

IN THE MATTER OF \* BEFORE THE  
LEE MEDICAL INTERNATIONAL, INC \* MARYLAND BOARD  
Respondent \* OF PHARMACY  
Unlicensed \* Case No. PI-14-083

\* \* \* \* \*

**CONSENT ORDER**

On March 19, 2014, the Maryland Board of Pharmacy (the "Board"), pursuant to Md. Code Ann., Health Occ. §§ 12-6C-01 *et seq.*, charged Lee Medical International, Inc. (the "Respondent-Distributor") with violations of the Maryland Wholesale Distributor Permitting and Prescription Drug Integrity Act (the "Act") (2009 Repl. Vol., 2013 Supp.). The pertinent provisions of the Act are as follows:

§ 12-6C-03. Permit required.

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

§ 12-6C-09. Distribution of prescription drugs; returns or exchanges.

(b) *Wholesale distributor to supply prescription drugs only to authorized persons.* – A wholesale distributor may supply prescription drugs only to a person authorized by law to dispense or receive prescription drugs.

§12-6C-11. Violations; penalties.

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

On May 14, 2014, the Respondent-Distributor appeared (telephonically) before members of the Board for a Case Resolution Conference (CRC) to discuss the potential resolution of the Charges by consent. Thereafter, the Respondent-Distributor and the Board agreed to resolve the matter as set forth herein.

## FINDINGS OF FACT

The Board finds the following:

1. At all times relevant to these Charges, the Respondent-Distributor was a wholesale drug distributor operating in Harahan, Louisiana and licensed by the Louisiana Board of Wholesale Drug Distributors under License No. 4259.
2. At all times relevant to these Charges, the Respondent-Distributor was not licensed as a wholesale drug distributor in Maryland; nor was it an applicant for such a permit.
3. The Board's records indicate that the Respondent-Distributor has never held a wholesale drug distributor permit in Maryland.
4. The Respondent-Distributor's web site states that it is a medical supply company.
5. On or about September 24, 2013, the Board received a complaint from a federal agency that the Respondent-Distributor may have distributed or caused the distribution of drug products into Maryland without a Maryland wholesale drug distributor permit.
6. Upon receipt of the Complaint, the Board initiated an investigation.
7. On or about October 11, 2013 and January 6, 2014, pursuant to subpoenas from the Board, the Respondent-Distributor provided copies of nine (9) invoices, seven (7) of which were billed for prescription items by the Respondent-Distributor into the State of Maryland.
8. On February 26, 2014, the Respondent submitted a letter and additional copies of invoices to the Board.

9. The invoices show that the prescription items ordered were billed to and delivered to a dialysis center in Derwood, Maryland, and an orthopedic surgery center in Chevy Chase, Maryland.
10. The relevant invoices show that the prescriptions came from a Pharmacy in Newbern, Tennessee, Pharmacy A.
11. The total amount billed by the Respondent for the items on these invoices is approximately \$15,000.
12. One invoice included medical supplies such as syringes, washcloths, facemasks, alcohol wipes, etc.
13. However, most invoices also contained orders for prescription drugs, as follows:

<b>Date</b>	<b>Drug</b>	<b>Description</b>
April 16, 2012	Heparin	1000u 30 ml 25/bx, Lot No. WM129N
November 12, 2012	Heparin	1000u 30 ml 25/bx, Lot No. 19-081-DK
November 15, 2012	Epogen	10,000U/ml 2ml 10/bx, Lot No. 1034689
November 19, 2012	Hectorol	2mcg/ml 2ml, 50/bx, Lot No. H12061
December 20, 2012	Triamcinolone Acetonide	40mg 10ml, Lot No. 121212DAN
January 31, 2013	Epogen	10,000U/ml 2ml 10/bx, Lot No. 1035734
	Hectorol	2mcg/ml 2ml, 50/bx, Lot No. 412098
	Venofer	5ml, 10/box, Lot No. 2405
April 5, 2013	Epogen	10,000U/ml 2ml 10/bx, Lot No. 1035871
July 29, 2013	Epogen	10,000U/ml 2ml 10/bx, Lot No. 1035871

14. On January 9, 2014, Board staff spoke with the Respondent-Distributor's president via telephone.

15. The president stated that the Respondent-Distributor makes “drop shipments” of medical supplies to dialysis clinics which are “sent in [their] original manufacturer’s container to the clinics without any patient prescription labels because it is not for individual patient use.”

16. The president added that the Respondent-Distributor “drop ships” from their “pharmacy partners.” He further stated that these pharmacy partners are licensed in the pharmacies’ resident states and are also licensed in Maryland as non-resident pharmacies.

17. Specifically, the president stated that the pharmacies who provide the drop shipments to Maryland are Pharmacy A in Newbern, Tennessee, and Pharmacy B, located in Fort Smith, Arkansas.

18. According to the Board’s records, Pharmacy A’s Maryland non-resident pharmacy permit expired on December 31, 2011.

19. According to the Tennessee Board of Pharmacy license verification website, Pharmacy A’s Tennessee license is currently on probation.

20. According to the Board’s records, Pharmacy B’s Maryland non-resident pharmacy permit expired on December 31, 2002.

21. Thus, both Pharmacy A and Pharmacy B are not authorized by the Board to dispense prescription drugs into Maryland.

22. The Board received a letter from the Respondent on or about January 6, 2014 which stated:

... Lee Medical does not ship medications into the state of Maryland... We have made arrangements with several pharmacies that are licensed in a number of different states to ship medications to our customers in those states. We don't take possession of products that are shipped out of state but we arrange for product to be shipped to our customers by pharmacies licensed in those states.

If you look at the attached invoices, you will notice that they are listed as "Drop Ship" except for [two (2) of the invoices]....

23. Pursuant to Health Occ. § 12-6C-01(v), a "wholesale distributor" includes a jobber and a broker.

24. The Respondent-Distributor violated the Act by distributing prescription items into Maryland to the afore-mentioned dialysis and orthopedic surgery centers without a permit. Health Occ. § 12-6C-03(a).

25. The Respondent-Distributor has violated the Act by distributing prescription drugs from non-resident pharmacies which do not hold Maryland non-resident pharmacy permits and are thus not authorized to dispense prescriptions drugs in Maryland. Health Occ. § 12-6C-09(b).

#### **CONCLUSIONS OF LAW**

Based on the foregoing Findings of Fact, the Board concludes as a matter of law that the Respondent-Distributor violated the following provisions of the Act: Health Occ. §§ 12-6C-03(a) and 12-6C-09(b).

## ORDER

Based on agreement of the parties, it is hereby:

**ORDERED** that within fourteen (14) days of the effective date of this Consent Order, the Respondent-Distributor shall pay a fine in the amount of \$3,000, via certified check or money order, payable to the Maryland Board of Pharmacy; and it is further

**ORDERED** that the Respondent-Distributor shall **CEASE AND DESIST** from distributing drugs into Maryland and shall not resume distributing drugs into Maryland unless and until it receives a permit as a wholesale distributor in Maryland; and it is further

**ORDERED** that if the Respondent-Distributor receives a permit as a wholesale distributor in Maryland, it shall ensure the proper licensure of those entities with which it does business; and it is further

**ORDERED** that failure to comply with the terms and conditions of this Consent Order, including but not limited to failure to pay the required fine, constitutes a violation of this Consent Order and the Board, in its discretion, after notice and an opportunity for a hearing before the Board, may impose any appropriate sanction under the Act; and it is further

**ORDERED** that the Respondent-Distributor shall bear all expenses associated with this Order, and it is further

**ORDERED** that if the Respondent-Distributor obtains a valid permit to operate as a wholesale distributor in the State of Maryland, it shall operate according to the Maryland Wholesale Distributor Permitting and Prescription Drug Integrity Act and in

accordance with all applicable laws, statutes and regulations pertaining to its operation as a wholesale distributor; and it is further

**ORDERED** that this document constitutes a formal disciplinary action of the State Board of Pharmacy and is therefore a public document for purposes of public disclosure pursuant to the Public Information Act, Md. Code Ann., State Gov't § 10-611 *et seq.*

6/12/14  
Date

  
\_\_\_\_\_  
LaVerne G. Naesea, Executive Director  
for Michael N. Souranis, P.D., Board President

**CONSENT**

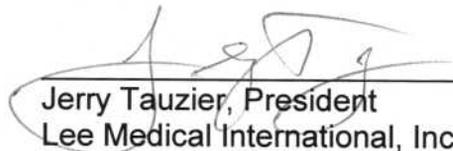
I, Jerry Tauzier, President of Lee Medical International, Inc., acknowledge that I had the opportunity to consult with legal counsel before signing this document. By this Consent, I accept on behalf of Lee Medical International, Inc., to be bound by this Consent Order and its conditions and restrictions. On its behalf, I waive any rights I may have had to contest the Findings of Fact and Conclusions of Law.

I acknowledge the validity of this Consent Order as if entered into after the conclusion of a formal evidentiary hearing in which Lee Medical International, Inc. would have had the right to counsel, to confront witnesses, to give testimony, to call witnesses on its behalf and to all other substantive and procedural protections as provided by law.

I acknowledge the legal authority and the jurisdiction of the Board to initiate these proceedings and to issue and enforce this Consent Order. I also affirm that I am waiving Lee Medical International, Inc.'s right to appeal any adverse ruling of the Board that might have followed any such hearing.

I sign this Consent Order without reservation, and I full understand and comprehend the language, meaning and terms of this Consent Order. I voluntarily sign this Order on behalf of Lee Medical International, Inc. and understand its meaning and effect.

6-10-14  
Date

  
Jerry Tauzier, President  
Lee Medical International, Inc.

**NOTARY**

STATE OF LOUISIANA

<sup>PARISH</sup>  
COUNTY/CITY OF ORLEANS

I hereby certify that on this 10th day of June, 2014, before me, a Notary Public of the State of LOUISIANA and <sup>PARISH</sup> County/City aforesaid, personally appeared **JERRY TAUZIER**, and made an oath in due form that the foregoing Consent was his voluntary act and deed.

John F. Shreves  
Notary Public

My commission expires: at death.

**JOHN F. SHREVES**  
Notary Public, State of Louisiana  
La. Bar Roll No. 17139  
My Commission Is Issued For Life.

