

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

In the Matter of the Accusation Against:

**GULF COAST PHARMACEUTICALS,  
INC.**

**995 North Halstead Road  
Ocean Springs, MS 39564**

**Permit No. OSD 4567**

**KENNETH BRYAN RITCHEY**

**75806 Overseas Hwy.  
Islamorada, FL 33036**

**Certificate No. EXC 20162**

Respondent.

Case No. 3801

OAH No. 2011050751

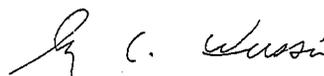
**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the Board of Pharmacy, Department of Consumer Affairs, as its Decision in this matter.

This decision shall become effective on April 12, 2012.

It is so ORDERED on March 13, 2012.

BOARD OF PHARMACY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA



By

\_\_\_\_\_  
STANLEY C. WEISSER  
Board President

1 KAMALA D. HARRIS  
Attorney General of California  
2 ARTHUR D. TAGGART  
Supervising Deputy Attorney General  
3 ELENA L. ALMANZO  
Deputy Attorney General  
4 State Bar No. 131058  
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6 Telephone: (916) 322-5524  
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7 *Attorneys for Complainant*

8 **BEFORE THE**  
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10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

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20 Respondents.

OAH No. 2011050751

**STIPULATED SURRENDER OF**  
**LICENSE AND ORDER**

21  
22 IT IS HEREBY STIPULATED AND AGREED by and between the parties in this  
23 proceeding that the following matters are true:

24 PARTIES

25 1. Virginia Herold (Complainant) is the Executive Officer of the Board of Pharmacy.  
26 She brought this action solely in her official capacity and is represented in this matter by Kamala  
27 D. Harris, Attorney General of the State of California, by Elena L. Almanzo, Deputy Attorney  
28 General.



1 and court review of an adverse decision; and all other rights accorded by the California  
2 Administrative Procedure Act and other applicable laws.

3 8. Respondents voluntarily, knowingly, and intelligently waive and give up each and  
4 every right set forth above.

5 CULPABILITY

6 9. Respondents admit that at hearing Complainant could establish a factual basis for the  
7 charges and allegations in Accusation No. 3801, and that those charges and allegations are cause  
8 for discipline. Respondents hereby give up their right to contest the charges and allegations and  
9 hereby surrender their Non-Resident Wholesale Permit No. OSD 4567 issued to Gulf Coast  
10 Pharmaceuticals, Inc. and Designated Representative Certificate No. EXC 20162 issued to  
11 Kenneth Ritchey for the Board's formal acceptance.

12 10. Respondents understand that by signing this stipulation, Gulf Coast Pharmaceuticals  
13 and Kenneth Ritchey enable the Board to issue an order accepting the surrender of their Non-  
14 Resident Wholesale Permit and Designated Representative Certificate without further process.

15 CONTINGENCY

16 11. This stipulation shall be subject to approval by the Board of Pharmacy. Respondents  
17 understand and agree that counsel for Complainant and the staff of the Board of Pharmacy may  
18 communicate directly with the Board regarding this stipulation and surrender, without notice to or  
19 participation by Respondents or their counsel. By signing the stipulation, Respondents  
20 understand and agree that they may not withdraw their agreement or seek to rescind the  
21 stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this  
22 stipulation as its Decision and Order, the Stipulated Surrender and Disciplinary Order shall be of  
23 no force or effect, except for this paragraph, it shall be inadmissible in any legal action between  
24 the parties, and the Board shall not be disqualified from further action by having considered this  
25 matter.

26 12. The parties understand and agree that facsimile copies of this Stipulated Surrender of  
27 License and Order, including facsimile signatures thereto, shall have the same force and effect as  
28 the originals.



1 board determines whether to grant or deny the application. Respondents shall satisfy all  
2 requirements applicable to that license as of the date the application is submitted to the board,  
3 including, but not limited to taking and passing the California Pharmacist Licensure Examination  
4 prior to the issuance of a new license. Respondents are required to report this surrender as  
5 disciplinary action.

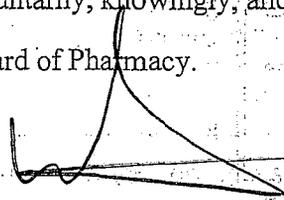
6 6. Respondents stipulate that should they apply for any license from the board on or  
7 after the effective date of this decision the investigation and prosecution costs in the amount of  
8 \$2,847.50 shall be paid to the board prior to issuance of the new license.  
9

10 7. If Respondents should ever apply or reapply for a new license or certification, or  
11 petition for reinstatement of a license, by any other health care licensing agency in the State of  
12 California, all of the charges and allegations contained in Accusation No. 3801 shall be deemed to  
13 be true, correct, and admitted by Respondents for the purpose of any Statement of Issues or any  
14 other proceeding seeking to deny or restrict licensure.  
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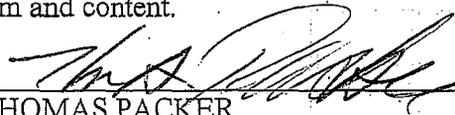
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ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Tom Pack<sup>er</sup> I understand the stipulation and the effect it will have on my Non-Resident Wholesale Permit and Designated Representative Certificate. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Board of Pharmacy.

DATED: 10/13/11   
GULF COAST PHARMACEUTICALS, INC.;  
And DESIGNATED REPRESENTATIVE  
KENNETH RITCHEY  
Respondents

I have read and fully discussed with Respondents Gulf Coast Pharmaceuticals, Inc. and Kenneth Ritchey the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 10/17/2011   
THOMAS PACKER  
Attorney for Respondent

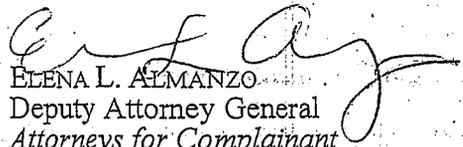
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ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the Board of Pharmacy of the Department of Consumer Affairs.

Dated: 10/25/2011

Respectfully submitted,  
KAMALA D. HARRIS  
Attorney General of California  
ARTHUR D. TAGGART  
Supervising Deputy Attorney General

  
ELENA L. ALMANZO  
Deputy Attorney General  
*Attorneys for Complainant*

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**Exhibit A**

**Accusation No. 3801**

1 EDMUND G. BROWN JR.  
Attorney General of California  
2 ARTHUR D. TAGGART  
Supervising Deputy Attorney General  
3 ELENA L. ALMANZO  
Deputy Attorney General  
4 State Bar No. 131058  
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6 Telephone: (916) 322-5524  
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**ACCUSATION**

15 **Permit No. OSD 4567**

16 **KENNETH BRYAN RITCHEY**  
17 **75806 Overseas Hwy.**  
**Islamorada, FL 33036**

18 **Certificate No. EXC 20162**

19 Respondents.  
20

21 Complainant alleges:

22 **PARTIES**

23 1. Virginia Herold (Complainant) brings this Accusation solely in her official  
24 capacity as the Executive Officer of the Board of Pharmacy, Department of Consumer Affairs.

25 2. On or about December 30, 2005, the Board of Pharmacy issued Wholesale Permit  
26 Number OSD 4567 to Gulf Coast Pharmaceuticals, Inc., with Kenneth Ritchey as President  
27 (Respondents). The Wholesale Permit was in full force and effect at all times relevant to the  
28 charges brought herein and will expire on December 1, 2010, unless renewed.



1 (d) The board may initiate disciplinary proceedings to revoke or suspend  
2 any probationary certificate of licensure for any violation of the terms and conditions  
of probation. Upon satisfactory completion of probation, the board shall convert the  
probationary certificate to a regular certificate, free of conditions.

3 (e) The proceedings under this article shall be conducted in accordance  
4 with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of the  
5 Government Code, and the board shall have all the powers granted therein. The  
action shall be final, except that the propriety of the action is subject to review by the  
superior court pursuant to Section 1094.5 of the Code of Civil Procedure.

6 6. Section 4301 of the Code states in pertinent part:

7 The board shall take action against any holder of a license who is guilty  
8 of unprofessional conduct or whose license has been procured by fraud or  
misrepresentation or issued by mistake. Unprofessional conduct shall include, but is  
9 not limited to, any of the following:

10 (j) The violation of any of the statutes of this state, or any other state, or  
of the United States regulating controlled substances and dangerous drugs.

11 (n) The revocation, suspension, or other discipline by another state of a  
12 license to practice pharmacy, operate a pharmacy, or do any other act for which a  
license is required by this chapter.

13 (o) Violating or attempting to violate, directly or indirectly, or assisting in  
14 or abetting the violation of or conspiring to violate any provision or term of this  
chapter or of the applicable federal and state laws and regulations governing  
15 pharmacy, including regulations established by the board or by any other state or  
federal regulatory agency.

16 (s) The clearly excessive furnishing of dangerous drugs by a wholesaler  
17 to a pharmacy that primarily or solely dispenses prescription drugs to patients of  
long-term care facilities. Factors to be considered in determining whether the  
18 furnishing of dangerous drugs is clearly excessive shall include, but not be limited to,  
the amount of dangerous drugs furnished to a pharmacy that primarily or solely  
19 dispenses prescription drugs to patients of long-term care facilities, the previous  
ordering pattern of the pharmacy, and the general patient population to whom the  
20 pharmacy distributes the dangerous drugs. That a wholesaler has established, and  
employs, a tracking system that complies with the requirements of subdivision (b) of  
21 Section 4164 shall be considered in determining whether there has been a violation of  
this subdivision. This provision shall not be interpreted to require a wholesaler to  
22 obtain personal medical information or be authorized to permit a wholesaler to have  
access to personal medical information except as otherwise authorized by Section 56  
23 and following of the Civil Code.

24 7. Section 125.3 of the Code states, in pertinent part, that the Board may request the  
25 administrative law judge to direct a licentiate found to have committed a violation or violations of  
26 the licensing act to pay a sum not to exceed the reasonable costs of the investigation and  
27 enforcement of the case.

28 ///

1 **DRUGS**

2 8. "Tramadol" is a generic of Ultram and is a dangerous drug as defined by Business  
3 and Professions Code section 4022.

4 9. "Carisoprodol" is a generic of Soma and is a dangerous drug as defined by  
5 Business and Professions Code section 4022.

6 10. "Butalbital/APAP/Caffeine" also known as Fioricet is a schedule III controlled  
7 substance as designated by Health and Safety Code section 11056(c)(3).

8 **CAUSE FOR DISCIPLINE**

9 **(Unprofessional Conduct)**

10 11. Respondent Gulf Coast Pharmaceuticals, Inc., and Kenneth Ritchey (Respondents)  
11 are subject to disciplinary action under section 4301(j), (n), (o) and (s), for unprofessional  
12 conduct in that in on or about January 20, 2010. *In the Matter of the Complaint Against Gulf*  
13 *Coast Pharmaceuticals* (99-W-2139), Before the State Board of Pharmacy State of Oklahoma;  
14 Case No. 957, Respondent's license was revoked for failure to follow Oklahoma's laws  
15 pertaining to the sale of dangerous drugs without having a monitoring program in place. A true  
16 and correct copy of the Board's Decision is attached hereto as Exhibit A. The circumstances are  
17 as follows:

18 12. On or about August 6 and 24, 2009, the Oklahoma Board of Pharmacy subpoenaed  
19 records from Gulf Coast Pharmaceuticals to determine if Respondent was shipping Tramadol,  
20 Butalbital/APAP/Caffeine (generic Fioricet) and Carisoprodol into the State of Oklahoma. The  
21 records obtained by the Oklahoma Board showed the following:

22 a. Gulf Coast Pharmaceuticals did business with Elk River Pharmacy from December 5,  
23 2008, through June 12, 2009. During that time, Gulf Coast Pharmaceuticals and Elk River  
24 Pharmacy conducted eighty-three (83) transactions for the sale of 13,832,500 dosage units of  
25 Carisoprodol, Tramadol, and Butalbital/APAP/Caffeine by Gulf Coast Pharmaceuticals to Elk  
26 River Pharmacy. Gulf Coast Pharmaceuticals used forty-eight (48) invoices to sell the drugs to  
27 Elk River Pharmacy at a cost of \$730,815.00, excluding shipping costs.

28 ///

1 b. Elk River Pharmaceuticals, Inc. purchased the following from Gulf Coast  
2 Pharmaceuticals:

3 Butalbital/APAP/Caffeine	898,000 tablets
4 Carisoprodol 350mg	6,688,500 tablets
5 Tramadol 50 mg.	6,246,000 tablets

6 c. During a three-day span, December 9-11, 2008, Gulf Coast Pharmaceuticals, Inc.,  
7 shipped a total of 1,695,000 dosage units of Carisoprodol, Tramadol, and  
8 Butalbital/APAP/Caffeine to Elk River Pharmacy with a cost to Elk River Pharmacy of  
9 \$69,438.00.

10 d. The records also showed that a large number of the same medications were shipped to  
11 Eagle RX and White Eagle Distribution located at 111 White Eagle Drive in Ponca City, OK.  
12 White Eagle RX is a tribal pharmacy that is licensed by the Ponca Tribe.

13 e. During the six (6) week period of June 18, 2009 to July 30, 2009, Gulf Coast  
14 Pharmaceuticals, Inc., made sales to White Eagle Pharmacy totaling 2,208,000 dosage units of  
15 Carisoprodol, Tramadol, and Butalbital/APAP/Caffeine. Gulf Coast Pharmaceuticals, Inc., used  
16 thirteen (13) invoices to sell the drugs to White Eagle Pharmacy at a cost of \$250,470.00,  
17 excluding shipping.

18 f. White Eagle Pharmacy purchased the following from June 18, 2009, to July 30, 2009:

19 Butalbital/APAP/Caffeine	275,000 tablets
20 Carisoprodol 350 mg	1,458,000 tablets
21 Tramadol 50 mg.	475,000 tablets

22 g. Neither Elk River Pharmacy nor White Eagle Pharmacy purchased any other drugs from  
23 Gulf Coast Pharmaceuticals, Inc.

24 h. Gulf Coast Pharmaceuticals, Inc., admitted that it did not have a "suspicious order  
25 monitoring program or a plan for diversion prevention" which meets the requirements of the  
26 Oklahoma Board Rules. Gulf Coast Pharmaceuticals, Inc., also admitted that it did not have a  
27 method to determine the type of clients it does business with (i.e., retail, hospital, internet, etc.).

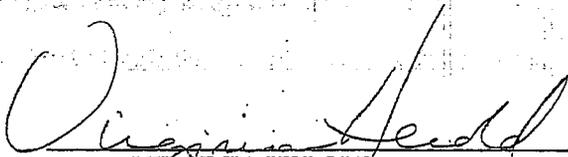
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PRAYER

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:

1. Revoking or suspending Wholesale Permit Number OSD 4567, issued to Gulf Coast Pharmaceuticals, Inc.;
2. Revoking or suspending Certificate Number EXC 20162 to Kenneth Ritchey, as the designated representative of Gulf Coast Pharmaceuticals;
3. Ordering Gulf Coast Pharmaceuticals, Inc. and Kenneth Ritchey to pay the Board of Pharmacy the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 125.3; and,
4. Taking such other and further action as deemed necessary and proper.

DATED: 1/14/11



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

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