

interest. These investigations have included inspection and testing of the company's physical security systems, audits of the company's records, verification of the company's compliance with state and local laws, and a review of the company's background and history. Therefore, pursuant to section 1008(a) of the Controlled Substances Import and Export Act and in accordance with Title 21, Code of Federal Regulations, § 1311.42, the above firm is granted registration as an importer of the basic classes of controlled substances listed above.

Dated: May 8, 2002.

**Laura M. Nagel,**

*Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration.*

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## DEPARTMENT OF JUSTICE

### Drug Enforcement Administration

#### Importation of Controlled Substances; Notice of Application

Pursuant to section 1008 of the Controlled Substances Import and Export Act (21 U.S.C. 958(l)), the Attorney General shall, prior to issuing a registration under this section to a bulk manufacturer of a controlled substance in Schedule I or II and prior to issuing a regulation under section 1002(a) authorizing the importation of such a substance, provide manufacturers holding registrations for the bulk manufacture of the substance an opportunity for a hearing.

Therefore, in accordance with section 1301.34 of Title 21, Code of Federal Regulations (CFR), notice is hereby given that on December 19, 2001, Salsbury Chemicals, Inc., 1205 11th Street, Charles City, Iowa 50616-3466, made application by renewal to the Drug Enforcement Administration to be registered as an importer of phenylacetone (8501), a basic class of controlled substance listed in Schedule II.

The firm plans to import phenylacetone to manufacture amphetamines for distribution to its customers.

Any manufacturer holding, or applying for, registration as a bulk manufacturer of this basic class of controlled substance may file written comments on or objections to the application described above and may, at the same time, file a written request for a hearing on such application in

accordance with 21 CFR 1301.43 in such form as prescribed by 21 CFR 1316.47.

Any such comments, objections or requests for a hearing may be addressed, in quintuplicate, to the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration, United States Department of Justice, Washington, DC 20537, Attention: DEA **Federal Register** Representative (CCF), and must be filed no later than June 17, 2002.

This procedure is to be conducted simultaneously with and independent of the procedures described in 21 CFR 1301.34(b), (c), (d), (e), and (f). As noted in a previous notice at 40 FR 43745-46 (September 23, 1975), all applicants for registration to import a basic class of any controlled substance in Schedule I or II are and will continue to be required to demonstrate to the Deputy Assistance Administrator, Office of Diversion Control, Drug Enforcement Administration that the requirements for such registration pursuant to 21 U.S.C. 958(a), 21 U.S.C. 823(a), and 21 CFR 1301.34(a), (b), (c), (d), (e), and (f) are satisfied.

Dated: April 24, 2002.

**Laura M. Nagel,**

*Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration.*

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## DEPARTMENT OF JUSTICE

### Drug Enforcement Administration

#### Steven J. Watterson Denial of Application

On May 21, 2001, the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration (DEA), issued an Order to Show Cause (OTSC) by certified mail to Steven J. Watterson, notifying him of an opportunity to show cause as to why the DEA should not deny his application for DEA registration, pursuant to 21 U.S.C. 823(f), for reason that Mr. Watterson was not licensed to conduct controlled substance research activity by the Tennessee Board of Pharmacy. The OTSC also notified Mr. Watterson that should no request for hearing be filed within 30 days, his right to a hearing would be deemed waived.

The OTSC was sent certified mail, return receipt requested, to the address listed on Mr. Watterson's application for DEA registration. DEA received a return receipt dated May 29, 2001, signed on behalf of Mr. Watterson. No request for

a hearing or any other response was received from Mr. Watterson nor anyone purporting to represent him in this matter. Therefore, the Deputy Administrator, finding that (1) 30 days having passed since the receipt of the OTSC, and (2) no request for a hearing having been received, concludes that Mr. Watterson has waived his right to a hearing. Having completely reviewed the investigative file in this matter, the Deputy Administrator hereby enters his final order without a hearing, pursuant to 21 CFR 1301.43(d) and (e) and 1301.46.

The Deputy Administrator finds that Mr. Watterson applied with the Tennessee Board of Pharmacy, Department of Commerce and Insurance (Board) for a research license pursuant to the Tennessee Legend Drug and Controlled Substance Research Act of 1984. By letter dated November 27, 2000, the Director of the Board informed Mr. Watterson that "we must deny the issuance of this license because the activity described in your application does not fall with [sic] the parameters delineated by the statute."

The DEA does not have the statutory authority pursuant to the Controlled Substances Act to issue or to maintain a registration if the applicant or registrant is without state authority to handle controlled substances in the state in which he or she practices. See 21 U.S.C. 802(21), 823(f), and 824(a)(3). This prerequisite has been consistently upheld in prior DEA cases. See Graham Travers Schuler, M.D., 65 FR 50,570 (2000); Romeo J. Perez, M.D., 62 FR 16,193 (1997); Demetris A. Green, M.D., 61 FR 60,728 (1996); Dominick A. Ricci, M.D., 58 FR 51,104 (1993).

In the instant case, the Administrator finds the Government has presented undisputed evidence demonstrating that Mr. Watterson is not authorized to handle controlled substances in the State of Tennessee, the state in which he seeks to obtain a DEA registration. As a result, he is not entitled to a DEA registration in that State.

Since DEA does not have the statutory authority to issue Mr. Watterson a DEA registration because he is not currently authorized to handle controlled substances in Tennessee, the Deputy Administrator concludes that it is not necessary to determine whether Mr. Watterson's application is consistent with the public interest.

Accordingly, the Deputy Administrator of the Drug Enforcement Administration, pursuant to the authority vested in him by 21 U.S.C. 823 and 824 and 28 CFR 0.100(b) and 0.104, hereby orders that the application for a DEA Certificate of Registration