, 2000, the Administrator of the Drug Enforcement Administration (DEA), issued an Order to Show Cause (OTSC) to North American Group, located in Kissimmee, Florida, notifying it of a preliminary finding that, pursuant to evidence set forth therein, it was responsible for the diversion of large quantities of List I chemicals into other than legitimate channels. Based on these preliminary findings, and pursuant to 21 U.S.C. 824(d) and 28 CFR 0.100 and 0.104, the OTSC suspended North American Group's DEA Certificate of Registration, effective immediately, with such suspension to remain in effect until a final determine is reached in these proceedings. The OTSC informed North American Group of an opportunity to request a hearing to show cause as to why the DEA should not revoke its DEA Certificate of Registration, 004407NAY, and deny any pending applications for renewal or modification of such registration, for reason that such registration is inconsistent with the public interest, as determined by 21 U.S.C. 823(h). The OTSC also notified North American Group that, should no request for hearing be filed within 30 days, its right to a hearing would be considered waived.

On July 31, 2000, a copy of the OTSC was affixed to the front door of the business premises, since no one appeared to be present at the business. On this same date, a second copy of the OTSC was sent certified mail, return receipt requested, to North American Group. The mailed OTSC was returned marked ''attempted—unclaimed.'' No request for a hearing or any other response was received by DEA from North American Group nor anyone purporting to represent it in this matter. 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 North American Group 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 is a List I chemical that is 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.

A ''regulated person'' is a person who manufactures, distributes, imports, or exports inter alia a listed chemical. 21 U.S.C. 802(38). A ''regulated transaction'' is inter alia a distribution, receipt, sale, importation, or exportation of a threshold amount of a listed chemical. 21 U.S.C. 802(39). The Administrator finds all parties mentioned herein to be regulated, and all transactions mentioned herein to be regulated transactions, unless otherwise noted.

The DEA investigation shows that Hesham Nabut (Nabut) is the owner and president of North American Group (NAG). On July 2, 1999, DEA conducted a preregistration inspection of NAG, and at that time provided Nabut with the DEA notices informing him that pseudoephedrine products are used in the illicit manufacture of methamphetamine; and that possession or distribution of a List I chemical knowing or having reasonable cause to believe it will be used to manufacture a controlled substance is a violation of the Controlled Substances Act.

DEA approved NAG's application for registration to distribute List I chemicals July 6, 1999. Between July 23, 1999, and September 30, 1999, NAg ordered approximately 2,592,000 pseudoephedrine tablets from one manufacturer. In October of 1999, NAG attempted to obtain an additional 3–4 million pseudoephedrine tablets from two other manufacturers.

On September 14 and 15, 1999, law enforcement personnel seized approximately 11,300 bottles of pseudoephedrine tablets from clandestine methamphetamine laboratories in California. Using the lot numbers on the seized bottles, DEA traced the product back to NAG. On October 15, 1999, DEA seized 4000 bottles of pseudoephedrine tablets form a clandestine methamphetamine laboratory in Los Angeles, California. Using the lot numbers on the seized bottles, DEA traced the product back to NAG.

In December of 1999, a DEA Confidential Source revealed that Hesham (last name unknown) and three other individuals shipped 16 boxes, with an aggregate weight of 1000 pounds, to Portland, Oregon. On

December 17, 1999, DEA seized the boxes, and found them to contain approximately 668,160 pseudoephedrine tablets.

On January 7, 2000, a DEA Confidential Source revealed that Hesham Nabut was significantly involved in supplying pseudoephedrine to individuals for the illicit manufacture of methamphetamine. The Confidential Source further revealed that Nabut falsified documents, purportedly showing that he supplied pseudoephedrine to gift shops, but that in reality, the pseudoepherine is shipped to California and Oregon for the illicit manufacture of methamphetamine. A DEA Confidential Source also revealed that one of Nabut's shipments to Portland, Oregon was seized in late 1999 or early 2000.

On January 13, 2000, DEA investigators observed an associate of Nabut loading large cardboard boxes from NAG's warehouse into a van. Eleven of these boxes were subsequently seized in California, and were found to contain 45 cases of 60 mg. pseudoephedrine tablets. The shipping labels bore fictitious names for both the shipper and the receiver, and a fictitious address for the shipper.

On May 18, 2000, DEA investigators observed the owner of Denver Wholesale, a pseudoephedrine distributor also under investigation by DEA, arrive at the Orlando Airport where he was met by Nabut. On May 18 and 19, 2000, DEA investigators observed Nabut and this individual meet with several other individuals currently under investigation by DEA for the illicit diversion of pseudoephedrine.

On May 19, 2000, DEA investigators observed the delivery of 20 large boxes of pseudoephedrine to NAG. On June 7, 2000, DEA investigators observed the delivery of an additional 25 large boxes to NAG. These boxes appeared similar to those previously received by NAG that DEA had confirmed contained pseudoephedrine.

On June 8, 2000, DEA Diversion Investigators conducted an administrative inspection of NAG. The Diversion Investigators observed 45 boxes of pseudoephedrine tablets. Each box contained 27,648 dosage units, for a total of 1,244,160 dosage units of pseudoephedrine.

Therefore, pursuant to 21 U.S.C. 824(d), the Administrator of the DEA issued an immediate suspension of NAG's DEA Certificate of Registration. While the above-cited evidence provides ample grounds for an immediate suspension pursuant to § 824(d), these grounds also provide the basis for the revocation of NAG's DEA Certificate of Registration.

Pursuant to 21 U.S.C. 824(a), the Administrator may revoke a registration to distribute List I chemicals upon a finding that the registrant has committed such acts as would render his registration under section 823 inconsistent with the public interest as determined under that section. Pursuant to 21 U.S.C. 823(h), the following factors are considered in determining the public interest:

(1) Maintenance of effective controls against diversion of listed chemicals into other than legitimate channels;

(2) Compliance with applicable Federal, State, and local law;

(3) Any prior conviction record under Federal or State laws relating to controlled substances or to chemicals controlled under Federal or State law;

(4) Any past experiences 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 for practitioners 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 the first factor, maintenance of effective controls against diversion, the DEA investigation reveals Nabut contacted DEA from Jordan on July 24, 2000, regarding the alleged theft of 45 boxes of pseudoephedrine by an individual currently under investigation by DEA in a related case. Nabut alleged that 45 boxes of pseudoephedrine were removed from NAG by his brother and transferred to a public storage unit facility. Nabut admitted that the storage unit was rented by the same individual that he claims stole the chemicals, and further, he admitted the individual is not a business associate. DEA obtained a copy of the rental agreement, which stated that only the individual renting the unit had access. Nabut had left the United States and as in Jordan during the time these events allegedly took place. The DEA investigation showed, however, that only three boxed were originally place in the storage unit, and that these boxes were removed by an unknown individual sometime before July 7, 2000. The location of the 45 boxes of pseudoephedrine that DEA investigators had observed at NAG during the June 8, 2000 administrative inspection is unknown. All 45 boxes were missing at the time a criminal search warrant was executed upon NAG July 29, 2000.

The Administrator finds the circumstances of this alleged theft very suspicious, and finds that regardless of the truth of the matter, NAG and Nabut failed to adequately protect this substantial amount of pseudoephedrine (totaling 1,244,160 dosage units) from diversion. Neither Nabut nor his brother was able to give investigators an adequate explanation regarding why the chemicals were removed from the NAG premises. The chemicals, or at least three boxes appearing to contain chemicals, were moved into a storage unit rented and controlled by a third party. Finally, Nabut apparently orchestrated the entire scenario from Jordan. The Administrator concludes that this finding alone provides ample basis for revocation of NAG's DEA registration.

Regarding the second factor, compliance with applicable Federal, State, and local law, the investigative file in this matter contains information from a reliable DEA Confidential Source relating to Nabut's involvement in diverting pseudoephedrine to the manufacture of methamphetamine. The information is as follows: Nabut is significantly involved in a criminal organization devoted to the illegal supplying of pseudoephedrine to clandestine methamphetamine laboratories. The organization operates in Chicago, Los Angeles, New York, Florida, and Oregon. Nabut purchases the chemical for approximately $220 per case, and he sells it for approximately $800–900 per case, and sometimes as high as $3600 per case. Nabut collects pseudoephedrine from various sources and distributes the chemical using UPS and other parcel service facilities, and also occasionally rental vans. The pseudoephedrine allegedly is distributed to retailers such as gift shops, and also to individuals not authorized to receive the chemical. The chemicals do not ever actually reach their purported destination, however, but are diverted through the organization to the illicit manufacture of methamphetamine. Nabut created false shipping and receiving records for the chemicals allegedly shipped to the retailers. These records were created for the specific purpose of deceiving DEA and other law enforcement agencies. Nabut has exported a 4-door Mercedes Benz automobile and approximately $1.5 million dollars to Jordan in

anticipation of fleeing the United States to avoid arrest.

The Administrator finds the Confidential Source information provides substantial evidence that NAG and Nabut are in violation of 21 U.S.C. 841(d)(1) (possession of a listed chemical with intent to manufacture a controlled substance); 841(d)(2) (possession/distribution of a listed chemical knowing or having reasonable cause to believe, that the listed chemical will be used to manufacture a controlled substance); 841(g)(1) (knowing distribution of a listed chemical in violation of the Controlled Substances Act); 841(g)(2) (possession of a listed chemical with knowledge that recordkeeping or reporting requirements not adhered to); 842(a)(5) and (10) (failure to keep required records). (**Note:** subparagraphs (d) and (g) have been redesignated as (c) and (f)). Therefore, the Administrator finds NAG and Nabut significantly violated applicable federal law.

Regarding the third factor, any prior conviction record under Federal or State laws relating to controlled substances or chemicals, there is not evidence that NAG or Nabut has any record of convictions under Federal or State laws relating to controlled substances or chemicals.

Regarding the fourth factor, past experience in the manufacture and distribution of chemicals, the Administrator finds NAG and Nabut significantly violated applicable law, as set forth in factor two above, and further, failed to adequately protect against the diversion of a substantial quantity of a List I chemical, as set forth in factor one, above.

Regarding the fifth factor, such other factors relevant to and consistent with the public safety, the Administrator finds substantial evidence that NAG and Nabut significantly violated applicable law by actively participating in the diversion of pseudoephedrine to the manufacture of methamphetamine, and the falsification of records to conceal such activity. Furthermore, Nabut has fled the United States in anticipation of possible prosecution for his crimes.

Accordingly, the Administrator of the Drug Enforcement Administration, pursuant to the authority vested in him by 21 U.S.C. 823 and 824 and 28 CFR 0.100(b) and 0.104, hereby orders that DEA Certificate of Registration 004407NAY, previously issued to North American Group, be, and it hereby is, revoked; and any pending applications for renewal or modification of such registration be, and hereby are, denied. This order is effective April 4, 2002.

Dated: February 22, 2002.

Asa Hutchinson,

Administrator.

Certificate of Service

This is to certify that the undersigned, on February 25, 2002, placed a copy of the Final Order referenced in the enclosed letter in the interoffice mail addressed to Linden Barber, Esq., Office of Chief Counsel, Drug Enforcement Administration, Washington, DC 20537; and caused a copy to be mailed, postage prepaid, registered return receipt to Mr. Hesham Nabut, North American Group, 2792 Michigan Avenue, Suite 406, Kissimmee, Florida 34744.

Karen C. Grant.

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DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Paragon Associates; Denial of Application

On or about May 4, 2001, the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration (DEA), issued an Order to Show Cause (OTSC) by certified mail to Paragon Associates (Paragon), located in City of Industry, California, notifying it of an opportunity to show cause as to why the DEA should not deny its application, dated April 23, 1999, for a DEA Certificate of Registration as an exporter of the List I chemical phenylpropanolamine (PPA), pursuant to 21 U.S.C. 823(h), as being inconsistent with the public interest. The order also notified Paragon that, should no request for hearing be filed within 30 days, the right to a hearing would be waived.

The OTSC was received May 16, 2001, as indicated by the signed postal receipt. On June 7, 2001, DEA received a letter from Paragon, purportedly responding to the issues set forth in the OTSC. This letter did not address whether Paragon would request or waive its right to the hearing. 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 Paragon 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 has considered Paragon's letter received June 7, 2001, pursuant to 21 CFR 1309.53(b).

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). PPA is a List I chemical that is 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 April 23, 1999, an application was received by the DEA Chemical Operations Registration section on behalf of Paragon for DEA registration as an exporter of the List I chemical phenylpropanolamine (PPA).

On June 17, 1999, DEA investigators conducted a pre-registration investigation of Paragon's proposed business premises, and interviewed the president, Mr. George Fan. Mr. Fan stated that Paragon had been an exporter of vitamins and food supplements since 1997, and now intended to export the List I chemicl PPA to a firm in Taipei, Taiwan.

DEA investigators were unable to verify the existence of Paragon's intended customer because of misleading information provided by Mr. Fan. The DEA investigation revealed Paragon had submitted an application for a permit to handle listed chemicals to the State of California, Bureau of Narcotic Enforcement (BNE). BNE records revealed that Paragon intended to export listed chemicals to China, not Taiwan. The DEA investigation further revealed BNE did not issue a permit to Paragon to allow listed chemicals to enter California.

The DEA investigation also revealed that neither Paragon nor its intended customer have been authorized by the Government of Taiwan to import any listed chemicals. DEA subsequently learned that Paragon had submitted an order to a U.S. supplier of PPA in June of 1999 and offered a copy of its application for DEA registration as proof of registration, despite Paragon's never having been registered to handle listed chemicals. Finally, the DEA investigation revealed that in 1997 and 1998, Paragon acquired domestic supplies of PPA without being authorized to do so, and shipped the chemicals without filing the required