

AG Schimel: Settles synthetic cannabinoid case, warns other companies about consequences of illegal sales

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MADISON, Wis. – Today, Attorney General Brad Schimel announced the Wisconsin Department of Justice (DOJ) has reached a settlement with Capitol Petroleum and its owner, Mr. Farooq Shahzad, relating to sales of synthetic cannabinoids from gas station convenience stores in Madison. Attorney General Schimel today also sent letters to 20 other gas station convenience stores, tobacco shops, and retailers in Dane County, warning about the consequences of selling these illegal products.

“The formula for synthetic drugs changes quicker than lawmakers can outlaw it, many times, hampering law enforcement’s ability to effectively enforce the state’s drug laws,” said Attorney General Schimel. “Thanks to the creative thinking of investigators and attorneys, DOJ was able to hold Capitol Petro accountable through the use of Wisconsin’s consumer protection laws and other retailers are now taking note.”

In June 2016, DOJ, on behalf of the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), sued Capitol Petroleum and its principal, Farooq Shahzad, for selling designer drug synthetic cannabinoids known by such names as “Spice” and “Kush” in violation of Wisconsin consumer protection law, in particular, the prohibition on fraudulent drug advertising (Wis. Stat. § 100.182).

In 2017, Dane County Circuit Court Judge Valerie Bailey-Rihn granted partial summary judgment to DATCP, agreeing with DOJ’s position that retail sales of these synthetic cannabinoid “spice” products violates Wisconsin’s fraudulent drug

advertising statute. Subsequently, Capitol Petroleum and its owner, Mr. Shahzad, agreed to a judgment against them. The judgment permanently prohibits Capitol Petroleum and Shahzad from selling or assisting in the sale of synthetic cannabinoid substances and requires them to pay \$1,283,000 in civil forfeitures, assessments, and costs.

In order to stop further sale of these dangerous drugs, DOJ has issued a letter to 20 other gas station convenience stores, tobacco shops, and retailers in Dane County, warning about the consequences of selling these illegal products. “[DOJ] will aggressively pursue action against businesses who choose to sell synthetic cannabinoids. The business and you may personally be subject to a substantial civil forfeiture from litigation pursued by this office, as well as criminal penalties from appropriate officials,” the letter states.

“Spice” and “K2,” sometimes labelled as “herbal incense” or “potpourri,” are synthetic cannabinoids, are known to be unpredictable and dangerous, and are one type of designer drugs. They are similar to THC, the main psychotropic compound in marijuana, but have slightly different chemical compositions. Manufactured in clandestine laboratories using an ever-changing number of new chemical formulae, synthetic cannabinoid use can be highly addictive and has been linked to cases of organ failure, acute psychotic episodes, delirium, and death.

Some – but not all – synthetic cannabinoids are on the list of controlled substances, subject to criminal prohibition. The producers of these drugs continuously change the chemical formula to stay one step ahead of the legislation. When one of these chemicals becomes illegal, they switch to a new one. As a result, users often don’t know what they are getting when they smoke the drug, and these drugs have not been tested for safety and are not approved by the Food and Drug Administration (FDA).

Capitol Petroleum’s products were mislabeled as “incense” and “potpourri” but were intended for human consumption, despite bogus claims to the contrary on some of the package labels. The product packages do not warn buyers what is really in them, exposing users (and others) to risk of injury. Representing to buyers that they could achieve the effects of a drug that is not approved by the FDA is a violation of the prohibition on fraudulent drug advertising.

DOJ worked closely with DATCP, the Dane County Narcotics Task Force, the Madison Police Department, the University of Wisconsin Police Department, the Wisconsin

State Crime Laboratory, and the Wisconsin State Hygiene Laboratory on this case.

DOJ Assistant Attorney General Lewis Beilin and Consumer Protection and Antitrust Unit Investigator Cam Howe led the state's lawsuit against Capitol Petro.