

IN THE MATTER OF	*	BEFORE THE
AMERICAN SALES COMPANY LLC	*	STATE BOARD OF
RESPONDENT-CORPORATION	*	PHARMACY
PERMIT NUMBER: D00162	*	CASE NO.: PI-14-212/14-612
* * * * *		

FINAL CONSENT ORDER

The State Board of Pharmacy (“the Board”) charged American Sales Company ,LLC, permit number: D00162 (the “Respondent-Corporation”), with violating certain provisions of the Maryland Pharmacy Act, (“the Act”) Md. Health Occ. Code Ann., (“H. O.”) §§12-101 et seq. (2014 Repl. Vol.). The pertinent provisions state:

H.O. § 12-601. Disciplinary actions.

(a) *In general* - Subject to the hearing provisions of § 12-315 of this title, for a violation of this subtitle, Subtitle 6C of this title, or any regulation adopted under Subtitle 6C of this title, the Board may:

- (1) Deny a permit to an applicant;
- (2) Reprimand a permit holder;
- (3) Place a permit holder on probation; or
- (4) Suspend or revoke a permit.

H.O. §12-6C-03. Permit required.

(a) A wholesale distributor shall hold a permit issued by the Board before the wholesale distributor engages in wholesale distribution in the State.

H.O. § 12-6C-11. Violations; penalties.

(a) *Fine.* — (1) If a person knowingly violates any provisions of this subtitle or any regulation adopted under this subtitle, the Board may impose a fine not to exceed \$500,000.

**Code Md. Regs. Tit. 10 § 34.22:
.05 Violations and Penalties.**

A. After a hearing held under Health Occupations Article, §12-601, Annotated Code of Maryland, the Board may deny, suspend, revoke, or place on probation a permit holder, reprimand a permit holder, or impose a fine if the permit holder:

(3) Commits any of the following acts:

(d) Violates a provision of, or regulation promulgated under, Health Occupations Article, Title 12, Annotated Code of Maryland;

(j) Purchases or receives a prescription drug or device from a person who is not licensed to wholesale distribute prescription drugs or devices to that purchaser or recipient;

(v) Otherwise conducts the wholesale distribution of prescription drugs or devices in a manner not in accordance with the law [.]

FINDINGS OF FACT

The Board finds that:

1. The Respondent-Corporation was originally issued a permit to operate as a wholesale distributor on December 23, 1954. The Respondent-Corporation's permit expires on May 31, 2015.

2. At all times relevant hereto, the Respondent-Corporation was located at 7110 Ambassador Road, Baltimore, Maryland.

3. Between January 2009 and December 2009, the Respondent-Corporation purchased approximately \$1.9 million dollars of prescription drugs and/or devices from Establishment A.

4. During the time that these transactions took place, Establishment A did not hold a permit issued by the Board to engage in wholesale distribution. This is a violation of the provisions and regulations referenced above.

SUMMARY OF RESPONDENT-CORPORATION RESPONSE

The Respondent-Corporation responded to the Board and advised that:

1. The Respondent-Corporation does not admit to the Charges made by the Board or to a violation of any provisions of Maryland Health and Occupation Code or Board regulations.

2. The Respondent-Corporation understood that Establishment A was, and is, one of largest pharmaceutical distributors in the United States.

3. The Respondent-Corporation understood that Establishment A held a permit by the Board to engage in wholesale distribution of prescription drugs and/or devices when the parties commenced their relationship in 2006 and, until after receipt of the Notice of Charges from the Board, Respondent-Corporation did not know that Establishment A had allowed its permit by the Board to lapse in 2009.

4. The Respondent-Corporation conducted its transactions with Establishment A through purchase orders. Through acceptance of those purchase orders, Establishment A represented and warranted that the goods and services that it was providing to the Respondent-Corporation complied "with all applicable laws and regulations".

5. The Respondent-Corporation, in good faith, believed that Establishment A did maintain its permit by the Board to engage in wholesale distribution of prescription drugs and/or devices. Establishment A did not notify the Respondent-Corporation, at any time, that it had allowed its permit by the Board to engage in wholesale distribution of prescription drugs and/or devices to lapse in 2009.

ORDER

Based on the foregoing, it is this 5th day of May 2015, by a majority of the quorum of the Board, hereby

ORDERED that the Respondent-Corporation shall pay the fine of fifteen thousand dollars (\$15,000). The payment shall be made to the Maryland Board of Pharmacy no later than 90 (ninety) days from the date that this Order is signed by the Board; and it is further

ORDERED that the Respondent-Corporation's payment of the fine of fifteen thousand dollars (\$15,000) is made to resolve the matter is made by the Respondent-Corporation without admission to the Board's findings of fact contained herein; and it is further

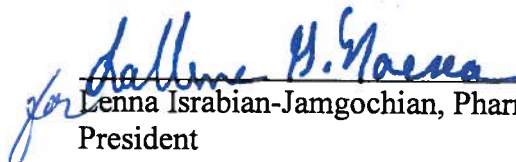
ORDERED that the Respondent-Corporation shall not purchase or receive a prescription drug or device in Maryland from a person who does not hold a permit issued by the Board to wholesale distribute prescription drugs or devices; and it is further

ORDERED that the effective date of this Order is the date that it is signed by the Board; and it is further; and it is further

ORDERED that this Order is final and a public document pursuant to Md. General Provisions §§ 4-104 et seq. (2014).

Date

5/5/15


Lenna Israbian-Jamgochian, Pharm.D.
President
State Board of Pharmacy

**CONSENT OF AMERICAN SALES COMPANY, LLC BY THOMAS A. HIPPLER, EVP,
GENERAL COUNSEL AND SECRETARY**

I, Thomas A. Hippler, EVP, General Counsel and Secretary for American Sale Company LLC by affixing my signature hereto, acknowledge that:

1. American Sales Company LLC is represented by Kathleen McDermott and Daniel Savrin.

2. I am aware that American Sales Company LLC is entitled to a formal evidentiary hearing before the Board, pursuant to Md. Health Occ. Code Ann. § 12-315 (2014 Repl. Vol.) and Md. State Govt. Code Ann. §§ 10-201 et seq.(2014 Repl. Vol.).

3. I, EVP, General Counsel and Secretary for American Sales Company LLC acknowledge the validity and enforceability of this Consent Order as if entered after a formal evidentiary hearing in which American Sales Company would have had the right to counsel, to confront witnesses, to give testimony, to call witnesses on its own behalf, and to all other substantive and procedural protections provided by law. As (title) for American Sales Company LLC I am waiving those procedural and substantive protections.

4. I, as EVP, General Counsel and Secretary of American Sales Company LLC on behalf of American Sales Company LLC voluntarily enter into and consent to the order and agree to abide by the terms and conditions set forth in this Consent Order, as a resolution of the Board's case.

5. I, as EVP, General Counsel and Secretary waive American Sales Company LLC's right to a full evidentiary hearing, and any right to appeal this Consent Order as set forth in Md. Health Occ. Code Ann. § 12-315 (2014 Rep. Vol.) and Md. State Govt. Code Ann. §§ 10-201 et seq. (2014 Rep. Vol.).

6. I as EVP, General Counsel and Secretary acknowledge that, by failing to abide by the terms and conditions set forth in this Consent Order, American Sales Company LLC may be subject to disciplinary action.

7. I as EVP, General Counsel and Secretary execute this consent order, without reservation, as my voluntary act and deed. I acknowledge that I fully understand and comprehend the language, meaning, and terms of this Consent Order.

April 17, 2015
Date

Thomas A. Hippler
Name Thomas A. Hippler
Title EVP, General Counsel and Secretary

NOTARY

STATE OF Massachusetts

~~CITY/COUNTY OF~~ Norfolk

I hereby certify that on this 19th day of April, 2015, before me, the undersigned, a Notary Public of said State, personally appeared Thomas A. Hippler, EVP, General Counsel and Secretary for American Sales Company, made oath in due form of law and that signing the foregoing Consent Order was a voluntary act and deed.

AS WITNESS my hand and Notarial Seal.

Anne F. McVeigh
Notary Public

