

**Peter Neupert, chairman, drugstore.com**  
**Planned Oral Statement**  
**FDA Drug Importation Hearing**  
**April 14, 2004**

Dear Mr. Chairman:

Thank you for the opportunity to speak today. I am Peter Neupert, chairman of drugstore.com, inc., a leading online provider of health, vision, beauty and pharmacy products. We were one of the first fully licensed online pharmacies.

The Internet has empowered consumers to comparison shop for their prescriptions. For example, drugstore.com was the first to make all of its prescription drug prices available online to any consumer – because we believe that empowerment is a positive thing. However, it is this same medium, the Internet, that has made it so easy for unscrupulous, unregulated and untouchable entrepreneurs to take advantage of and put U.S. consumers at real risk for their health.

Since 1999, our safety and privacy claims have been substantiated by a thorough audit conducted by a trusted, unbiased, independent organization: the National Association of Boards of Pharmacy. Trusted verification is especially important on the Internet, because the consumer does not have the visual cues available in the physical world – such as neighborhood, cleanliness, orderliness and the like.

As cross-border importation of prescription drugs becomes more popular and widespread, the problems will get only worse – exponentially. This is the nature of the Internet. Trends accelerate at breakneck pace. Consumer demand will create supply while more marginal players set up shop to tap into bigger and more lucrative markets. Any problems that exist with the current laissez-faire approach of cross-border importation, from therapeutic failures to life-threatening events, will be exacerbated. An uncontrolled free-for-all without mandatory certification and enforcement can never claim to put the patient's health interests first.

By harnessing the Internet, we think drugstore.com is on to something quite important – and possibly revolutionary. To date, drugstore.com has safely dispensed more than 2.3 million prescriptions to consumers in all 50 states. We leverage the power of the Internet to provide discounts of 20 to 30 percent off the prices of traditional brick-and-mortar pharmacies. Moreover, we are providing important health information that can improve health outcomes. And we do all this while conforming to all applicable federal, state, and local regulatory controls.

For the safety of consumers and the viability of the Internet as lower cost drug delivery channel, it is critical that all Internet pharmacies, whether here or outside the United States, play by the same rules. Without appropriate standards and enforcement mechanisms in place, opening our borders undermines confidence in the safety, reliability and affordability of the Internet distribution channel. Health Canada, for example, does not regulate pharmacies catering to U.S. citizens.

A spot check on the popular search engine Google by drugstore.com identified literally hundreds of suspicious websites that dispense drugs.

- ?? Many don't provide a company address or phone number;
- ?? Many provide medications without a prescription or with a prescription procured through a short online "consultation"; and
- ?? Many dispense compounds that are either illegal or subject to special controls here in the U.S.

The average consumer cannot say, with any degree of confidence, which foreign sites are safe and which are not. Right now, the situation is buyer beware.

Below is just one example of a suspicious advertisement I received as spam just a few days ago:

**TROPICRX.COM**

Weight Loss   Muscle Relaxants   Pain Relief   Sexual Health   Sleeping Aids

**RELAX WITH SOMA**

**Soma**  
as low as: **\$79.00**  
MUSCLE RELAXANT   ORDER NOW

**Tramadol**  
as low as: **\$89.00**  
PAIN RELIEF   ORDER NOW

**Fioricet**  
as low as: **\$99.00**  
MIGRAINE RELIEF   ORDER NOW

**Ambien**  
as low as: **\$149.00**  
SLEEPING AIDS   ORDER NOW

Women's Health   Men's Health   Migraine Relief   Enhancement   Skin Care

**No Prior Prescription Required**  
**RECEIVE A FREE**  
Consultation from our US Licensed Physicians

**FDA APPROVED**     All FDA Approved Medications are shipped directly from our US Licensed Pharmacies.

**EASY • SAFE • PRIVATE**

ADVERTISEMENT   CA-MAIL 207-1425 MARINE DR VANCOUVER, BC V7T1B9 CANADA   UNSUBSCRIBE

I would venture to say that this site is not FDA approved, even though the “FDA approved” logo appears to be making that claim. This site undermines the doctor patient relationship – and patient safety – by requiring no prior prescription. It showcases the U.S. flag, presumably to look like a U.S. company, but the address is in Canada. There are thousands more suspicious sites like this. I would guess that we all have received ads similar to this one in e-mail boxes.

I recommend that we adopt a uniform standard similar to the National Association of Boards of Pharmacy’s Verified Internet Pharmacy Practice Sites, or VIPPS, program.

Once such a uniform standard has been adopted and introduced, I recommend the following three-tiered approach to help enforce that standard:

1. Make it illegal for online pharmacies to advertise on search engines unless they meet the approved certification standard and prohibit search engines from accepting advertisements from online pharmacies that are not properly certified.
2. Stop credit card payments to pharmacies that do not meet the certification standard criteria (i.e., illegal pharmacies), to stop funding at the source.
3. Motivate third party shippers to refuse shipments from pharmacies who do not meet the certification standard.

Buying drugs online should be a superior experience: convenient, affordable, and private. But in today's world, purchasing drugs online is fraught with peril.

Yes, affordability is a big issue. There's no doubt that the Internet is part of the answer. But encouraging consumers to embark on a worldwide shopping spree based on lowest price – without regard to safety – is no solution either. There must be a way to create a system that is appropriately balanced, allowing for innovation and the creation of miracle drugs while allowing tiered pricing for those with special needs.

All Americans deserve a system they can trust. This means finding a solution that combines safety with affordability. We deserve to be protected from fly-by-night operations and unscrupulous profiteers who set aside all safety concerns to make a buck. We require a system where Internet pharmacies all play by the same rules and the rules ensure consumer safety is not compromised.

Thank you.