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

12 In the Matter of the Accusation Against:

13 **CALIFORNIA DRUG COMPOUNDING,**  
14 **LLC DBA CALIFORNIA DRUG**  
15 **COMPOUNDING, LLC, MICHAEL W.**  
16 **HEALD, IRMA DIAZ**  
17 **6878 Beck Avenue**  
18 **North Hollywood, CA 91605**

19 **Pharmacy Permit No. PHY 51459,**

20 **and**

21 **MICHAEL TELLER**  
22 **23681 Burton Street**  
23 **Canoga Park, CA 91304**

24 **Pharmacist License No. RPH 29715**

25 Respondents.

Case No. 6121

**DEFAULT DECISION AND ORDER AS**  
**TO RESPONDENT CALIFORNIA DRUG**  
**COMPOUNDING, LLC DBA**  
**CALIFORNIA DRUG COMPOUNDING,**  
**LLC, MICHAEL W. HEALD, IRMA**  
**DIAZ**

[Gov. Code, §11520]

26 **FINDINGS OF FACT**

27 1. On or about August 20, 2019, Complainant Anne Sodergren, in her official capacity  
28 as the Interim Executive Officer of the Board of Pharmacy, Department of Consumer Affairs,  
filed Accusation No. 6121 against California Drug Compounding, LLC dba California Drug  
Compounding, LLC, Michael W. Heald, Irma Diaz (Respondent) before the Board of Pharmacy.

1 (Accusation attached as Exhibit A.)

2 2. On or about June 18, 2013, the Board of Pharmacy (Board) issued Pharmacy Permit  
3 No. PHY 51459 to Respondent. The Pharmacy Permit was in full force and effect at all times  
4 relevant to the charges brought in Accusation No. 6121 but was cancelled on June 1, 2017, and  
5 has not been renewed. This lapse in licensure, however, pursuant to Business and Professions  
6 Code section 118(b) does not deprive the Board of its authority to institute or continue this  
7 disciplinary proceeding.

8 3. On or about August 21, 2019, Respondent was served by Certified and First Class  
9 Mail copies of the Accusation No. 6121, Statement to Respondent, Notice of Defense, Request  
10 for Discovery, and Discovery Statutes (Government Code sections 11507.5, 11507.6, and  
11 11507.7) at Respondent's address of record which, pursuant to Business and Professions Code  
12 section 4100, is required to be reported and maintained with the Board. Respondent's address of  
13 record was and is: 6878 Beck Avenue, North Hollywood, CA 91605.

14 4. Service of the Accusation was effective as a matter of law under the provisions of  
15 Government Code section 11505(c) and/or Business and Professions Code section 124.

16 5. Government Code section 11506(c) states, in pertinent part:

17 (c) The respondent shall be entitled to a hearing on the merits if the respondent  
18 files a notice of defense . . . and the notice shall be deemed a specific denial of all  
19 parts of the accusation . . . not expressly admitted. Failure to file a notice of defense  
20 . . . shall constitute a waiver of respondent's right to a hearing, but the agency in its  
21 discretion may nevertheless grant a hearing.

22 6. The Board takes official notice of its records and the fact that Respondent failed to  
23 file a Notice of Defense within fifteen (15) days after service upon them of the Accusation, and  
24 therefore waived their right to a hearing on the merits of Accusation No. 6121.

25 7. California Government Code section 11520(a) states, in pertinent part:

26 (a) If the respondent either fails to file a notice of defense . . . or to appear at  
27 the hearing, the agency may take action based upon the respondent's express  
28 admissions or upon other evidence and affidavits may be used as evidence without  
any notice to respondent . . . .

8. Pursuant to its authority under Government Code section 11520, the Board finds  
Respondent is in default. The Board will take action without further hearing and, based on the

relevant evidence contained in the Default Decision Investigatory Evidence Packet in this matter, as well as taking official notice of all the investigatory reports, exhibits and statements contained therein on file at the Board's offices regarding the allegations contained in Accusation No. 6121, finds that the charges and allegations in Accusation No. 6121, are separately and severally, found to be true and correct by clear and convincing evidence.

9. The Board finds that the actual costs for Investigation and Enforcement are \$37,226.50 as of March 24, 2020.

### **DETERMINATION OF ISSUES**

1. Based on the foregoing findings of fact, Respondent has subjected its Pharmacy Permit No. PHY 51459 to discipline.

2. The agency has jurisdiction to adjudicate this case by default.

3. The Board of Pharmacy is authorized to revoke Respondent's Pharmacy Permit based upon the following violations alleged in the Accusation which are supported by the evidence contained in the Default Decision Investigatory Evidence Packet in this case:

a. Business and Professions Code section 4301, subdivisions (f) and (o): failure to reverse billings of patient returned prescriptions.

b. Business and Professions Code section 4301, subdivisions (f) and (o): billings for medication not compounded or dispensed.

c. Business and Professions Code section 4305, subdivision (b), and 4301, subdivision (o): continuing to operate without pharmacist-in-charge.

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**ORDER**

IT IS SO ORDERED that Pharmacy Permit No. PHY 51459, issued to Respondent California Drug Compounding, LLC dba California Drug Compounding, LLC, Michael W. Heald, Irma Diaz, is revoked.

Pursuant to Government Code section 11520, subdivision (c), Respondent may serve a written motion requesting that the Decision be vacated and stating the grounds relied on within seven (7) days after service of the Decision on Respondent. The agency in its discretion may vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

This Decision shall become effective on September 10, 2020.

It is so ORDERED August 11, 2020

FOR THE BOARD OF PHARMACY  
DEPARTMENT OF CONSUMER AFFAIRS

By



Greg Lippe  
Board President

54224070.DOCX  
DOJ Matter ID:LA2017604671

Attachment:  
Exhibit A: Accusation

# Exhibit A

Accusation

(CALIFORNIA DRUG COMPOUNDING, LLC, ET AL.)

1 XAVIER BECERRA  
Attorney General of California  
2 ARMANDO ZAMBRANO  
Supervising Deputy Attorney General  
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7 *Attorneys for Complainant*

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

12 In the Matter of the Accusation Against:

Case No. 6121

13 **CALIFORNIA DRUG COMPOUNDING, LLC,**  
14 **DBA CALIFORNIA DRUG COMPOUNDING, LLC,**  
15 **MICHAEL W. HEALD AND IRMA DIAZ**  
16 **6878 Beck Avenue**  
17 **North Hollywood, CA 91605**

**ACCUSATION**

18 **Permit No. PHY 51459**

19 **and**

20 **MICHAEL TELLER**  
21 **23681 Burton Street**  
22 **Canoga Park, CA 91304**

23 **Pharmacist-in-Charge License No. RPH 29715**

24 Respondents.

25 **PARTIES**

26 1. Anne Sodergren (Complainant) brings this Accusation solely in her official capacity  
27 as the Interim Executive Officer of the Board of Pharmacy, Department of Consumer Affairs.

28 2. On or about June 18, 2013, the Board of Pharmacy issued Permit Number PHY  
51459 to California Drug Compounding, LLC, dba California Drug Compounding, LLC, Michael

1 W. Heald and Irma Diaz (Respondents). The Permit was in full force and effect at all times  
2 relevant to the charges brought herein and expired on June 1, 2017, and has not been renewed.

3 3. On or about July 16, 1975, the Board of Pharmacy issued Pharmacist License  
4 Number RPH 29715 to Respondent Michael Teller (Respondent). The Pharmacist License was in  
5 full force and effect at all times relevant to the charges brought herein and will expire on  
6 November 30, 2019, unless renewed.

### 7 **JURISDICTION**

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

11 5. Section 4011 of the Code provides that the Board shall administer and enforce both  
12 the Pharmacy Law [Bus. & Prof. Code, § 4000 et seq.] and the Uniform Controlled Substances  
13 Act [Health & Safety Code, § 11000 et seq.].

14 6. Section 4300 of the Code provides, in pertinent part, that every license issued by the  
15 Board is subject to discipline, including suspension or revocation.

16 7. Section 118, subdivision (b), of the Code provides:

17 “The suspension, expiration, or forfeiture by operation of law of a license issued by a board  
18 in the department or its suspension, forfeiture, or cancellation by order of the board or by order of  
19 a court of law, or its surrender without the written consent of the board, shall not, during any  
20 period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its  
21 authority to institute or continue a disciplinary proceeding against the licensee upon any ground  
22 provided by law or to enter an order suspending or revoking the license or otherwise taking  
23 disciplinary action against the licensee on any such ground.”

24 8. Section 4300.1 of the Code provides:

25 “The expiration, cancellation, forfeiture, or suspension of a board-issued license by  
26 operation of law or by order or decision of the board or a court of law, the placement of a license  
27 on a retired status, or the voluntary surrender of a license by a licensee shall not deprive the board

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1 of jurisdiction to commence or proceed with any investigation of, or action or disciplinary  
2 proceeding against, the licensee or to render a decision suspending or revoking the license.”

### 3 **STATUTORY PROVISIONS**

4 9. Section 4113, subdivision (c), of the Code provides:

5 “The pharmacist-in-charge shall be responsible for a pharmacy’s compliance with all state  
6 and federal laws and regulations pertaining to the practice of pharmacy.”

7 10. Section 4301, subdivision (f), of the Code provides:

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

11 “...

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

15 “...

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

18 “(o) Violating or attempting to violate, directly or indirectly, or assisting in or abetting the  
19 violation of or conspiring to violate any provision or term of this chapter [the Pharmacy Law,  
20 Bus. & Prof. Code, § 4000, et seq.) or of the applicable federal and state laws and regulations  
21 governing pharmacy, including regulations established by the board or by any other state or  
22 federal regulatory agency.”

23 11. Section 4305 of the Code provides:

24 “(a) Any person who has obtained a license to conduct a pharmacy, shall notify the board  
25 within 30 days of the termination of employment of any pharmacist who takes charge of, or acts  
26 as manager of the pharmacy. Failure to notify the board within the 30-day period shall constitute  
27 grounds for disciplinary action.

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1 “(b) Any person who has obtained a license to conduct a pharmacy, who willfully fails to  
2 notify the board of the termination of employment of any pharmacist who takes charge of, or acts  
3 as manager of the pharmacy, and who continues to permit the compounding or dispensing of  
4 prescriptions, or the furnishing of drugs or poisons, in his or her pharmacy, except by a  
5 pharmacist, shall be subject to summary suspension or revocation of his or her license to conduct  
6 a pharmacy.

7 “(c) Any pharmacist who takes charge of, or acts as manager of a pharmacy, who  
8 terminates his or her employment at the pharmacy, shall notify the board within 30 days of  
9 termination of employment. Failure to notify the board within the 30-day period shall constitute  
10 grounds for disciplinary action.”

11 12. Section 4307, subdivision (a), of the Code provides, in pertinent part:

12 “Any person who has been denied a license or whose license has been revoked or is under  
13 suspension, or who has failed to renew his or her license while it was under suspension, or who  
14 has been a manager, administrator, owner, member, officer, director, associate, or partner of any  
15 partnership, corporation, firm, or association whose application for a license has been denied or  
16 revoked, is under suspension or has been placed on probation, and while acting as the manager,  
17 administrator, owner, member, officer, director, associate, or partner had knowledge of or  
18 knowingly participated in any conduct for which the license was denied, revoked, suspended, or  
19 placed on probation, shall be prohibited from serving as a manager, administrator, owner,  
20 member, officer, director, associate, or partner of a licensee as follows:

21 (1) Where a probationary license is issued or where an existing license is placed on  
22 probation, this prohibition shall remain in effect for a period not to exceed five years.

23 (2) Where the license is denied or revoked, the prohibition shall continue until the  
24 license is issued or reinstated.”

25 13. Section 4312, subdivision (a), of the Code provides:

26 “The board may cancel the license of a wholesaler, third-party logistics provider, pharmacy,  
27 veterinary food-animal drug retailer, or outsourcing facility if the licensed premises remain  
28 closed, as defined in subdivision (e), other than by order of the board. For good cause shown, the

board may cancel a license after a shorter period of closure. To cancel a license pursuant to this subdivision, the board shall make a diligent, good faith effort to give notice by personal service on the licensee. If a written objection is not received within 10 days after personal service is made or a diligent, good faith effort to give notice by personal service on the licensee has failed, the board may cancel the license without the necessity of a hearing. If the licensee files a written objection, the board shall file an accusation based on the licensee remaining closed. Proceedings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the board shall have all the powers granted in that chapter.”

### **REGULATORY PROVISIONS**

14. California Code of Regulations, title 16, section 1708.2 provides:

“Any permit holder shall contact the board prior to transferring or selling any dangerous drugs, devices or hypodermics inventory as a result of termination of business or bankruptcy proceedings and shall follow official instructions given by the board applicable to the transaction.”

### **COST RECOVERY**

15. Section 125.3 of the Code states, in pertinent part, that the Board may request the administrative law judge to direct a licensee 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.

### **INVESTIGATION REPORT DATED MARCH 8, 2017**

#### **16. Drug Classification**

**Table 1. Lidocaine**

BRAND NAME	GENERIC NAME	DANGEROUS DRUG PER B&P CODE § 4022	CONTROLLED SUBSTANCE PER H&S CODE	INDICATIONS FOR USE
Lidocaine 5% compounded ointment	Lidocaine 5% compounded ointment	Yes	No	Local anesthetic agent for itchiness or pain

1           **A. Billing Fraud of Patient Returned Prescriptions**

2           17. On February 23, 2015, the Department of Consumer Affairs received an online  
3 complaint alleging Respondents were violating pharmacy laws including billing fraud, a hidden  
4 ownership by convicted drug traffickers<sup>1</sup>, misconduct, and kickbacks.

5           18. During a Board inspection on September 22, 2015 in the presence of Respondent  
6 Teller, Board Inspector S.B. located 150 torn priority mail shipping labels from returned  
7 prescriptions in a cabinet drawer at Respondents' pharmacy. The billing status of these returned  
8 prescriptions showed they were paid by insurance companies from October 2013 through April  
9 2015, and Respondents failed to reverse the billing claims while Respondent Teller was acting as  
10 Respondents' pharmacist-in-charge.

11           19. Inspector S.B. took the 150 shipping labels to Respondents' two insurance billers and  
12 asked for computer records to verify the billing status for each related claim. Both insurance  
13 billers reviewed the patient profiles corresponding to the shipping dates and confirmed that  
14 payment had not been reversed for the 150 prescription claims.

15           20. Below is a chart summarizing a sample of eight of the 150 returned patient  
16 prescriptions Respondents failed to reverse billings and amounts:

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26           <sup>1</sup> According to a Tampa Bay Times article of September 19, 2014, Jorge Gonzalez-  
27 Betancourt and Michele Gonzalez, owners of 1<sup>st</sup> Medical Group in Hillsborough County, Florida,  
28 were convicted in March 2014 of drug trafficking and racketeering charges. They were sentenced  
to 30-years prison. (<http://www.tampabay.com/news/courts/criminal/pain-clinic-owners-sentenced-to-30-years-in-prison/2198509>)

**Table 2. Returned Prescriptions Billed to Insurance Companies**

Date	RX Number	Patient Initials	Date Respondent Shipped & Billed the RX	Drug Name	Amount
01/29/15	65934-3	T.S. Stockton, CA	01/29/15	BCFLH Active (F511) Cream Compo-0005-11	\$171.19
02/12/15	65934-4	T.S. Stockton, CA	2/12/15	Same	\$171.19
10/27/14	64306-2	G.P. Bakersfield, CA	10/27/14	MUSCUMED5 Active (F057) Cream	\$57.02
11/17/14	65200-0	G.P. Bakersfield, CA	11/17/14	Same	\$56.48
12/30/14	65887-1	J.H. Union City, NJ	12/30/14	DICLOFENAC SODIUM 3% Gel	\$827.86
04/11/15	71174	W.L. Killeen, TX	04/04/15	MUSCUMED5 Stera FGSAAD	\$4,502.07
04/13/15	71175	W.L. Killeen, TX	04/11/14	Same	\$4,139.43
01/08/15	65563-1	M.G. Odesa, TN	01/08/15	NEURAMED 20 Stera Crm	\$4,315.38

**B. Billing Fraud of Medication Not Compounded or Dispensed**

21. Additionally, Board Inspector M.I. analyzed Respondents' compounded medication daily log and corresponding documents from January 1, 2015 to September 21, 2015. The focus of the analysis was Lidocaine 5% ointment and five creams described below:

- KGCLLPH: Ketoprofen 10%/Lamotrigine 2.5%/Cyclobenzaprine 2%/Gabapentin 6%/Lidocaine 2%/Prilocaine 2%/Sodium Hyaluronate 0.2% (KGCLLPH);
- LGD VOLT: Lamotrigine 2.5%/Gabapentin 3%/Voltaren 1% (LGD VOLT);
- LGD DICLO: Lamotrigine 2.5%/Gabapentin 3%/Diclofenac 3% (LGD DICLO);
- MPLL/H: Meloxicam 0.2%/ Lamotrigine 2.5%/Lidocaine 2%/Prilocaine 2%/Sodium Hyaluronate 0.2% (MPLL/H);
- K5DGTCOL/DICLO: Gabapentin 6%/Ketoprofen 5%/Tetracaine 2%/Lamotrigine 2.5%/Cyclobenzaprine 2%/Orphenadrine 5% (K5DGTCOL/DICLO).

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22. Between August 21, 2015 through September 22, 2015, Respondents billed incorrect quantities of medications to insurance companies. The incorrect quantities are summarized in tables 3 through 7 as follows:

**Table 3. KGCLLPH and LGD VOLT – Quantity Compounded v. Quantity Billed**

Date	RX Number	Patient Initials	Compound	Quantity Compounded & Dispensed(g)	Quantity Billed to Insurance(g)
09/04/15	74227	R.B.	KGCLLPH	100	105.5
08/31/15 09/14/15	74169	S.C.	LGD VOLT	2 x 60 = 120	2 x 67.5 = 135
09/03/15	74216	T.G.	LGD VOLT	2 x 60 = 120	2 x 67.5 = 135

**Table 4. LGD DICLO – Quantity Compounded v. Quantity Billed**

Date	RX Number	Patient Initials	Compound	Quantity Compounded & Dispensed(g)	Quantity Billed to Insurance(g)
08/31/15 09/16/15	74186	F.G.	LGD DICLO	2 x 120 = 240	2 x 140.4 = 280.8
09/15/15	74279	D.M.	LGD DICLO	120	140.4
08/31/15	74164	J.B.	LGD DICLO	240	280.8
08/21/15	74110	B.K.	LGD DICLO	100	140.4
08/25/15	74120	D.H.	LGD DICLO	100	140.4
09/11/15	74250	B.P.	LGD DICLO	240	280.8

**Table 5. MPLL/H – Quantity Compounded v. Quantity Billed**

Date	RX Number	Patient Initials	Compound	Quantity Compounded & Dispensed(g)	Quantity Billed to Insurance(g)
09/17/15	74308	J.C.	MPLL/H	360	379.8
08/31/15	74165	W.B.	MPLL/H	120	126.6

**Table 6. K5DGTCOL/DICLO – Quantity Compounded v. Quantity Billed**

Date	RX Number	Patient Initials	Compound	Quantity Compounded & Dispensed(g)	Quantity Billed to Insurance(g)
09/17/15	74230	T.M.	K5DGTCOL/ DICLO	120	126.6
09/16/15	74296	I.B.	K5DGTCOL/ DICLO	90	94.95

**Table 7. Large Quantity Compounded v. Quantity Billed**

Compound	Lot Number	Quantity Compounded & Dispensed(g)	Quantity Billed to Insurance(g)
LGD DICLO	08282015@8	600	74133 - 280.8 74140 - 140.4 74150 - 280.8 Total: <b>702</b>
LGD DICLO	09032015@1	300	74194 - 210.6 74201 - 140.4 Total: <b>351</b>
LGD DICLO	09112015@1	660	74239 - 280.8 74244 - 280.8 74238 - 210.6 Total: <b>772.2</b>
LGD DICLO	09142015@4	240	74245 - 140.4 74249 - 140.4 Total: <b>280.8</b>
K5DGTCOL/DICLO	08262015@5	360	74121 - 253.2 74126 - 63.3 74125 - 63.3 Total: <b>379.8</b>
K5DGTCOL/DICLO	09092015@1	360	73633 - 240 74230 - 126.6 Total: <b>366.6</b>
K5DGTCOL/DICLO	09162015@6	300	73512 - 180 74251 - 126.6 Total: <b>306.6</b>

23. Between August 21, 2015 to September 22, 2015, Respondents billed a total of 32 prescriptions for amounts greater than was compounded and dispensed, 17 of which are shown in the preceding chart.

24. Respondents billed approximately 636 grams of compounded prescription creams to patients' insurance companies without being dispensed as follows:

- KGCLLPH: 5.5g
- LGD VOLT: 30g
- LGD DICLO: 529.6g
- MPLL/H: 26.4g
- K5DGTCOL/DICLO: 44.55g

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1 **INVESTIGATION REPORT DATED AUGUST 24, 2017**

2 25. On December 12, 2016, Board Inspector A.K. mailed a letter to the last pharmacist-  
3 in-charge of record, Respondent Teller requesting he make contact within 72 hours of receiving  
4 the letter. On December 16, 2016, Respondent Teller contacted the inspector and advised he  
5 disassociated as Respondents' pharmacist-in-charge on August 8, 2016.

6 26. On February 2, 2017, Inspector A.K. attempted to conduct an inspection at  
7 Respondents' pharmacy located in North Hollywood, CA, but upon arrival, the pharmacy was  
8 closed. Board records indicate that there was no pharmacist-in-charge listed although the license  
9 status of Respondents show it was active and in clear standing. The inspector mailed a short  
10 inspection report to Respondents requesting immediate contact, but there was no reply.

11 27. On June 1, 2017, Respondents' pharmacy license number 51459 expired, according  
12 to Board license records of August 1, 2017.

13 26. On June 1, 2017, Respondents' pharmacy license number 51459 expired, according to  
14 Board license records of August 1, 2017.

15 28. On June 8, 2017, Inspector A.K. again attempted to conduct an inspection at  
16 Respondents' pharmacy in North Hollywood, however, the pharmacy was again closed. The  
17 inspector placed an inspection report in the mailbox next to the front door entrance, but there was  
18 no reply.

19 **FIRST CAUSE FOR DISCIPLINE**

20 **(Unprofessional Conduct - Failure to Reverse Billings of Patient Returned Prescriptions)**

21 29. Respondents California Drug Compounding, LLC, dba California Drug  
22 Compounding, LLC, Michael W. Heald, Irma Diaz, and Michael Teller are subject to disciplinary  
23 action under section 4301, subdivisions (f) and (o), on the grounds of unprofessional conduct in  
24 that from October 2013 to April 2015, Respondents billed insurance companies for 150 dispensed  
25 prescriptions but failed to reverse the billing claims once prescriptions mailed to patients were  
26 returned in the mail to Respondents. Complainant refers to, and by this reference incorporate, the  
27 allegations set forth above in paragraphs 16 to 20, as though set forth in full herein.

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1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Unprofessional Conduct –Billings for Medication Not Compounded or Dispensed)**

3 30. Respondents California Drug Compounding, LLC, dba California Drug  
4 Compounding, LLC, Michael W. Heald, Irma Diaz, and Michael Teller are subject to disciplinary  
5 action under section 4301, subdivisions (f) and (o), on the grounds of unprofessional conduct in  
6 that from August 21, 2015 to September 22, 2015, Respondents billed 636 grams of compounded  
7 creams to patients' insurance companies that were not compounded or dispensed. Complainant  
8 refers to, and by this reference incorporate, the allegations set forth above in paragraphs 21 to 24,  
9 as though set forth in full herein.

10 **THIRD CAUSE FOR DISCIPLINE**

11 **(Continuing to Operate Without Pharmacist-in-Charge)**

12 31. Respondents California Drug Compounding, LLC, dba California Drug  
13 Compounding, LLC, Michael W. Heald and Irma Diaz are subject to disciplinary action under  
14 sections 4305, subdivision (b), and 4301, subdivision (o), between August 12, 2016 and June 1,  
15 2017, Respondents failed to notify the Board of operation of its pharmacy for more than 30 days  
16 without supervision or management by a pharmacist-in-charge in that the last known record of a  
17 pharmacist-in-charge disassociated on August 12, 2016 and Respondents' permit expired on June  
18 1, 2017. Complainant refers to, and by this reference incorporate, the allegations set forth above  
19 in paragraphs 25 to 28, as though set forth in full herein.

20 **OTHER MATTERS**

21 32. Pursuant to section 4307 of the Code, if discipline is imposed on Pharmacy Permit  
22 Number PHY 51459 issued to California Drug Compounding, LLC, dba California Drug  
23 Compounding, LLC, shall be prohibited from serving as a manager, administrator, owner,  
24 member, officer, director, associate, or partner of a licensee for five years if Pharmacy Permit  
25 Number PHY 51459 is placed on probation or until Pharmacy Permit Number PHY 51459 is  
26 reinstated if it is revoked.

27 33. Pursuant to section 4307 of the Code, if discipline is imposed on Pharmacy Permit  
28 Number PHY 51459 issued to California Drug Compounding, LLC, dba California Drug



1 Compounding, LLC, while Michael W. Heald and Irma Diaz have been officers and owners and  
2 had knowledge of or knowingly participated in any conduct for which the licensee was  
3 disciplined, Michael W. Heald and Irma Diaz shall be prohibited from serving as a manager,  
4 administrator, owner, member, officer, director, associate, or partner of a licensee for five years if  
5 Pharmacy Permit Number PHY 51459 is placed on probation or until Pharmacy Permit Number  
6 PHY 51459 is reinstated if it is revoked.

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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 Permit Number PHY 51459, issued to California Drug Compounding, LLC dba California Drug Compounding, LLC, Michael W. Heald, Irma Diaz;
2. Prohibiting California Drug Compounding, LLC, from serving as a manager, administrator, owner, member, officer, director, associate, or partner of a licensee for five years if Pharmacy Permit Number PHY 51459 is placed on probation or until Pharmacy Permit Number PHY 51459 is reinstated if Pharmacy Permit Number PHY 51459 issued to California Drug Compounding, LLC dba California Drug Compounding, LLC is revoked;
3. Revoking or suspending Pharmacist License RPH 29715 issued to Michael Teller;
4. Ordering Respondents California Drug Compounding, LLC, dba California Drug Compounding, LLC, Michael W. Heald, Irma Diaz, and Michael Teller 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,
5. Taking such other and further action as deemed necessary and proper.

DATED: August 19, 2019



ANNE SODERGREN  
Interim Executive Officer  
Board of Pharmacy  
Department of Consumer Affairs  
State of California  
*Complainant*

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