BEFORE THE BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

Note: The caption of this Decision page was amended on September 8, 2010 to correct an error in the identifying information for licensee College Pharmacy.

Case No. 3086

In the Matter of the Accusation Against:

CATHAY MEDICAL INC. d.b.a. COLLEGE PHARMACY HENRY FONG, Pharmacist-in-Charge 626 W. College Street Los Angeles, CA 90012 Pharmacy Permit No. PHY 36574

and

CATHAY MEDICAL INC. d.b.a. CATHAY MEDICAL PHARMACY DAVID FONG, Pharmacist-in-Charge 711 W. College Street Los Angeles, CA 90012 Pharmacy Permit No. PHY 22806

Respondents.

The attached Stipulated Settlement and Disciplinary Order re Cathay Medical Inc., d.b.a. College Pharmacy is hereby adopted by the Board of Pharmacy, Department of Consumer Affairs, as its Decision in this matter.

This decision shall become effective on _____July 24, 2009

It is so ORDERED on <u>June 24</u>, 2009

BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

By

KENNETH H. SCHEI Board President

BEFORE THE BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

In the Matter of the Accusation Against:

Case No. 3086

CATHAY MEDICAL INC. d.b.a. COLLEGE PHARMACY HENRY FONG, Pharmacist-in-Charge 626 W. College Street Los Angeles, CA 90012 Pharmacy Permit No. PHY 37204

and

CATHAY MEDICAL INC. d.b.a. CATHAY MEDICAL PHARMACY DAVID FONG, Pharmacist-in-Charge 711 W. College Street Los Angeles, CA 90012 Pharmacy Permit No. PHY 22806

Respondents.

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order re Cathay Medical Inc.,

d.b.a. College Pharmacy is hereby adopted by the Board of Pharmacy, Department of

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This decision shall become effective on July 24, 2009

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BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

By

KENNETH H. SCHELL Board President

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1	EDMIND G PROWN IR Attorney Concrel	
2	EDMUND G. BROWN JR., Attorney General of the State of California	
3	GREGORY J. SALUTE Supervising Deputy Attorney General	
4	NANČY A. KAISER, State Bar No. 192083 Deputy Attorney General	
5	300 So. Spring Street, Suite 1702 Los Angeles, CA 90013 Telephone: (213) 897-5794	
6	Facsimile: (213) 897-2804	
7	Attorneys for Complainant	
8	BEFORE T BOARD OF PHA	ARMACY
9	DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA	
10		
11	In the Matter of the Accusation Against:	Case No. 3086
12	CATHAY MEDICAL INC. d.b.a. COLLEGE PHARMACY	OAH No. 2008090578
13	HENRY FONG, Pharmacist-in-Charge 626 W. College St.	STIPULATED SETTLEMENT AND DISCIPLINARY ORDER
14	Los Angeles, CA 90012	RE CATHAY MEDICAL INC. d.b.a. COLLEGE PHARMACY
15	Pharmacy Permit No. PHY 36574	
16	and	
17	CATHAY MEDICAL INC. d.b.a. CATHAY MEDICAL PHARMACY	
18	DAVID FONG, Pharmacist-in-Charge 711 W. College St.	
19	Los Angeles, CA 90012	
20	Pharmacy Permit No. PHY 22806	
21	Respondent.	
22		
23	In the interest of a prompt and speedy settlement of this matter, consistent with the	
24	public interest and the responsibility of the Board of Pharmacy the parties hereby agree to the	
25	following Stipulated Settlement and Disciplinary Order which will be submitted to the Board for	
26	approval and adoption as the final disposition of the Accusation solely with respect to Cathay	
27	Medical Inc., dba, College Pharmacy. It does not apply to Cathay Medical Inc., dba Cathay	
28	Medical Pharmacy.	

1 PARTIES 2 1. Virginia K. Herold (Complainant) is the Executive Officer of the Board of Pharmacy. She brought this action solely in her official capacity and is represented in this matter 3 by Edmund G. Brown Jr., Attorney General of the State of California, by Nancy A. Kaiser, 4 5 Deputy Attorney General. 2. 6 On or about June 25, 1990, the Board of Pharmacy issued Pharmacy 7 Permit No. PHY 36574 to Cathay Medical Inc. d.b.a. College Pharmacy (Respondent). The 8 Pharmacy Permit was in full force and effect at all times relevant to the charges brought in 9 Accusation No. 3086 and will expire on June 1, 2009, unless renewed. 10 3. Respondent is represented in this proceeding by attorney Gregory P. 11 Matzen, whose address is Lewis Brisbois Bisgaard & Smith LLP - Sacramento, 2500 Venture 12 Oaks Way, Suite 200, Sacramento, CA 95833. 13 JURISDICTION 14 4 Accusation No. 3086 was filed before the Board of Pharmacy, and is 15 currently pending against Respondent. The Accusation and all other statutorily required 16 documents were properly served on Respondent on August 5, 2008. Respondent timely filed its 17 Notice of Defense contesting the Accusation. A copy of Accusation No. 3086 is attached as 18 exhibit A and incorporated herein by reference. 19 **ADVISEMENT AND WAIVERS** 20 5 Respondent has carefully read, fully discussed with counsel, and 21 understands the charges and allegations in Accusation No. 3086. Respondent has also carefully 22 read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and 23 Disciplinary Order. 24 6. Respondent is fully aware of its legal rights in this matter, including the 25 right to a hearing on the charges and allegations in the Accusation; the right to be represented by 26 counsel at its own expense; the right to confront and cross-examine the witnesses against them; 27 the right to present evidence and to testify on its own behalf; the right to the issuance of 28 subpoenas to compel the attendance of witnesses and the production of documents; the right to

reconsideration and court review of an adverse decision; and all other rights accorded by the 1 California Administrative Procedure Act and other applicable laws. 2 3 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above. 4 5 **CULPABILITY** 6 8. Respondent admits the truth of each and every charge and allegation in 7 Accusation No. 3086. 9. 8 Respondent agrees that its Pharmacy Permit is subject to discipline and 9 they agree to be bound by the Board's imposition of discipline as set forth in the Disciplinary 10 Order below. 11 CONTINGENCY 12 10. This stipulation shall be subject to approval by the Board. Respondent 13 understands and agrees that counsel for Complainant and the staff of the Board may 14 communicate directly with the Board regarding this stipulation and settlement, without notice to 15 or participation by Respondent. By signing the stipulation, Respondent understands and agrees 16 that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the 17 Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and 18 Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for 19 this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall 20 not be disqualified from further action by having considered this matter. 21 11. The parties understand and agree that facsimile copies of this Stipulated 22 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same 23 force and effect as the originals. 24 12. In consideration of the foregoing admissions and stipulations, the parties 25 agree that the Board may, without further notice or formal proceeding, issue and enter the 26 following Disciplinary Order: 27 /// 28 ///

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1	DISCIPLINARY ORDER	
2	IT IS HEREBY ORDERED that Pharmacy Permit No. PHY 36574 issued to	
3	Respondent Cathay Medical Inc. d.b.a. College Pharmacy (Respondent) is revoked. However,	
4	the revocation is stayed and Respondent College Pharmacy is placed on probation for two (2)	
5	years on the following terms and conditions.	
6	1. Actual Suspension - Pharmacy. As part of probation, respondent	
7	pharmacy is suspended from the operation of pharmacy for three (3) days beginning the effective	
8	date of this decision.	
9	During suspension, respondent pharmacy may not order, maintain or dispose of	
10	any dangerous drugs and devices or controlled substances. The pharmacy may not make demand	
11	or bill for any drugs or services during the period of suspension and may not process any claims	
12	for pharmacy services during the period of suspension, except as to services rendered prior to the	
13	effective date of the suspension period. The pharmacy shall not receive or transmit any	
14	prescription, new or refill, during the period of suspension. Where the pharmacy does not	
15	maintain dangerous drugs and devices or controlled substances in an area which can be closed off	
16	from the rest of the pharmacy and locked, the entire pharmacy must be closed during the period of	
17	suspension.	
18	2. Obey All Laws. Respondent shall obey all state and federal laws and	
19	regulations substantially related to or governing the practice of pharmacy.	
20	Respondent shall report any of the following occurrences to the Board, in writing,	
21	within 72 hours of such occurrence:	
22	• an arrest or issuance of a criminal complaint for violation of any provision of the	
23	Pharmacy Law, state and federal food and drug laws, or state and federal	
24	controlled substances laws	
25	• a plea of guilty or nolo contendere in any state or federal criminal proceeding to	
26	any criminal complaint, information or indictment	
27	• a conviction of any crime	
28	• discipline, citation, or other administrative action filed by any state and federal	
	College Pharmacy Stipulation 4	

agency which involves Respondent's license or which is related to the practice of pharmacy or the manufacturing, obtaining, handling or distribution or billing or charging for any drug, device or controlled substance.

7. Reporting to the Board. Respondent shall report to the Board
quarterly. The report shall be made either in person or in writing, as directed. Respondent shall
state under penalty of perjury whether there has been compliance with all the terms and
conditions of probation. If the final probation report is not made as directed, probation shall
be extended automatically until such time as the final report is made and accepted by the
Board.

108.Interview with the Board. Upon receipt of reasonable notice,11Respondent's owners shall appear in person for interviews with the Board upon request at-12various intervals at a location to be determined by the Board. Failure to appear for a scheduled13interview without prior notification to Board staff shall be considered a violation of probation.

14 9. Cooperation with Board Staff. Respondent shall cooperate with the
15 Board's inspectional program and in the Board's monitoring and investigation of Respondent's
16 compliance with the terms and conditions of its probation. Failure to comply shall be
17 considered a violation of probation.

18 10. Reimbursement of Board Costs. Respondent shall pay to the Board 19 its costs of investigation and prosecution of Accusation Number 3086 against Respondent and 20 Cathay Medical Pharmacy, Inc., dba Cathay Medical Pharmacy, PHY 22806 and Accusation 21 Number 3082 against David Jue Fong, Pharmacist License No. RPH 37204, in the amount of 22 \$23,450.50. Respondent, Cathay Medical Pharmacy, Inc., dba Cathay Medical Pharmacy, 23 PHY 22806, and David Jue Fong, Pharmacist License No. RPH 37204, shall be jointly 24 responsible for payment of said costs. Respondent shall be permitted to pay these costs in a 25 payment plan approved by the Board of Pharmacy, with payments to be completed no later 26 than six (6) months prior to the end of the probation term.

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The filing of bankruptcy by Respondent shall not relieve Respondent of Respondent's responsibility to reimburse the Board its costs of investigation and prosecution.

3 11. Probation Monitoring Costs. Respondent shall pay the costs
4 associated with probation monitoring as determined by the Board each and every year of
5 probation. Such costs shall be payable to the Board at the end of each year of probation.
6 Failure to pay such costs shall be considered a violation of probation.

7 12. Status of License.¹ Respondent shall, at all times while on probation,
8 maintain an active current license with the Board, including any period during which
9 suspension or probation is tolled.

If Respondent's license expires or is cancelled by operation of law or otherwise,
upon renewal or reapplication, Respondent's license shall be subject to all terms and conditions
of this probation not previously satisfied.

13 13. License Surrender while on Probation/Suspension. Following the 14 effective date of this decision, should Respondent cease practice due to retirement or health, or 15 be otherwise unable to satisfy the terms and conditions of probation, Respondent may tender 16 its license to the Board for surrender. The Board shall have the discretion whether to grant the 17 request for surrender or take any other action it deems appropriate and reasonable. Upon 18 formal acceptance of the surrender of the license, Respondent will no longer be subject to the 19 terms and conditions of probation.

Upon acceptance of the surrender, Respondent shall relinquish its pocket license and wall license, as applicable, to the Board within 10 days of notification by the Board that the surrender is accepted. Respondent may not reapply for any license from the Board for three years from the effective date of the surrender. Respondent shall meet all requirements applicable to the license sought as of the date the application for that license is submitted to the Board.

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¹As used in this stipulation, "license" includes pharmacy permit.

14. Notice to Employees. Respondent shall, upon or before the effective 1 2 date of this decision, ensure that all employees involved in permit operations are made aware of all the terms and conditions of probation, either by posting a notice of the terms and 3 conditions, circulating such notice, or both. If the notice required by this provision is posted, it 4 5 shall be posted in a prominent place and shall remain posted throughout the probation period. Respondent shall ensure that any employees hired or used after the effective date of this 6 decision are made aware of the terms and conditions by posting a notice, circulating a notice, 7 8 or both.

9 "Employees" as used in this provision includes all full-time, part-time,
10 temporary and relief employees and independent contractors employed or hired at any time
11 during probation.

12 15. Owners and Officers: Knowledge of the Law. Respondent shall
provide, within 30 days after the effective date of this decision, signed and dated statements
from its owners, including any owner or holder of 10% or more of the interest in Respondent
or Respondent's stock, and any officer, stating said individuals have read and are familiar with
state and federal laws and regulations governing the practice of pharmacy.

17 16. Violation of Probation. If Respondent violates probation in any
18 respect, the Board, after giving Respondent notice and an opportunity to be heard, may revoke
19 probation and carry out the disciplinary order which was stayed. If a petition to revoke
20 probation or an accusation is filed against Respondent during probation, the Board shall have
21 continuing jurisdiction and the period of probation shall be extended, until the petition to
22 revoke probation or accusation is heard and decided.

If Respondent has not complied with any term or condition of probation, the Board shall have continuing jurisdiction over Respondent, and probation shall automatically be extended until all terms and conditions have been satisfied or the Board has taken other action as deemed appropriate to treat the failure to comply as a violation of probation, to terminate probation, and to impose the penalty which was stayed.

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PAGE 03/03

	1 17. Completion of Probation. Upon successful completion of probation,		
	2 Respondent's license will be fully restored.		
. *	3 ACCEPTANCE		
	I have carefully read the above Stipulated Settlement and Disciplinary Order		
	and have fully discussed it with my attorney, Oregory P. Matzen. I understand the stipulation		
	and the effect it will have on my Phannacy Permit, I enter into this Stipulated Settlement and		
	7 Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the		
	8 Decision and Order of the Board.		
	9 DATED. 2/23/09		
1	o Diation		
1	CATHAY MEDICAL INC. D'B.A. COLLEGE		
l			
1	Respondent 6163 EAT WU, SECREFARY CATABY MEDICOL IN DUSTINE		
1	I have read and fully discussed with Respondent Cathay Medical Inc. d, b.a.		
ī	College Pharmacy the terms and conditions and other matters contained in the above Stipulated		
1	Settlement and Disciplinary Order. I approve its form and content		
I	DATED: 2/23/09		
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- 1			
2	Attorney for Regnation		
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1	ENDORSEMENT	
2	The foregoing Stipulated Settlement and Disciplinary Order is hereby	
3	respectfully submitted for consideration by the Board.	
4	obalog	
5	DATED: $2/25/0/$	
6	EDMUND G. BROWN JR., Attorney General of the State of California	
7	GREGORY J. SALUTE	
8	Supervising Deputy Attorney General	
9	Do Varia	
10	NANCY A. KAISER	
11	Deputy Attorney General Attorneys for Complainant	
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13	DOJ Matter ID: LA2007600852	
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	College Pharmacy Stipulation 9	

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Exhibit A

Accusation No. 3086

College Pharmacy Stipulation

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$\left(\begin{array}{c} \\ \end{array} \right)$	EDMUND G. BROWN JR. Attorney General of the State of California GREGORY J. SALUTE	• •		
2	Supervising Deputy Attorney General			
	Deputy Attorney General California Department of Justice			
	300 So. Spring Street, Suite 1702 Los Angeles, CA 90013			
e e	Telephone: (213) 897-5794	· · ·		
-	Attorneys for Complainant			
. {	8 BEFORE THE BOARD OF PHARMACY			
. Ç	DEPARTMENT OF CON	ISUMER AFFAIRS		
. 10	STATE OF CAL	LIFORNIA		
11	In the Matter of the Accusation Against:	Case No. 3086		
12	CATHAY MEDICAL INC.			
13	d.b.a. COLLEGE PHARMACY	ACCUSATION		
	626 W. College St.	ACCUSATION		
15				
16	and			
» 17	CATHAY MEDICAL INC.			
18	d.b.a. CATHAY MEDICAL PHARMACY			
19	711 W. College St.			
20	Pharmacy Permit No. PHY 22806			
21	Respondent.			
22]		
. 23	Complainant alleges:			
24	PARTIE	<u>3S</u>		
25	1. Virginia Herold (Complainant) brings this Accusation solely in her official			
26	· · ·			
27	2. On or about March 1, 1983, the Board of Pharmacy (Board) issued			
28	Pharmacy Permit No. PHY 22806 to Cathay Medica	al Inc. d.b.a. Cathay Medical Pharmacy		

Pharmacy Permit No. PHY 22806 to Cathay Medical Inc. d.b.a. Cathay Medical Pharmacy 1 2 (Respondent). The Pharmacy Permit was in full force and effect at all times relevant to the 3 charges brought herein and will expire on March 1, 2009, unless renewed.

4 3. On or about June 25, 1990, the Board issued Pharmacy Permit No. PHY 5 36574 to Cathay Medical Inc. d.b.a. College Pharmacy (Respondent). The Pharmacy Permit was in full force and effect at all times relevant to the charges brought herein and will expire on June 6 ·7 1, 2009, unless renewed.

JURISDICTION

9 4. This Accusation is brought before the Board of Pharmacy (Board). Department of Consumer Affairs, under the authority of the following laws. All Section 10 11 references are to the Business and Professions Code (Code) unless otherwise indicated.

12 5. Code section 4300, subdivision (a), states that "[e]very license issued may be suspended or revoked." 13

14 Code section 477, subdivision (b), states that "'License' includes 6. 15 certificate, registration or other means to engage in a business or profession regulated by this 16 code."

17 7. Code section 480, subdivision (a)(2), provides that a board may deny a license if the applicant has committed dishonest, fraudulent, or deceitful acts with the intent to 18 19 substantially benefit himself.

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Section 810 of the Code states:

It shall constitute unprofessional conduct and grounds for (a) disciplinary action, including suspension or revocation of a license or certificate, for a health care professional to do any of the following in connection with his or her professional activities:

Knowingly prepare, make, or subscribe any writing, with intent to (2)present or use the same, or to allow it to be presented or used in support of any false or fraudulent claim.

> 9. Code section 4301 states:

The board shall take action against any holder of a license who is guilty of

is not limited to, any of the following:

(f) The commission of any act involving moral turpitude, dishonesty, fraud, deceit, or corruption, whether the act is committed in the course of relations as a licensee or otherwise, and whether the act is a felony or misdemeanor or not.

(g) Knowingly making or signing any certificate or other document that falsely represents the existence or nonexistence of a state of facts.

(p) Actions or conduct that would have warranted denial of a license.

10. Code section 118, subdivision (b), provides that the suspension,

expiration, surrender, or cancellation of a license shall not deprive the Board of jurisdiction to proceed with a disciplinary action during the period within which the license may be renewed, restored, reissued or reinstated.

COST RECOVERY

11. Code section 125.3 provides that the Board may request the administrative law judge to direct a licentiate found to have committed a violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

BACKGROUND

Cathay Medical Industries, Inc., owns Cathay Medical Pharmacy,
 Pharmacy Permit No. PHY 22806, and College Pharmacy, Pharmacy Permit No. PHY 36574.
 Cathay Medical Industries, Inc., is owned by Henry Fong (75%) and *Gerald* Wu (25%). Henry
 Fong is the Pharmacist-In-Charge of College Pharmacy, and Henry Fong's son, David Fong, is
 the Pharmacist-In-Charge of Cathay Medical Pharmacy.

13. Easy Returns Worldwide, Inc. (ERW) was a reverse distributor of pharmaceuticals. ERW returned expired drugs to the appropriate manufacturers for credit to its client pharmacies who purchased the drugs. ERW usually charged the pharmacies a 5-10% fee for said returns, which was based on the expected credits that the manufacturer would give to the pharmacies. Most manufacturers required the return of the actual products from ERW's retail

pharmacies in order to give them credit.

2 14. In a criminal proceeding entitled United States of America v. Richard J. 3 Drury, United States District Court, Eastern District of Missouri, Case No. S1-4:05 CR 33 ERW, 4 Richard Drury, a corporate officer of ERW (Drury), was indicted, found guilty, and convicted of 5 four counts of mail fraud for defrauding drug manufacturers by making false claims with 6 pharmacies in connection with returned drugs. Pursuant to Drury's Indictment, between August 7 2000 and January 2002, Drury devised and participated in a scheme to create fraudulent returns 8 of expired drugs to pharmaceutical manufacturers on behalf of pharmacies that had not purchased ' 9 them with the false assertion that the pharmacies had purchased the drugs. This scheme caused 10 the manufacturers to credit various pharmacies for returns that did not belong to them. The 11 pharmacies paid approximately a 33% fee to Drury and ERW for the false returns credited to 12 them.

15. David Fong agreed with ERW to participate in its fraudulent scheme in 13 14 order to obtain easy profits for his family business. ERW returned dangerous drugs in November and December of 2000 under both Cathay Medical Pharmacy's and College Pharmacy's 15 pharmacy permits and federal Drug Enforcement Administration (DEA) numbers, even though 16 17 the returned drugs did not belong to either pharmacy. Based on the amount of the false returns on behalf of the two pharmacies, the Board investigator estimated that Respondent gained 18 19 approximately \$14,000 for College Pharmacy and approximately \$19,000 for Cathay Medical 20 Pharmacy by participating in ERW's fraudulent scheme.

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<u>FIRST CAUSE FOR DISCIPLINE</u> (False Claim for Pharmaceutical Refund)

16. Respondent is subject to disciplinary action under Code section 4301,
subdivision (f), for committing fraudulent and deceitful acts constituting unprofessional conduct.
In or about the year 2000, Respondent presented false claims for rebates to pharmaceutical
manufacturers through ERW in order to obtain unearned financial benefit. The false claims
provided that Respondent returned specified drugs, which were expired or otherwise unusable,
to ERW, when, in fact, Respondent had never owned nor possessed these drugs. Respondent's

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involvement in the fraudulent scheme is more fully described in paragraphs 11 through 15,
 above.

SECOND CAUSE FOR DISCIPLINE

(Knowingly Creating a Document Containing Factual Misrepresentations) 17. Respondent is subject to disciplinary action under Code section 4301, subdivision (g), for knowingly creating documents containing factual misrepresentations through ERW, thus constituting unprofessional conduct. Specifically, in or about the year 2000, Respondent through ERW created documents that falsely represented to drug manufacturers that Respondent returned specified drugs to ERW, which in fact, Respondent had not. Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 16, above. <u>THIRD CAUSE FOR DISCIPLINE</u> (Unprofessional Conduct) 18. Respondent is subject to disciplinary action under Code sections 480 and 4301, subdivision (p), for engaging in unprofessional conduct, specifically, for committing acts that would have warranted the denial of a license. Section 480, subdivision (a)(2) provides that a

board may deny a license if the applicant has committed dishonest acts in order to benefit himself
financially. In or about the year 2000, Respondent presented false claims through ERW

regarding allegedly returned drugs in order to obtain unearned financial benefit, thus constituting
a valid ground for license denial under section 480 and constituting unprofessional conduct and a
cause for discipline under section 4301, subdivision (p). Respondent's involvement in the

22 || fraudulent scheme is more fully described in paragraphs 11 through 17, above.

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FOURTH CAUSE FOR DISCIPLINE

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(Preparing and Presenting False Claims for Payment)

19. Respondent is subject to disciplinary action under Code section 810,
subdivision (a)(2), for preparing and presenting false claims for payment, which constitutes a
specifically identified form of unprofessional conduct. In or about the year 2000, Respondent
fraudulently presented false claims through ERW regarding allegedly returned drugs in order to

obtain unearned financial benefit. Respondent's involvement in the fraudulent scheme is more
 fully described in paragraphs 11 through 18, above.

<u>PRAYER</u>

WHEREFORE, Complainant requests that a hearing be held on the matters herein
alleged, and that following the hearing, the Board of Pharmacy issue a decision:

A. Revoking or suspending Pharmacy Permit No. PHY 36574, issued to
7 Cathay Medical Inc. d.b.a. College Pharmacy;

8 B. Revoking or suspending Pharmacy Permit No. PHY 22806, issued to
9 Cathay Medical Inc. d.b.a. Cathay Medical Pharmacy;

10 C. Ordering Cathay Medical Inc. to pay the Board of Pharmacy the
11 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
12 Professions Code section 125.3; and,

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D. Taking such other and further action as deemed necessary and proper.

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DATED:

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VIRGINIA HEROLD Executive Officer Board of Pharmacy Department of Consumer Affairs State of California Complainant

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