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

In the Matter of the Accusation Against:

Case No. 5038

CLARK'S DRUG STORE PHARMACY, INC.

2126 Solano Street Corning, CA 96021

Original Permit No. PHY 36175,

and

WILLIAM G. MCFADDEN CLARK'S DRUG STORE PHARMACY, INC. 2126 Solano Street Corning, CA 96021

Original Pharmacist License No. RPH 29744

OAH No. 2014050468

STIPULATED SETTLEMENT TO REVOKE AND DISCIPLINARY ORDER (CLARK'S DRUG STORE PHARMACY, INC. ONLY)

Respondents.

DECISION AND ORDER

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

This decision shall become effective on February 25, 2015.

It is so ORDERED on February 18, 2015.

BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

Ву

STAN C. WEISSER, Board President

1	KAMALA D. HARRIS		
2	Attorney General of California KENT D. HARRIS		
3	Supervising Deputy Attorney General PHILLIP L. ARTHUR		
4	Deputy Attorney General State Bar No. 238339		
5	1300 I Street, Suite 125 P.O. Box 944255	·	
6	Sacramento, CA 94244-2550 Telephone: (916) 322-0032	·	
7	Facsimile: (916) 327-8643 E-mail: Phillip.Arthur@doj.ca.gov		
8	Attorneys for Complainant		
9	BEFORE THE BOARD OF PHARMACY		
10	DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA		
11			
12	In the Matter of the Accusation Against:	Case No. 5038	
13	CLARK'S DRUG STORE PHARMACY, INC.	OAH No. 2014050468	
14	2126 Solano Street Corning, CA 96021	STIPULATED SETTLEMENT TO	
15	,	REVOKE AND DISCIPLINARY ORDER (CLARK'S DRUG STORE PHARMACY,	
16	Original Permit No. PHY 36175,	INC. ONLY)	
17	and		
18	WILLIAM G. MCFADDEN CLARK'S DRUG STORE PHARMACY,		
19	INC. 2126 Solano Street		
20	Corning, CA 96021		
21	Original Pharmacist License No. RPH 29744		
22	Respondents.	·	
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25	IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-		
26	entitled proceedings that the following matters are true:		
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	STIPULATED SETTLEMENT (CLARK'S DRUG STORE PHARMACY, INC. ONLY) (5038)		

PARTIES

- 1. Virginia 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 by Kamala D. Harris, Attorney General of the State of California, by Phillip L. Arthur, Deputy Attorney General.
- 2. Respondents Clark's Drug Store Pharmacy, Inc. ("Respondent Clark's") and William G. McFadden ("Respondent McFadden") are represented in this proceeding by attorney Paul Chan, Esq., whose address is: Law Offices of Paul Chan, 2311 Capitol Avenue, Sacramento, CA 95816.
- 3. On or about February 23, 1990, the Board of Pharmacy issued Original Permit Number PHY 36175 to Respondent Clark's. The Original Permit was in full force and effect at all times relevant to the charges brought herein, was canceled on February 1, 2014, and has not been renewed. While the license has now expired, this lapse in licensure, pursuant to Business and Professions Code section 118(b), does not deprive the Board of its authority to institute or continue this disciplinary proceeding.
- 4. On or about August 4, 1975, the Board of Pharmacy issued Original Pharmacist License Number RPH 29744 to Respondent McFadden. The Original Pharmacist License was in full force and effect at all times relevant to the charges brought herein and will expire on March 31, 2015, unless renewed.
- 5. Respondent McFadden was the Pharmacist-in-Charge at Respondent Clark's from July 26, 2010 through February 1, 2014.

JURISDICTION

- 6. Accusation No. 5038 was filed before the Board of Pharmacy (Board), Department of Consumer Affairs, and is currently pending against Respondents. The Accusation and all other statutorily required documents were properly served on Respondents on April 17, 2014.

 Respondents timely filed their Notices of Defense contesting the Accusation.
- 7. A copy of Accusation No. 5038 is attached as exhibit A and incorporated herein by reference.

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ADVISEMENT AND WAIVERS

- 8. Respondent Clark's has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. 5038. Respondent Clark's has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.
- 9. Respondent Clark's is fully aware of its legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at its own expense; the right to confront and cross-examine the witnesses against them; the right to present evidence and to testify on its own behalf; the right to the issuance of 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 California Administrative Procedure Act and other applicable laws.
- 10. Respondent Clark's voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

CULPABILITY

- Respondent Clark's admits the truth of each and every charge and allegation in Accusation No. 5038.
- 12. Respondent Clark's agrees that its Original Permit is subject to discipline and agrees to be bound by the Board's imposition of discipline as set forth in the Disciplinary Order below.

CONTINGENCY

13. This stipulation shall be subject to approval by the Board of Pharmacy. Respondent Clark's understands and agrees that counsel for Complainant and the staff of the Board of Pharmacy may communicate directly with the Board regarding this stipulation and settlement, without notice to or participation by Respondent Clark's or its counsel. By signing the stipulation, Respondent Clark's understands and agrees that it may not withdraw its agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal

action between the parties, and the Board shall not be disqualified from further action by having considered this matter.

- 14. The parties understand and agree that Portable Document Format (PDF), electronic, and facsimile copies of this Stipulated Settlement and Disciplinary Order, including Portable Document Format (PDF), electronic, and facsimile signatures thereto, shall have the same force and effect as the originals.
- 15. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.
- 16. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Original Permit No. PHY 36175 issued to Clark's Drug Store Pharmacy, Inc. (Respondent Clark's) is revoked.

- 1. The revocation of Respondent Clark's Original Permit and the acceptance of the revoked license by the Board shall constitute the imposition of discipline against Respondent Clark's. This stipulation constitutes a record of the discipline and shall become a part of Respondent Clark's license history with the Board of Pharmacy.
- 2. Respondent Clark's shall lose all rights and privileges as a pharmacy in California as of the effective date of the Board's Decision and Order.
- 3. Respondent Clark's shall cause to be delivered to the Board its pocket license and, if one was issued, its wall certificate on or before the effective date of the Decision and Order.
- 4. If Respondent Clark's ever applies for licensure or petitions for reinstatement in the State of California, the Board shall treat it as a new application for licensure. Respondent Clark's

must comply with all the laws, regulations, and procedures for licensure in effect at the time the application is filed, and all of the charges and allegations contained in Accusation No. 5038 shall be deemed to be true, correct, and admitted by Respondent Clark's when the Board determines whether to grant or deny the application.

- 5. If Respondent Clark's should ever apply or reapply for a new license or certification, or petition for reinstatement of a license, by any other health care licensing agency in the State of California, all of the charges and allegations contained in Accusation No. 5038 shall be deemed to be true, correct, and admitted by Respondent Clark's for the purpose of any Statement of Issues or any other proceeding seeking to deny or restrict licensure.
- 6. Respondent Clark's shall not re-apply or petition for reinstatement for a period of three (3) years after the effective date of this order.

ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Paul Chan, Esq. I understand the stipulation and the effect it will have on my Original Permit. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Board of Pharmacy.

DATED: 1-13-2015 CLARK'S DRUG STORE PHARMACY, INC.
By Its Pharmacist-In-Charge William G. McFadden

I have read and fully discussed with Respondent Clark's the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: (-2/-/5

Paul Chan, Esq.
Attorney for Respondent Clark's Drug Store Pharmacy,
Inc.

ENDORSEMENT The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the Board of Pharmacy. 1/22/15 Dated: Respectfully submitted, Kamala D. Harris Attorney General of California KENT D. HARRIS Supervising Deputy Attorney General PHILLIP L. ARTHUR Deputy Attorney General Attorneys for Complainant SA2013114149 11608191.doc

Exhibit A

Accusation No. 5038

1	KAMALA D. HARRIS Attorney General of California		
2	KENT D. HARRIS Supervising Deputy Attorney General PHILLIP L. ARTHUR		
	Deputy Attorney General		
4	State Bar No. 238339 1300 I Street, Suite 125		
5	P.O. Box 944255 Sacramento, CA 94244-2550	•	
6	Telephone: (916) 322-0032 Facsimile: (916) 327-8643		
7	E-mail: Phillip.Arthur@doj.ca.gov Attorneys for Complainant		
8	BEFORE THE		
9	BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS		
10		ALIFORNIA	
11	In the Metter of the Assuration Assinct	Case No. 5038	
12	In the Matter of the Accusation Against:	Case No. 5038	
13	CLARK'S DRUG STORE PHARMACY, INC.		
14	2126 Solano Street Corning, CA 96021	ACCUSATION	
15	Original Permit No. PHY 36175,		
16	and		
17	WILLIAM G. MCFADDEN		
18	2126 Solano Street Corning, CA 96021		
19	Original Pharmacist License No. RPH 29744		
20	Respondents.		
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23	Complainant alleges:		
24	PARTIES		
25	1. Virginia Herold (Complainant) brings this Accusation solely in her official capacity		
26	as the Executive Officer of the Board of Pharmacy, Department of Consumer Affairs.		
27	2. On or about February 23, 1990, the Board of Pharmacy issued Original Permit		
28	Number PHY 36175 to Clark's Drug Store Pharmacy, Inc. (Respondent Clark's). The Original		
		1 Accusation	

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officers of the law, and shall be preserved for at least three years from the date of making. A current inventory shall be kept by every manufacturer, wholesaler, pharmacy, veterinary food animal drug retailer, physician, dentist, podiatrist, veterinarian, laboratory, clinic, hospital, institution, or establishment holding a currently valid and unrevoked certificate, license, permit, registration, or exemption under Division 2 (commencing with Section 1200) of the Health and Safety Code or under Part 4 (commencing with Section 16000) of Division 9 of the Welfare and Institutions Code who maintains a stock of dangerous drugs or dangerous devices.

- (b) The owner, officer, and partner of any pharmacy, wholesaler, or veterinary food animal drug retailer shall be jointly responsible, with the pharmacist in charge or representative-in-charge, for maintaining the records and inventory described in this section. . . ."
 - 9. Section 4300.1 of the Code states:

"The expiration, cancellation, forfeiture, or suspension of a board-issued license by operation of law or by order or decision of the board or a court of law, the placement of a license on a retired status, or the voluntary surrender of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation of, or action or disciplinary proceeding against, the licensee or to render a decision suspending or revoking the license."

10. Section 4301 of the Code states, in pertinent part:

"The board shall take action against any holder of a license who is guilty of unprofessional conduct or whose license has been procured by fraud or misrepresentation or issued by mistake.

Unprofessional conduct shall include, but is not limited to, any of the following:

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(o) Violating or attempting to violate, directly or indirectly, or assisting in 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 pharmacy, including regulations established by the board or by any other state or federal regulatory agency. . . ."

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11. California Code of Regulations, title 16, section 1718, states:

"Current Inventory' as used in Sections 4081 and 4332 of the Business and Professions Code shall be considered to include complete accountability for all dangerous drugs handled by every licensee enumerated in Sections 4081 and 4332.

"The controlled substances inventories required by Title 21, CFR, Section 1304 shall be available for inspection upon request for at least 3 years after the date of the inventory."

- 12. Code of Federal Regulations, title 21, section 1301.11, states, in pertinent part:
- "(a) Every person who manufactures, distributes, dispenses, imports, or exports any controlled substance or who proposes to engage in the manufacture, distribution, dispensing, importation or exportation of any controlled substance shall obtain a registration unless exempted by law or pursuant to §§ 1301.22 through 1301.26. Except as provided in paragraph (b) of this section, only persons actually engaged in such activities are required to obtain a registration; related or affiliated persons who are not engaged in such activities are not required to be registered. (For example, a stockholder or parent corporation of a corporation manufacturing controlled substances is not required to obtain a registration.)..."
 - 13. Code of Federal Regulations, title 21, section 1304.03, states, in pertinent part:
- "(a) Each registrant shall maintain the records and inventories and shall file the reports required by this part, except as exempted by this section. Any registrant who is authorized to conduct other activities without being registered to conduct those activities, either pursuant to § 1301.22(b) of this chapter or pursuant to §§ 1307.11-1307.13 of this chapter, shall maintain the records and inventories and shall file the reports required by this part for persons registered to conduct such activities. This latter requirement should not be construed as requiring stocks of controlled substances being used in various activities under one registration to be stored separately, nor that separate records are required for each activity. The intent of the Administration is to permit the registrant to keep one set of records which are adapted by the registrant to account for controlled substances used in any activity. Also, the Administration does not wish to require separate stocks of the same substance to be purchased and stored for separate

activities. Otherwise, there is no advantage gained by permitting several activities under one registration. Thus, when a researcher manufactures a controlled item, he must keep a record of the quantity manufactured; when he distributes a quantity of the item, he must use and keep invoices or order forms to document the transfer; when he imports a substance, he keeps as part of his records the documentation required of an importer; and when substances are used in chemical analysis, he need not keep a record of this because such a record would not be required of him under a registration to do chemical analysis. All of these records may be maintained in one consolidated record system. Similarly, the researcher may store all of his controlled items in one place, and every two years take inventory of all items on hand, regardless of whether the substances were manufactured by him, imported by him, or purchased domestically by him, of whether the substances will be administered to subjects, distributed to other researchers, or destroyed during chemical analysis."

- 14. Code of Federal Regulations, title 21, section 1304.21, states:
- "(a) Every registrant required to keep records pursuant to § 1304.03 shall maintain on a current basis a complete and accurate record of each such substance manufactured, imported, received, sold, delivered, exported, or otherwise disposed of by him/her, except that no registrant shall be required to maintain a perpetual inventory.
- "(b) Separate records shall be maintained by a registrant for each registered location except as provided in § 1304.04 (a). In the event controlled substances are in the possession or under the control of a registrant at a location for which he is not registered, the substances shall be included in the records of the registered location to which they are subject to control or to which the person possessing the substance is responsible.
- "(c) Separate records shall be maintained by a registrant for each independent activity for which he/she is registered, except as provided in § 1304.22(d).
- (d) In recording dates of receipt, importation, distribution, exportation, or other transfers, the date on which the controlled substances are actually received, imported, distributed, exported, or otherwise transferred shall be used as the date of receipt or distribution of any documents of transfer (e.g., invoices or packing slips)."

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15. Section 125.3 of the Code states, in pertinent part, 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.

DANGEROUS DRUGS/CONTROLLED SUBSTANCES

- 16. Alprazolam is a Schedule IV controlled substance as designated by Health and Safety Code section 11057, subdivision (d)(1).
- 17. Carisoprodol is a Schedule IV controlled substance as designated by Code of Federal Regulations, title 21, section 1308.14, subdivision (c)(5).
- 18. *Clonazepam* is a Schedule IV controlled substance as designated by Health and Safety Code section 11057, subdivision (d)(7).
- 19. Hydrocodone/acetaminophen is a Schedule III controlled substance as designated by Health and Safety Code section 11056, subdivision (e)(4).
- 20. *Hydrocodone/homatropine* is a Schedule III controlled substance as designated by Health and Safety Code section 11056, subdivision (e)(4).
- 21. *Modafinil* is a Schedule IV controlled substance as designated by Health and Safety Code section 11057, subdivision (f)(3).
- 22. *Phenobarbital* is a Schedule IV controlled substance as designated by Health and Safety Code section 11057, subdivision (d)(26).
- 23. *Phentermine* is a Schedule IV controlled substance as designated by Health and Safety Code section 11057, subdivision (f)(4).
- 24. Zolpidem is a Schedule TV controlled substance as designated by Health and Safety Code section 11057, subdivision (d)(32).

Accusation

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circumstances are as follows:

audit revealed the following variances¹:

-5 dosage unit variance for carisoprodol e.

- f. -713 (4.81%) dosage unit variance for clonazepam 0.5 mg
- +190 (1.15%) dosage unit variance for clonazepam 1 mg g.
- h. +200 (1.24%) dosage unit variance for hydrocodone/acetaminophen 7.5/325 mg

RESPONDENT CLARK'S DRUG STORE PHARMACY, INC.

FIRST CAUSE FOR DISCIPLINE

(Failure to Account for all Controlled Substances)

section 4081, subdivision (b), of the Code in that Respondent failed to maintain records and a

that Respondent had sold, acquired, or dispensed from May 1, 2011, through April 23, 2013. The

current inventory of its sale, acquisition, or disposition of controlled substances. The

-222 (1.2%) dosage unit variance for alprazolam 0.25 mg

-199 (0.62%) dosage unit variance for alprazolam 0.5 mg

-687 (2.07%) dosage unit variance for alprazolam 1 mg

+243 (4.58%) dosage unit variance for alprazolam 2 mg

25. Respondent Clark's Drug Store Pharmacy, Inc. is subject to disciplinary action under

On or about June 7, 2013, the Board conducted an audit of the controlled substances

- i. +16,847 (2.83%) dosage unit variance for hydrocodone/acetaminophen 10/325 mg
- i. -7 (2.3%) dosage unit variance for hydrocodone/acetaminophen 10/660 mg
- k. -25,200 (81.96 %) ml variance for hydrocodone/homatropine 5/1.5 mg/5 ml
- l. +83 (25.93%) dosage unit variance for modafinil 100 mg
- +152 (10.78%) dosage unit variance for modafinil 200 mg m.
- -251 (2.48%) dosage unit variance for phenobarbital ½ grain n.

¹ The variances were calculated by comparing the total amount of each controlled substance that Respondent acquired with the total amount of each controlled substance that Respondent dispensed during the audit period. A negative variance indicates missing and unaccounted for dosage units. A positive variance indicates that Respondent acquired more dosage units than Respondent possesses records for.

paragraphs 26-28, and all of their subparts.

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(Failure to Maintain Records and Inventories of all Controlled Substances)

31. Respondent William G. McFadden (Respondent McFadden) is subject to disciplinary action under Code of Federal Regulations, title 21, sections 1304.03, subdivision (a), and 1304.21, subdivision (a), by and through section 4301(o) of the Code in that as the pharmacist-incharge for Respondent Clark's Drug Store Pharmacy, Inc. (Respondent Clark's), Respondent McFadden failed to maintain records and a current inventory of Respondent Clark's controlled substances. The circumstances are described with more particularity in paragraphs 26-28, and all of their subparts.

MATTERS IN AGGRAVATION

- 32. On or about January 17, 2005, In the Matter of the Accusation Against William G. McFadden dba Clark's Drug Store Pharmacy, Case No. 2752, Respondents Clark's Pharmacy Permit No. PHY 36175 was placed on three years probation, and Respondent McFadden's Pharmacist License No. RPH 29744 was placed on five years probation, following the filing of an accusation alleging that McFadden: (1) disclosed medical information without patients' prior authorization; (2) failed to properly dispose of medical records; (3) failed to identify each pharmacist responsible for filling patient prescriptions; (4) furnished controlled substances for himself; (5) dispensed medication while under the influence; (6) failed to maintain pharmacy security; (7) failed to maintain complete accountability for dangerous drug inventory; and (8) was convicted in 1993 of driving with a blood alcohol of .08% or greater.
- 33. On or about December 22, 2009, Respondent Clark's was issued a citation for:

 (1) failing to comply with California Code of Regulations, title 16, section 1716, which prohibits a pharmacist from varying from the requirements of a prescription without prescriber authorization; and (2) failing to comply with California Code of Regulations, title 16, section 1707.2(b)(1)(A), which requires a pharmacist to consult on a new, not previously dispensed prescription.

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34. On or about December 22, 2009, Respondent McFadden was issued a citation for

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