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

In the Matter of the Accusation Against:

PHARMACY RESOURCES INC.; GREGG N. PEDERSON, PRESIDENT AND PIC 5290 E. Yale Circle, No. 101 Denver, CO 80222

Non-Resident Pharmacy License No. NRP 45418 Non-Resident Sterile Compounding Permit No. NSC 99697

Respondent.

Case No. 6021

OAH No. 2018020256

STIPULATED SURRENDER OF LICENSE AND ORDER

# **DECISION AND ORDER**

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

This Decision shall become effective at 5:00 p.m. on August 2, 2018.

It is so ORDERED on July 3, 2018.

BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA

By

Victor Law, R.Ph. Board President

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1	XAVIER BECERRA	·								
2	Attorney General of California DAVID E. BRICE									
3	Supervising Deputy Attorney General PATRICIA WEBBER HEIM									
	Deputy Attorney General									
4	State Bar No. 230889 1300 I Street, Suite 125									
5	P.O. Box 944255 Sacramento, CA 94244-2550									
6	Telephone: (916) 210-7519 Facsimile: (916) 327-8643									
7	Attorneys for Complainant									
8		RE THE								
9	BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS									
10	STATE OF C	CALIFORNIA								
11	In the Matter of the Accusation Against:	Case No. 6021								
12	PHARMACY RESOURCES INC.; GREGG	OAH No. 2018020256								
13	N. PEDERSON, PRESIDENT AND PIC 5290 E. Yale Circle, No. 101	STIPULATED SURRENDER OF								
14	Denver, CO 80222	LICENSE AND ORDER								
- 15	Non-Resident Pharmacy Permit No. NRP 1126									
16	Non-Resident Sterile Compounding Permit No. NSC 99697									
17	Respondent.									
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20	IT IS HEREBY STIPULATED AND AGI	REED by and between the parties to the above-								
21	entitled proceedings that the following matters are true:									
22	<u>PARTIES</u>									
23	1. Virginia Herold (Complainant) is the Executive Officer of the Board of Pharmacy									
24	(Board). She brought this action solely in her official capacity and is represented in this matter by									
25	Xavier Becerra, Attorney General of the State of California, by Patricia Webber Heim, Deputy									
26	Attorney General.									
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2. Pharmacy Resources Inc.; Gregg N. Pederson, President and Pharmacist-In-Charge (PIC) (Respondent) is represented in this proceeding by attorney Ivan Petrzelka, whose address is Ivan Petrzelka, California Pharmacy Lawyers, 49 Discovery, Suite 240, Irvine, CA 92618.

- 3. On or about October 3, 2011, the Board issued Non-Resident Pharmacy Permit No. NRP 1126 to Respondent. The Non-Resident Pharmacy Permit was in full force and effect at all times relevant to the charges brought in Accusation No. 6021, expired on October 1, 2017, and has not been renewed.
- 4. On or about November 3, 2011, the Board issued Non-Resident Sterile Compounding Permit No. NSC 99697 to Respondent. The Non-Resident Sterile Compounding Permit expired on October 1, 2016, and has not been renewed.

#### **JURISDICTION**

5. Accusation No. 6021 was filed before the Board, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on January 17, 2018. Respondent timely filed its Notice of Defense contesting the Accusation. A copy of Accusation No. 6021 is attached as Exhibit A and incorporated by reference.

#### **ADVISEMENT AND WAIVERS**

- 6. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. 6021. Respondent also has carefully read, fully discussed with counsel, and understands the effects of this Stipulated Surrender of License and Order.
- 7. Respondent 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 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.

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8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

#### **CULPABILITY**

- 9. Respondent understands and agrees that the charges and allegations in Accusation No. 6021, if proven at a hearing, constitute cause for imposing discipline upon its Non-Resident Pharmacy Permit, and Non-Resident Sterile Compounding Permit.
- 10. For the purpose of resolving the Accusation without the expense and uncertainty of further proceedings, Respondent agrees that, at a hearing, Complainant could establish a factual basis for the charges in the Accusation, and that Respondent hereby gives up his right to contest those charges.
- 11. The Admissions made by Respondent herein are only for the purpose of this proceeding, or any other proceedings before the Board of Pharmacy or other professional licensing agency, and shall not be admissible in any other criminal or civil proceedings.
- 12. Respondent agrees that its Non-Resident Pharmacy Permit, and Non-Resident Sterile Compounding Permit are subject to discipline.

#### **CONTINGENCY**

13. This stipulation shall be subject to approval by the Board. Respondent understands and agrees that counsel for Complainant and the staff of the Board may communicate directly with the Board regarding this stipulation and surrender, without notice to or participation by Respondent or its counsel. By signing the stipulation, Respondent understands and agrees that they 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 Surrender 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) and facsimile copies of this Stipulated Surrender of License and Order, including Portable Document Format (PDF) and facsimile signatures thereto, shall have the same force and effect as the originals.

- 15. This Stipulated Surrender of License and 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 Surrender of License and 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 Order:

#### **ORDER**

IT IS HEREBY ORDERED that Non-Resident Pharmacy Permit No. NRP 1126, and Non-Resident Sterile Compounding Permit No. NSC 99697 issued to Respondent Pharmacy Resources Inc.; Gregg N. Pederson, President and Pharmacist-In-Charge, are surrendered and accepted by the Board of Pharmacy.

- 1. The surrender of Respondent's Non-Resident Pharmacy Permit and Non-Resident Sterile Compounding Permit and the acceptance of the surrendered licenses by the Board shall constitute the imposition of discipline against Respondent. This stipulation constitutes a record of the discipline and shall become a part of Respondent's license history with the Board of Pharmacy.
- 2. Respondent shall lose all rights and privileges as a non-resident pharmacy and non-resident sterile compounding pharmacy in California as of the effective date of the Board's Decision and Order.
- 3. Respondent shall cause to be delivered to the Board its pocket licenses and, if one was issued, its wall certificates on or before the effective date of the Decision and Order.

- 4. Respondent may not reapply for any license from the Board for three (3) years from the effective date of this decision.
- 5. If Respondent 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 must comply with all the laws, regulations and procedures for licensure in effect at the time the application or petition is filed, and all of the charges and allegations contained in Accusation No. 6021 shall be deemed to be true, correct and admitted by Respondent when the Board determines whether to grant or deny the application or petition.
- 6. Respondent shall pay the agency its costs of investigation and enforcement in the amount of \$7,500.00 prior to issuance of a new or reinstated license.
- If Respondent 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. 6021 shall be deemed to be true, correct, and admitted by Respondent for the purpose of any Statement of Issues or any other proceeding seeking to deny or restrict licensure.

### **ACCEPTANCE**

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Ivan Petrzelka. I understand the stipulation and the effect it will have on my Non-Resident Pharmacy Permit and Non-Resident Sterile Compounding Permit. 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: 5/1/2018

GREGON-PEDERSON, PRESIDENT AND PHARMACIST-IN-CHARGE, PHARMACY RESOURCES INC.

Respondent

I have read and fully discussed with Respondent Gregg N. Pederson, President and Pharmacist-In-Charge of Pharmacy Resources Inc. the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: May 6, 2018

IVAN PETRZELKA
Attorney for Respondent

# **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. Respectfully submitted, XAVIER BECERRA Attorney General of California DAVID E. BRICE Supervising Deputy Attorney General PATRICIA WEBBER HEIM Deputy Attorney General Attorneys for Complainant SA2016104808 13061120.doc

Exhibit A

Accusation No. 6021

1	XAVIER BECERRA Attorney General of California	
2	JANICE K. LACHMAN	
3	Supervising Deputy Attorney General PATRICIA WEBBER HEIM	
4	Deputy Attorney General State Bar No. 230889	
5	1300 I Street, Suite 125 P.O. Box 944255	
6	Sacramento, CA 94244-2550 Telephone: (916) 324-5263	
7	Facsimile: (916) 322-8288 Attorneys for Complainant	
8	BEFORE T	
9	BOARD OF PHA DEPARTMENT OF CONS	RMACY UMER AFFAIRS
10	STATE OF CALI	
11	In the Matter of the Accusation Against:	Case No. 6021
12	PHARMACY RESOURCES INCORPORATED	
13	GREGG N. PEDERSON, PRES./PIC JANET L. PEDERSON, SECTY	ACCUSATION
14	5290 E. Yale Circle, No. 101 Denver, CO 80222	·
15 16	Non-Resident Pharmacy Permit No. NRP 1126 Non-Resident Sterile Compounding Permit No. NSC 99697	
17	Respondent.	
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19	Complainant alleges:	
20	PARTIES	
21	1. Virginia Herold (Complainant) brings this	Accusation solely in her official capacity
22	as the Executive Officer of the Board of Pharmacy, De	epartment of Consumer Affairs.
23	2. On or about October 3, 2011, the Board of	Pharmacy issued Non-Resident Pharmacy
24	Permit Number NRP 1126 to Pharmacy Resources Inc	corporated (Respondent), with Gregg N.
25	Pederson (Pederson) as president and pharmacist-in-ch	narge and Janet L. Pederson as secretary.
26	The Non-Resident Pharmacy Permit was in full force	and effect at all times relevant to the
27	charges brought in the Accusation and will expire on (	October 1, 2017, unless renewed.
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#### **DRUG CLASSIFICATIONS**

- 16. Glycopyrrolate 0.2 mg/ml is a dangerous drug pursuant to Code section 4022 and is indicated for the reduction of secretions in horses. "Robinul 0.2 mg/ml" is a brand name for Glycopyrrolate.
- 17. Cimetidine 150 mg/ml is a dangerous drug pursuant to Code section 4022 and is indicated for the treatment of gastric ulcers and melanomas and stomach protection in horses. "Tagamet 300 mg/2ml" is a brand name for Cimetidine.
- 18. Cacodylate/copper 6 mg/ml is a dangerous drug pursuant to Code section 4022 and is indicated for the treatment of anemia in horses.
- 19. Methocarbamol 100 mg/ml is a dangerous drug pursuant to Code section 4022 and is indicated for the treatment of muscle spasms in horses.

#### **FACTUAL ALLEGATIONS**

- 20. On or about September 9, 2016, Board Inspector D. P. conducted a non-resident sterile compounding permit renewal inspection at Respondent's pharmacy located in Denver, Colorado, and was assisted by pharmacist-in-charge Pederson. D. P. asked Pederson what risk levels of sterile compounds were dispensed to California patients. Pederson stated that the pharmacy provided mainly non-sterile to sterile (high-risk) veterinary products.
- 21. D. P. requested various documents from Pederson, including compounding policies and procedures, completed recent patient-specific compounding records with associated prescription labels, quality assurance policies and procedures with documentation of end product testing, non-sterile to sterile compounded product testing documentation, and a list of all compounded preparations provided to California patients during the past year. Pederson told D. P. that his staff kept a log of sterile preparations compounded by the pharmacy and that the California patients could be highlighted on the log for the inspector's review. D. P. was given a log listing veterinary sterile compounded preparations that were supplied to patients with the California patients highlighted.
- 22. D. P. was also given compounding log worksheets for approximately eight sterile compounded preparations and the related prescriptions, prescription labels, and "soy-logs" (logs

documenting in-house sterility testing of drug products). D. P. found that the prescription labels, including the label for Glycopyrrolate 0.2 mg/ml, were not in compliance with California law. D. P. also found that four sterile compounded injectable preparations, glycopyrrolate, cimetidine, cacodylate/copper, and methocarbamol, were dispensed with beyond use dates (BUD's) greater than 180 days. D. P. requested the validation paperwork for the extended BUD's. D. P. was given a certificate of analysis and a soy log for only one of the four injectable preparations, glycopyrrolate. D. P. was advised that the extended BUD's for the other three drug products were validated some time ago and that the paperwork might not be easy to locate.

- 23. On and between September 12, 2016 and September 30, 2016, D. P. requested certain documents and information from Pederson, including a list of sterile drug products the pharmacy provided to California patients during the last year; a current copy of the pharmacy's sterile compounding policy and procedures; dispensing records of sterile preparations the pharmacy provided to California patients for the last sixth months; the master formulas, sterility and pyrogens testing data and documentation, and stability studies used to extend the BUD's for glycopyrrolate, cimetidine, cacodylate/copper, and methocarbamol; and the compounding logs, master formulas, prescriptions, labels, and sterility and pyrogens testing data and documentation for certain other compounded products the pharmacy sent to California patients.
- 24. On and between September 23, 2016 and September 30, 2016, Pederson sent D. P. an Excel spreadsheet listing the sterile compounded prescriptions the pharmacy supplied to California patients, written documentation and justification for the extended BUD's for the four drug preparations, and the pharmacy's compounding policies and procedures.
- 25. On or about October 5, 2016, D. P. sent Pederson an email stating that she still had not received the sterility and pyrogens data and documentation for glycopyrrolate, cimetidine, cacodylate/copper, and methocarbamol or the compounding logs, master formulas, prescriptions, labels, and sterility and pyrogens testing data and documentation for the other compounded products.
- 26. On or about October 7, 2016, Pederson provided D. P. with compounding worksheets and prescriptions labels for estrone AQ suspension 5 mg/ml injection, acetyl D glucosamine 50

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mg/ml injection, and stanozolol suspension 50 mg/mil injection, and a revised Excel spreadsheet. D. P. found that of the 164 prescriptions listed on the spreadsheet, approximately 72 prescriptions (44%) of sterile compounded products were dispensed prior to the required 14-day quarantine period. D. P. also found that the prescription labels for Estrone, Acetyl D Glucosamine, and Stanozolol were not in compliance with California law and that the three drug products were dispensed with BUD's greater than 180 days.

# FIRST CAUSE FOR DISCIPLINE

## (Failure to Document Appropriate Beyond Use Date for Compounded Products)

27. Respondent's Non-Resident Pharmacy Permit and Non-Resident Sterile Compounding Permit are subject to disciplinary action pursuant to Code section 4301, subdivision (o), for unprofessional conduct, in that Respondent violated California Code of Regulations, title 16, section 1735.2, subdivision (h), as follows: Respondent failed to provide the Board with any stability studies to support exceeding the beyond use date of 180 days for the following sterile injectable compounded preparations:

Compounded Preparation	Assigned Lot No.	Date Preparation	"Validated" BUD Listed	Assigned BUD	Actual BUD Days	Listed Label.
		Compounded	on Product Worksheet		Assigned & Documented	Expiration Date
Glycopyrrolate .2 mg/ml inj.	050816	08/05/16	270 days	05/05/17	274 days	APR '17
Cimetidine 150 mg/ml inj.	070916	09/07/16	360 days	09/07/17	366 days	AUG '17
Caco-6-Copper 6 mg/ml inj.	040816	08/03/16	240 days	04/03/17	244 days	MAR '17
Methocarbamol 100 mg/ml inj.	270716	07/27/16	360 days	04/19/17. (component expiration date)	236 days	APR '17
Estrone AQ susp 5 mg/ml inj.	060716	07/06/16	360 days	04/02/17 (component expiration date)	271 days	MAR '17
Glycopyrrolate .2 mg/ml inj.	050816	08/05/16	270 days	05/05/17	274 days	APR '17

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Compounded Preparation	Assigned Lot No.	Date Preparation Compounded	"Validated" BUD Listed on Product Worksheet	Assigned BUD	Actual BUD Days Assigned & Documented	Listed Label. Expiration Date
Stanozolol susp. 50 mg/ml inj.	210416	04/21/16	360 days	01/09/17 (component expiration date)	274 days	DEC '16

#### SECOND CAUSE FOR DISCIPLINE

## (Failure to Quarantine Batch-Produced Sterile Injectable Drug Products)

- 28. Respondent's Non-Resident Pharmacy Permit and Non-Resident Sterile Compounding Permit are subject to disciplinary action pursuant to Code section 4301, subdivision (o), for unprofessional conduct, in that Respondent violated California Code of Regulations, title 16, section 1751.7, subdivision (e)(1), as follows:
- a. Respondent dispensed the following sterile injectable compounded preparations, compounded from one or more non-sterile ingredients and in quantities greater than one dose, prior to documented end-product testing confirming sterility and acceptable levels of pyrogens, specifically, endotoxin testing:

Compounded Preparation	Lot#	Quantity Compounded	Date Compounde d	Date Dispensed	Endotoxin Indication on Compounding Worksheet
Glycopyrrolate	050816	262 ml into 12	08/05/16	08/05/16	"N/A"
.2 mg/ml inj.		20 ml vials			
Cimetidine	070916	260 ml into 8	09/06/16	09/06/16	No endotoxin requirement
150 mg/ml inj.		30 ml vials			listed

b. Respondent dispensed the following sterile injectable compounded preparations, compounded from one or more non-sterile ingredients and in quantities greater than one dose, prior to the 14-day quarantine period and completion of the end product testing confirming sterility and acceptable levels of pyrogens:

Rx Number	Date Written	Date Compounded	Date Dispensed	Patient Name	Compounded Preparation	Vial Quantity/ Quantity Dispensed
66854	08/29/16	08/30/16	08/30/16	Armored Car	Estrone 5 mg/ml	100 ml/13 vials

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Date Date Vial Quantity/  $\mathbf{R}\mathbf{x}$ Date Patient Compounded Number Written Compounded Dispensed Name Preparation **Quantity** Dispensed 66853 08/29/16 08/30/16 08/30/16 Award It Estrone 100 ml/13 vials 5 mg/ml 66760 8/23/16 8/12/16 8/23/16 Estrone 100 ml/13 vials Madame Strips 5 mg/ml 66618 08/12/16 8/12/16 8/12/16 Weird Tranexamic 100 ml/6 vials Haircut Acid 10% Steh 8/09/16 06/07/16 8/09/16 100 ml/12 vials 65623 Zen Ketoprofen 10%/L-Arginine 7% 08/05/16 66520 08/05/16 08/05/16 20 ml/12 vials Raphael Glycopyrrolate 0.mg/ml66409 08/01/16 08/01/16 08/01/16 Travel L-Arginine 100 ml/13 vials Fighter 10% 66481 08/04/16 08/04/16 8/04/16 Sunfeet Acety D 50 ml/8 vials Glucosamine 100 mg/ml 100 ml/6 vials 66384 07/29/16 07/29/16 07/29/16 Velocity Aminocaproic Acid 25% 66385 07/29/16 07/29/16 07/29/16 Westbrook Estrone 100 ml/13 vials 5 mg/ml 07/29/16 07/29/16 100 ml/13 vials 66386 07/29/16 Magical Estrone Tech 5 mg/ml 61677 08/03/15 07/29/16 Acety D 50 ml/8 vials 07/29/16 **Fancy Pants** Glucosamine 100 mg/m1 66355 07/28/16 07/28/16 07/28/16 Edgy Girl 100 ml/13 vials Estrone 5 mg/ml 100 ml/13 vials 66019 07/05/16 07/06/16 07/06/16 Check's in Estrone the Mail 5 mg/ml66020 07/05/16 07/06/16 07/06/16 Pandora 100 ml/13 vials Estrone 5 mg/ml 66021 07/05/16 07/06/16 07/06/16 100 ml/13 vials Alaskan Estrone Fun 5 mg/ml

#### THIRD CAUSE FOR DISCIPLINE

# (Failure to Label Patient-Specific Sterile Compounded Prescriptions with the Required Elements)

29. Respondent's Non-Resident Pharmacy Permit and Non-Resident Sterile Compounding Permit are subject to disciplinary action pursuant to Code section 4301, subdivision (o), for unprofessional conduct, in that Respondent violated Code section 4076, subdivisions (a)(2) and (8), and California Code of Regulations, title 16, sections 1707.5,

subdivision (a)(1), 1735.4, subdivision (a)(3), and 1751.3, subdivision (a)(12), as follows: Respondent failed to label California patient-specific sterile compounded prescriptions, specifically, prescriptions for Glycopyrrolate 0.2 mg/ml injection, Estrone AQ suspension 5 mg/ml injection, Acetyl D Glucosamine 50 mg/ml injection, and Stanozolol suspension 50 mg/ml injection, with the directions for use of the preparation, the total quantity of the drug or drugs dispensed, and/or the intended rate of administration. Further, Respondent failed to use the California patient-centered format on the labels.

#### **MATTERS IN AGGRAVATION**

- 30. To determine the degree of discipline to be assessed against Respondent, if any, Complainant alleges as follows:
- a. On or about January 20, 2016, the Board issued Citation and Fine No. CI 2015 66540 against Respondent's Non-Resident Pharmacy Permit for violating California Code of Regulations, title 16, section 1735.2, subdivision (j) (failure to complete compounding self-assessment). The Board ordered Respondent to pay a fine of \$500 by February 19, 2016. Respondent paid the citation in full.
- b. On or about January 20, 2016, the Board issued Citation and Fine No. CI 2015 68710 against Respondent's Non-Resident Sterile Compounding Permit for violating California Code of Regulations, title 16, section 1735.2, subdivision (j) (failure to complete compounding self-assessment).

#### **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 Non-Resident Pharmacy Permit Number NRP 1126, issued to Pharmacy Resources Incorporated;
- Revoking or suspending Non-Resident Sterile Compounding Permit Number NSC
   99697, issued to Pharmacy Resources Incorporated;

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