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SOUTH FLORIDA

Miami man arrested in \$230 million HIV-drug scheme, then gains release from fed lockup

BY JAY WEAVER

UPDATED JULY 05, 2022 7:16 PM



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A patient holds a regimen of HIV/AIDS drugs. CARL JUSTE *Miami Herald*

Miami businessman Lazaro Hernandez was arrested in mid-June on charges of directing a \$230 million scheme to distribute “adulterated and misbranded” HIV prescription drugs through a network of wholesalers and pharmacies to unsuspecting patients nationwide.

Hernandez, 51, was released just before the Fourth of July holiday weekend on a \$1.4 million bond and faces a mid-July arraignment in a federal indictment accusing him of conspiring to defraud the U.S. Food and Drug Administration by selling falsely labeled drugs to unsuspecting patients.

His defense attorney, Marc Seitles, overcame strong opposition by federal prosecutors to the defendant’s bond, which was granted by Magistrate Judge Jonathan Goodman. Hernandez was released from the Federal Detention Center on June 30, records show.

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“This is not the court of assumption. This is a court of law,” Seitles said at Hernandez’s detention hearing in Miami federal court. “You cannot proceed just on the evidence of prosecutors banging their chest. You have to present evidence of risk of flight and danger to the community, and they have not presented one shred of it.”

The indictment accuses Hernandez and unnamed co-conspirators of illegally acquiring large amounts of HIV medication and creating false drug labels to make it appear that they were purchased legitimately between 2019 and 2021. Hernandez and the others set up licensed wholesale drug distribution companies in Florida, Connecticut, New Jersey and New York, the indictment says.

The Hernandez-led network then used those companies to sell the adulterated HIV drugs at steep discounts to other operators of wholesale pharmaceutical distributors in Mississippi, Maryland and New York, according to the indictment. In turn, those distributors then resold the adulterated HIV drugs to pharmacies, which billed health insurers, including Medicare, while dispensing them to patients.

Prosecutors with the U.S. Attorney’s Office in Miami and Justice Department said in a news release that the “wholesale pharmaceutical distributors paid Hernandez and his co-conspirators more than \$230 million for the illegally acquired and adulterated prescription drugs.”

The indictment further accuses Hernandez of laundering those proceeds through several corporations in Miami. If convicted, Hernandez faces a maximum penalty of more than 100 years in prison.

The case was investigated by U.S. agents with Health and Human Services and the Federal Deposit Insurance Corporation.

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Jay Weaver writes about federal crime at the crossroads of South Florida and Latin America. Since joining the Miami Herald in 1999, he’s covered the federal courts nonstop, from Elian’s custody battle to A-Rod’s steroid abuse. He was part of the Herald team that won the 2001 Pulitzer Prize for breaking news on Elian’s seizure by federal agents. He and three Herald colleagues were 2019 Pulitzer Prize finalists for explanatory reporting for a series on gold smuggling between South America and Miami.

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