

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

**In the Matter of the Accusation Against:**

**CALIFORNIA DRUG COMPOUNDING, LLC DBA CALIFORNIA DRUG  
COMPOUNDING LLC, MICHAEL W. HEALD, IRMA DIAZ,**

**Pharmacy Permit No. PHY 51459;**

**and**

**MICHAEL TELLER,**

**Pharmacist License No. RPH 29715;**

**Respondents.**

**Agency Case No. 6121**

## 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 at 5:00 p.m. on November 10, 2021.

It is so ORDERED on October 11, 2021.

BOARD OF PHARMACY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA

By

A handwritten signature in black ink, appearing to read "Seung W. Oh". The signature is fluid and cursive, with the first name "Seung" and last name "Oh" clearly visible.

Seung W. Oh, Pharm.D.  
Board President

1 ROB BONTA  
Attorney General of California  
2 ARMANDO ZAMBRANO  
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8  
9 **BEFORE THE**  
**BOARD OF PHARMACY**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12  
13 In the Matter of the Accusation Against:

Case No. 6121

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

**STIPULATED SETTLEMENT AND**  
**DISCIPLINARY ORDER AS TO**  
**RESPONDENT MICHAEL TELLER**  
**ONLY**

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

18 **and**

19 **MICHAEL TELLER**  
20 **23681 Burton Street**  
**West Hills, CA 91304**

21 **Pharmacist License No. RPH 29715**

22 Respondents.  
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1 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
2 entitled proceedings that the following matters are true:

3 **PARTIES**

4 1. Anne Sodergren (Complainant) is the Executive Officer of the Board of Pharmacy  
5 (Board). She brought this action solely in her official capacity and is represented in this matter by  
6 Rob Bonta, Attorney General of the State of California, by Kevin J. Schettig, Deputy Attorney  
7 General.

8 2. Respondent Michael Teller (Respondent) is represented in this proceeding by attorney  
9 Herb L. Weinberg.

10 3. On or about July 16, 1975, the Board of Pharmacy issued Pharmacist License  
11 Number RPH 29715 to Respondent. The Pharmacist License was in full force and effect at all  
12 times relevant to the charges brought in Accusation No. 6121, and will expire on November 30,  
13 2021, unless renewed.

14 **JURISDICTION**

15 4. Accusation No. 6121 was filed before the Board, and is currently pending against  
16 Respondent. The Accusation and all other statutorily required documents were properly served  
17 on Respondent on August 21, 2019. Respondent timely filed his Notice of Defense contesting the  
18 Accusation.

19 5. A copy of Accusation No. 6121 is attached as Exhibit A and incorporated herein by  
20 reference.

21 **ADVISEMENT AND WAIVERS**

22 6. Respondent has carefully read, fully discussed with counsel, and understands the  
23 charges and allegations in Accusation No. 6121. Respondent has also carefully read, fully  
24 discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary  
25 Order.

26 7. Respondent is fully aware of his legal rights in this matter, including the right to a  
27 hearing on the charges and allegations in the Accusation; the right to confront and cross-examine  
28 the witnesses against him; the right to present evidence and to testify on his own behalf; the right

1 to the issuance of subpoenas to compel the attendance of witnesses and the production of  
2 documents; the right to reconsideration and court review of an adverse decision; and all other  
3 rights accorded by the California Administrative Procedure Act and other applicable laws.

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

#### 6 **CULPABILITY**

7 9. Respondent understands and agrees that the charges and allegations in Accusation  
8 No. 6121, if proven at a hearing, constitute cause for imposing discipline upon his Pharmacist  
9 License.

10 10. For the purpose of resolving the Accusation without the expense and uncertainty of  
11 further proceedings, Respondent agrees that, at a hearing, Complainant could establish a factual  
12 basis for the charges in the Accusation, and that Respondent hereby gives up his right to contest  
13 those charges.

14 11. Respondent agrees that his Pharmacist License is subject to discipline and they agree  
15 to be bound by the Board's probationary terms as set forth in the Disciplinary Order below.

#### 16 **CONTINGENCY**

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

26 13. The parties understand and agree that Portable Document Format (PDF) and facsimile  
27 copies of this Stipulated Settlement and Disciplinary Order, including PDF and facsimile  
28 signatures thereto, shall have the same force and effect as the originals.

14. 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.

15. 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 Pharmacist License Number RPH 29715 issued to Respondent Michael Teller is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions:

## 1. Obey All Laws

Respondent shall obey all state and federal laws and regulations.

Respondent shall report any of the following occurrences to the Board, in writing, within seventy-two (72) hours of such occurrence:

- an arrest or issuance of a criminal complaint for violation of any provision of the Pharmacy Law, state and federal food and drug laws, or state and federal controlled substances laws
- a plea of guilty, or nolo contendere, no contest, or similar, in any state or federal criminal proceeding to any criminal complaint, information or indictment
- a conviction of any crime
- the filing of a disciplinary pleading, issuance of a citation, or initiation of another administrative action filed by any state or federal agency which involves respondent's license or which is related to the practice of pharmacy or the manufacturing, obtaining, handling, distributing, billing, or charging for any drug, device or controlled substance.

1 Failure to timely report such occurrence shall be considered a violation of probation.

2 **2. Report to the Board**

3 Respondent shall report to the Board quarterly, on a schedule as directed by the Board or its  
4 designee. The report shall be made either in person or in writing, as directed. Among other  
5 requirements, Respondent shall state in each report under penalty of perjury whether there has  
6 been compliance with all the terms and conditions of probation.

7 Failure to submit timely reports in a form as directed shall be considered a violation of  
8 probation. Any period(s) of delinquency in submission of reports as directed may be added to the  
9 total period of probation. Moreover, if the final probation report is not made as directed,  
10 probation shall be automatically extended until such time as the final report is made and accepted  
11 by the Board.

12 **3. Interview with the Board**

13 Upon receipt of reasonable prior notice, Respondent shall appear in person for interviews  
14 with the Board or its designee, at such intervals and locations as are determined by the Board or  
15 its designee. Failure to appear for any scheduled interview without prior notification to Board  
16 staff, or failure to appear for two (2) or more scheduled interviews with the Board or its designee  
17 during the period of probation, shall be considered a violation of probation.

18 **4. Cooperate with Board Staff**

19 Respondent shall timely cooperate with the Board's inspection program and with the  
20 Board's monitoring and investigation of Respondent's compliance with the terms and conditions  
21 of his probation, including but not limited to: timely responses to requests for information by  
22 Board staff; timely compliance with directives from Board staff regarding requirements of any  
23 term or condition of probation; and timely completion of documentation pertaining to a term or  
24 condition of probation. Failure to timely cooperate shall be considered a violation of probation.

25 **5. Continuing Education**

26 Respondent shall provide evidence of efforts to maintain skill and knowledge as a  
27 pharmacist as directed by the Board or its designee.

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1           **6.     Reporting of Employment and Notice to Employers**

2           During the period of probation, Respondent shall notify all present and prospective  
3 employers of the decision in Case Number 6121 and the terms, conditions and restrictions  
4 imposed on respondent by the decision, as follows:

5           Within thirty (30) days of the effective date of this decision, and within ten (10) days of  
6 undertaking any new employment, Respondent shall report to the Board in writing the name,  
7 physical address, and mailing address of each of his employer(s), and the name(s) and telephone  
8 number(s) of all of his direct supervisor(s), as well as any pharmacist(s)-in- charge, designated  
9 representative(s)-in-charge, responsible manager, or other compliance supervisor(s) and the work  
10 schedule, if known. Respondent shall also include the reason(s) for leaving the prior  
11 employment. Respondent shall sign and return to the Board a written consent authorizing the  
12 Board or its designee to communicate with all of Respondent's employer(s) and supervisor(s),  
13 and authorizing those employer(s) or supervisor(s) to communicate with the Board or its  
14 designee, concerning Respondent's work status, performance, and monitoring. Failure to comply  
15 with the requirements or deadlines of this condition shall be considered a violation of probation.

16           Within thirty (30) days of the effective date of this decision, and within fifteen (15) days of  
17 Respondent undertaking any new employment, Respondent shall cause (a) his direct supervisor,  
18 (b) his pharmacist-in-charge, designated representative-in-charge, responsible manager, or other  
19 compliance supervisor, and (c) the owner or owner representative of his employer, to report to the  
20 Board in writing acknowledging that the listed individual(s) has/have read the decision in Case  
21 Number 6121, and terms and conditions imposed thereby. If one person serves in more than one  
22 role described in (a), (b), or (c), the acknowledgment shall so state. It shall be the Respondent's  
23 responsibility to ensure that these acknowledgment(s) are timely submitted to the board. In the  
24 event of a change in the person(s) serving the role(s) described in (a), (b), or (c) during the term  
25 of probation, Respondent shall cause the person(s) taking over the role(s) to report to the Board in  
26 writing within fifteen (15) days of the change acknowledging that he or she has read the decision  
27 in case number 6121, and the terms and conditions imposed thereby.

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1 If Respondent works for or is employed by or through an employment service, Respondent  
2 must notify the person(s) described in (a), (b), and (c) above at every entity licensed by the Board  
3 of the decision in Case Number 6121, and the terms and conditions imposed thereby in advance  
4 of Respondent commencing work at such licensed entity. A record of this notification must be  
5 provided to the Board upon request.

6 Furthermore, within thirty (30) days of the effective date of this decision, and within fifteen  
7 (15) days of Respondent undertaking any new employment by or through an employment service,  
8 Respondent shall cause the person(s) described in (a), (b), and (c) above at the employment  
9 service to report to the Board in writing acknowledging that he or she has read the decision in  
10 Case Number 6121, and the terms and conditions imposed thereby. It shall be Respondent's  
11 responsibility to ensure that these acknowledgment(s) are timely submitted to the Board.

12 Failure to timely notify present or prospective employer(s) or failure to cause the identified  
13 person(s) with that/those employer(s) to submit timely written acknowledgments to the Board  
14 shall be considered a violation of probation.

15 "Employment" within the meaning of this provision includes any full-time, part-time,  
16 temporary, relief, or employment/management service position as a Pharmacist, or any position  
17 for which a Pharmacist is a requirement or criterion for employment, whether the Respondent is  
18 an employee, independent contractor or volunteer.

19 **7. Notification of Change(s) in Name, Address(es), or Phone Number(s)**

20 Respondent shall further notify the Board in writing within ten (10) days of any change in  
21 name, residence address, mailing address, e-mail address or phone number.

22 Failure to timely notify the Board of any change in employer, name, address, or phone  
23 number shall be considered a violation of probation.

24 **8. Restrictions on Supervision and Oversight of Licensed Facilities**

25 During the period of probation, Respondent shall not supervise any intern pharmacist, be  
26 the pharmacist-in-charge, designated representative-in-charge, responsible manager or other  
27 compliance supervisor of any entity licensed by the Board, nor serve as a consultant. Assumption  
28 of any such unauthorized supervision responsibilities shall be considered a violation of probation.

1           **9.     Reimbursement of Board Costs**

2           As a condition precedent to successful completion of probation, respondent shall pay to the  
3 board its costs of investigation and prosecution in the amount of \$15,000.

4           Respondent shall be permitted to pay these costs in a payment plan approved by the Board  
5 or its designee, so long as full payment is completed no later than one (1) year prior to the end  
6 date of probation.

7           There shall be no deviation from this schedule absent prior written approval by the Board or  
8 its designee. Failure to pay costs by the deadline(s) as directed shall be considered a violation of  
9 probation.

10           **10.    Probation Monitoring Costs**

11           Respondent shall pay any costs associated with probation monitoring as determined by the  
12 board each and every year of probation. Such costs shall be payable to the board on a schedule as  
13 directed by the board or its designee. Failure to pay such costs by the deadline(s) as directed shall  
14 be considered a violation of probation.

15           **11.    Status of License**

16           Respondent shall, at all times while on probation, maintain an active, current Pharmacist  
17 License with the Board, including any period during which suspension or probation is tolled.  
18 Failure to maintain an active, current Pharmacist License shall be considered a violation of  
19 probation.

20           If Respondent's Pharmacist License expires or is cancelled by operation of law or otherwise  
21 at any time during the period of probation, including any extensions thereof due to tolling or  
22 otherwise, upon renewal or reapplication Respondent's license shall be subject to all terms and  
23 conditions of this probation not previously satisfied.

24           **12.    License Surrender While on Probation/Suspension**

25           Following the effective date of this decision, should Respondent cease practice due to  
26 retirement or health, or be otherwise unable to satisfy the terms and conditions of probation,  
27 Respondent may relinquish his license, including any indicia of licensure issued by the Board,  
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1 along with a request to surrender the license. The Board or its designee shall have the discretion  
2 whether to accept the surrender or take any other action it deems appropriate and reasonable.  
3 Upon formal acceptance of the surrender of the license, Respondent will no longer be subject to  
4 the terms and conditions of probation. This surrender constitutes a record of discipline and shall  
5 become a part of the Respondent's license history with the Board.

6 Upon acceptance of the surrender, Respondent shall relinquish his pocket and/or wall  
7 license, including any indicia of licensure not previously provided to the Board within ten (10)  
8 days of notification by the Board that the surrender is accepted if not already provided.  
9 Respondent may not reapply for any license from the Board for three (3) years from the effective  
10 date of the surrender. Respondent shall meet all requirements applicable to the license sought as  
11 of the date the application for that license is submitted to the Board, including any outstanding  
12 costs.

### 13 **13. Practice Requirement – Extension of Probation**

14 Except during periods of suspension, Respondent shall, at all times while on probation, be  
15 employed as a Pharmacist in California for a minimum of eighty (80) hours per calendar month.  
16 Any month during which this minimum is not met shall extend the period of probation by one  
17 month. During any such period of insufficient employment, Respondent must nonetheless  
18 comply with all terms and conditions of probation, unless Respondent receives a waiver in  
19 writing from the Board or its designee.

20 If Respondent does not practice as a Pharmacist in California for the minimum number of  
21 hours in any calendar month, for any reason (including vacation), Respondent shall notify the  
22 Board in writing within ten (10) days of the conclusion of that calendar month. This notification  
23 shall include at least: the date(s), location(s), and hours of last practice; the reason(s) for the  
24 interruption or reduction in practice; and the anticipated date(s) on which Respondent will resume  
25 practice at the required level. Respondent shall further notify the Board in writing within ten (10)  
26 days following the next calendar month during which Respondent practices as a Pharmacist in  
27 California for the minimum of hours. Any failure to timely provide such notification(s) shall be  
28 considered a violation of probation.

1 It is a violation of probation for Respondent's probation to be extended pursuant to the  
2 provisions of this condition for a total period, counting consecutive and non-consecutive months,  
3 exceeding thirty-six (36) months. The Board or its designee may post a notice of the extended  
4 probation period on its website.

5 **14. Violation of Probation**

6 If Respondent has not complied with any term or condition of probation, the Board shall  
7 have continuing jurisdiction over Respondent, and the Board shall provide notice to Respondent  
8 that probation shall automatically be extended, until all terms and conditions have been satisfied  
9 or the Board has taken other action as deemed appropriate to treat the failure to comply as a  
10 violation of probation, to terminate probation, and to impose the penalty that was stayed. The  
11 Board or its designee may post a notice of the extended probation period on its website.

12 If Respondent violates probation in any respect, the Board, after giving Respondent notice  
13 and an opportunity to be heard, may revoke probation and carry out the disciplinary order that  
14 was stayed. If a petition to revoke probation or an accusation is filed against Respondent during  
15 probation, or the preparation of an accusation or petition to revoke probation is requested from  
16 the Office of the Attorney General, the Board shall have continuing jurisdiction and the period of  
17 probation shall be automatically extended until the petition to revoke probation or accusation is  
18 heard and decided.

19 **15. Completion of Probation**

20 Upon written notice by the Board or its designee indicating successful completion of  
21 probation, Respondent's license will be fully restored.

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DATED: \_\_\_\_\_

MICHAEL TELLER  
*Respondent*

DATED: \_\_\_\_\_


HERB L. WEINBERG  
*Attorney for Respondent*

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ACCEPTANCE

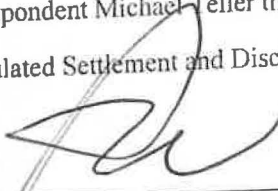
I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Herb L. Weinberg. I understand the stipulation and the effect it will have on my Pharmacist License. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Board of Pharmacy.

DATED: 8/20/2021

  
MICHAEL TELLER  
Respondent

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

DATED: 8/20/2021

  
HERB L. WEINBERG  
Attorney for Respondent

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**ENDORSEMENT**

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the Board of Pharmacy.

DATED: August 20, 2021

Respectfully submitted,

ROB BONTA  
Attorney General of California  
ARMANDO ZAMBRANO  
Supervising Deputy Attorney General

*Kevin J. Schettig*

KEVIN J. SCHETTIG  
Deputy Attorney General  
*Attorneys for Complainant*

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**Exhibit A**

**Accusation No. 6121**



1 XAVIER BECERRA  
Attorney General of California  
2 ARMANDO ZAMBRANO  
Supervising Deputy Attorney General  
3 SHERONDA L. EDWARDS  
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7 *Attorneys for Complainant*

8 **BEFORE THE**  
9 **BOARD OF PHARMACY**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
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12 In the Matter of the Accusation Against:

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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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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.”

### **STATUTORY PROVISIONS**

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

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

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

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

“...

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

“...

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

“(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 [the Pharmacy Law, Bus. & Prof. Code, § 4000, et seq.) 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.”

11. Section 4305 of the Code provides:

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