

Within months, Bifetamina appeared on the illicit market in the United States. A special task force working under the code name "Operation Blackjack" established that the southeastern and southwestern States were being flooded with Bifetamina and that the drug was being smuggled into the United States at six principal points along the Texas-Mexico border.

Pennwalt was ordered to show cause why its registration to export amphetamine products should not be revoked. The company chose not to contest the order and is now barred from exporting its amphetamine products to any part of the world.

Mr. Chairman, the order to show cause in that case said in part, "the illicit importation of Bifetamina from Mexico and the subsequent illegal sale of Bifetamina in the United States substantially subverts the purpose of placing all amphetamines in schedule II."

Senator NELSON. Who are the manufacturers in Mexico?

Mr. RODY. Strassenburg, which is Pennwalt's subsidiary in Mexico.

Senator NELSON. So Pennwalt was under court order?

Mr. ROSTHAL. We served them with an order to show cause as to why their registration with us to export amphetamine products should not be revoked, and why the total quota for all amphetamines should not be reduced by the amount of what we would take from them.

We conferred with them, I think they knew we had the evidence, because they withdrew, so the order to show cause was withdrawn, and the company, as Mr. Rody has said cannot ship amphetamines from the United States to any part of the world.

Senator NELSON. What was the legal basis of the Government in attacking the question of exportation.

Mr. ROSTHAL. There was a myriad of criminal cases made all over the South and the Southwest. This stuff showed up at truck stops, and many criminal cases were made.

The basis for the order to show cause was, Mr. Rody had said in citing from the order, that they were subverting the entire purpose of the Controlled Substances Act.

What they were doing in effect, Mr. Chairman, was conducting an end run.

They had quotas in the United States, but they could make as much as they wanted in Mexico City.

Senator NELSON. But the quota in the United States at that time prior to the court order did not apply to exports?

Mr. ROSTHAL. No; the quotas applied, I should have gone back on that.

The quotas applied to what they could manufacture for everything, but what they had done in the 2 years previous to our placing amphetamines in schedule II, a move which everyone in the industry knew was going to happen, was to ship large quantities, large quantities of the basic resin complex from their plant in Rochester, N.Y. to their plant in Mexico City.

Senator NELSON. Was the product made at that time in Mexico City, too?

Mr. ROSTHAL. No, the basic product, the complex was made in New York State, and shipped to Mexico City.

As Mr. Rody's testimony will develop, this was incapsulated, and they changed the name in Mexico to Biphetamina.