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U.S. CHARGES OWNER OF 'SOUND FACTORY' NIGHTCLUB
WITH OPERATING AS A NARCOTICS 'STASH HOUSE' FOR THE
DISTRIBUTION OF ECSTASY, METH AND OTHER 'CLUB DRUGS'

*CLUB OWNER RICHARD GRANT, TWO SECURITY DIRECTORS AND
CORPORATION CHARGED*

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and ANTHONY PLACIDO, the Special Agent in Charge of the Drug Enforcement Administration's New York Field Division, and RAYMOND W. KELLY, the New York City Police Commissioner, announced today the unsealing of an Indictment charging RICHARD GRANT, the owner of "Sound Factory," a New York City after-hours nightclub, his operating company, and top members of his security staff, with operating Sound Factory as a narcotics "stash house" for the purpose of distributing ecstasy, methamphetamine, and other "club drugs."

The Indictment charges GRANT, PHOENIX SOUND, INC., RONALD COFFIEL, and RANDELL ROGIERS with (1) provision of a building for distribution and use of narcotics (commonly known as a "stash house" charge); (2) conspiring to do the same; (3) conspiracy to aid and abet narcotics distribution, and (4) two counts of aiding and abetting narcotics distribution on occasions where drug customers died from using drugs at the club. All of the charges arise from the defendants' operation of Sound Factory from June 2000 through February 2004. The Indictment alleges that the defendants, in order to attract and maintain a regular clientele, made Sound Factory available for drug dealers to sell Ecstasy, GHB (the "Date Rape Drug"), Ketamine, Crystal Methamphetamine, and other club drugs. The defendants permitted this active drug dealing and drug use within Sound Factory because, it is alleged, they knew that ready access to drugs would attract club goers and lead to enhanced profits for Sound Factory, RICHARD GRANT, and PHOENIX SOUND, INC.

Drug Overdoses and Deaths at Sound Factory

The Indictment alleges that while drug selling and abuse was rampant at Sound Factory, and drug overdoses were common in the club, it was the practice of the defendants to avoid calling 911 or involving outside medical personnel unless absolutely necessary in order to avoid scrutiny from law enforcement. Nevertheless, it is alleged that from June 2000

through February 2004, approximately 20 Sound Factory customers were treated by emergency medical services for drug overdoses, while many other patrons, sick from the effects of drugs, went untreated. It is also alleged that two patrons of Sound Factory died from overdoses of drugs obtained and taken at Sound Factory, one on or about June 11, 2000, and the other on August 26, 2002.

Drug Sales and Use at Sound Factory

According to the Indictment, between May 2001 and February 2004, New York City and Federal undercover officers made approximately 90 different purchases of illegal narcotics inside Sound Factory. GRANT, COFFIEL and ROGIERS were present at most Sound Factory parties, which typically ran from approximately 11 P.M. on Saturdays until as late as 4:00 P.M. on Sundays, according to the Indictment.

It is alleged that during these parties the sale and use of drugs, such as Ecstasy and GHB, was rampant and patrons were readily observed vomiting, convulsing, or passing out from drug use. The ready availability of club drugs was one of the principal attractions of Sound Factory parties, according to the Indictment.

Millions Generated by Sound Factory Owner - Forfeiture Sought

According to the Indictment, GRANT and PHOENIX SOUND profited from the large crowds which were drawn to the parties at Sound Factory by, among other things, the ready availability of

drugs at the club. Sound Factory's gross revenue from entry fees alone was approximately \$120,000 per weekend, resulting in an approximate annual gross revenue from entrance fees of more than \$6 million, it is alleged. The Indictment seeks the forfeiture of \$18 million, as well as the ownership interest in Sound Factory nightclub

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GRANT, 61, resides in Manhattan. He, COFFIEL and ROGIERS are expected to be arraigned on the Indictment in the United States District Court for the Southern District of New York on Monday, March 8, 2004.

Mr. KELLEY stated: "Club owners and managers who allow their premises to become dangerous drug markets are no different from those who run crack houses - and they will be prosecuted as such. Sound Factory's days as a drug factory are over."

Mr. PLACIDO stated: "These indictments serve notice to all commercial enterprises that they must act as responsible corporate citizens. We will not tolerate nightclubs, nor the owners of these clubs, potentially profiting from the carnage and destruction brought by illegal drug trafficking."

Commissioner KELLY stated: Ecstasy kills and these dealers deal in death. I want to commend the New York City police officers and the DEA agents for shutting down this death factory."

New York State Police (NYSP) Superintendent WAYNE E. BENNETT stated: These indictments, through the cooperative efforts of local, state and federal law enforcement, brought down a marketplace created for the distribution of club drugs. Just as any others involved in dealing drugs, the individuals involved with this club have shown no regard for the lives they destroy. They are more than willing to profit at great expense to others, most notably with the regular occurrence of drug overdoses, many leading to hospitalizations and some leading to death."

Each of the five counts in the Indictment carries a maximum penalty of 20 years in prison.

Mr. KELLEY praised the efforts of the New York Drug Enforcement Task Force, comprised of the DEA, NYPD, and NYSP, as well as the IRS for their assistance in the investigation.

Assistant United States Attorneys DAVID J. BERARDINELLI and BENJAMIN M. LAWSKY are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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