Wholesaler Bond Requirements
(California and Nonresident)

Pursuant to Business and Professions Code section 4162 and 4162.5 an applicant for the issuance of a wholesaler license shall submit a surety bond as summarized below. California *government owned and operated wholesalers are exempt from the bond requirement.*

- A surety bond of $100,000 made payable to the Pharmacy Board Contingency Fund.
- In lieu of the bond, applicants may submit other equivalent means of security acceptable to the board, including a standby letter of credit or cash deposit in lieu of a bond. These other means of security must be payable to the Pharmacy Board Contingency Fund.
- A single surety bond or other equivalent means of security in the amount of $100,000 will cover all licensed sites under common ownership.
- The board may accept a surety bond of $25,000 if the annual gross receipts for the previous tax year are $10 million or less. **Note**: A licensee which has posted a $25,000 bond, but has been disciplined by any state or federal agency or issued an administrative fine under California Pharmacy Law, may be required to submit a $100,000 surety bond.
- Surety bond exemption letter: A person or entity to whom an approved new drug application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application, and is licensed or applies for licensure as a wholesaler, shall not be required to post a surety bond as specified in Business and Professions Code section 4162. Please include the new drug application (NDA) number in the exemption letter signed by an officer associated with the license or application.
- A letter of verification from the bond company to confirm the bond remains in effect along with the current bond renewal date may be required.

SURETY BOND: Submit one of the following means of security (A, B, or C).

A. **Surety Bond:** Complete and submit the appropriate Surety Bond form that identifies the bond you are submitting ($100,000 or $25,000). Provide a letter from the Surety Bond or bank reflecting the renewal date. If submitting a $25,000 bond, include copies of the previous year's tax return. If you are adding a location to an existing bond, please provide a copy of the original bond and a rider reflecting the location of the address being added.
B. **Irrevocable Standby Letter of Credit:** Complete and submit the Irrevocable Standby Letter of Credit form with the application. Provide a letter from the Surety Bond or bank reflecting the renewal date. If submitting a $25,000 Letter of Credit, include copies of the previous year's tax return.
C. **Cash Deposits:** Complete and submit the Cash Deposit form with the application. If submitting a $25,000 cash deposit, include copies of the previous year's tax return. Checks should be made payable to the Pharmacy Board Contingent Fund.

Exception: Certain manufacturers licensed with the FDA who are also licensed as wholesalers or nonresident wholesalers by the California State Board of Pharmacy to distribute exclusively their own product in California are exempt from these requirements.

The exact language for the Business and Professions Code sections dealing with the bonding requirements can be found in California Business and Professions Code sections 4162 and 4162.5. The "Pharmacy Law and Regulations" can be found on the board's Web site at www.pharmacy.ca.gov.

If you have any questions, please e-mail the board at wlsstatus@dca.ca.gov. Following please find the approved surety bond and other equivalent means of security forms.

California State Board of Pharmacy
2720 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Phone: (916) 518-3100 Fax: (916) 574-8618
www.pharmacy.ca.gov

Business, Consumer Services and Housing Agency
Department of Consumer Affairs
Gavin Newsom, Governor

WHOLESALER or NONRESIDENT WHOLESALER SURETY BOND
Business and Professions Code Sections 4162, 4162.5

Bond No. _____

Application/License No. _____

KNOW ALL PERSONS BY THESE PRESENTS:

That, (applicant) _____doing business as a wholesaler,

whose address for purposes of service is _____,

as PRINCIPAL, and (Surety Company) _____

a corporation organized under the laws of (state of incorporation) _____ and

authorized to transact a general surety business in the State of California, whose address for purposes of service is, (address of Surety Company) _____

as SURETY, are held and firmly bound unto the People of the State of California, and to the Pharmacy Board Contingent Fund, for the penal sum of ONE HUNDRED THOUSAND DOLLARS ($100,000.00), for which payment we bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally, by these presents. This bond term shall become effective on (effective date) _____.

WHEREAS, the provisions of Sections 4162 and/or 4162.5, Business and Professions Code, require that the Applicant file or have on file with the California State Board of Pharmacy (Board) a bond in the sum of $100,000.00 payable to the Pharmacy Board Contingent Fund, and this bond is executed and tendered in accordance therewith. The purpose of the bond is to secure payment of any administrative fines imposed on Applicant by the Board, and/or any cost recovery owed by Applicant to the Board under Business and Professions Code Section 125.3.

NOW THEREFORE, the conditions of the foregoing obligation are that if the Applicant shall comply with and be subject to the provisions of Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

PROVIDED HOWEVER, this bond is subject to the following express conditions:

1) This bond shall be deemed continuous in form and shall remain in full force and effect and shall run concurrently with the license period for which the license is granted and each and every succeeding license period or periods for which said Applicant may be licensed, after which liability hereunder shall cease except as to any liability or indebtedness therefore incurred or accrued hereunder.

2) This bond is executed by the Applicant and the Surety to comply with the provisions of Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code and of Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure and said bond shall be subject to all of the terms and provisions thereof.
3) The Surety, its successors and assigns, are jointly and severally liable on the obligations of the bond, in conformity with Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure and Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code.
4) The limitations of the liability of the Surety and the conditions of the bond are set forth in Business and Professions Code Sections 4162 and 4162.5. The Board may make a claim against the bond for any administrative fine imposed on Applicant by the Board pursuant to Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code, or for any cost recovery ordered payable by Applicant pursuant to Business and Professions Code Section 125.3, if Applicant fails to pay to the Board the fine or cost recovery within thirty (30) days of the order imposing the fine or cost recovery. Any such claim may be made directly to the Surety and need not be preceded by the filing of any action in a proper court. Payment of any such claim shall be payable to the Pharmacy Board Contingent Fund.
5) The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.
6) This bond may be cancelled by the Surety in accordance with the provisions of Article 13 (commencing with Section 996.310), Chapter 2, Title 14, Part 2 of the Code of Civil Procedure.
7) The Applicant and Surety may be served with notices, papers and other documents under the provisions of Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure at the addresses given above.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that I have executed the foregoing bond on behalf of the Surety under an unrevoked power of attorney.

In witness whereof, each party to this bond has caused it to be executed on this ___ day of_____, 20_____.

___PRESCRIPTION DRUG WHOLESALER
or
___OUT-OF-STATE PRESCRIPTION DRUG WHOLESALER

_____
Principal's Authorized Representative

SIGNED and SEALED in the presence of:

_____
Witness

_____
Witness

SURETY COMPANY'S RESPRESENTATIVE

_____

Print Name of Attorney-in-Fact

_____

SIGNED and SEALED in the presence of:

_____
Witness

_____
Witness

Countersigned by:

_____
California Resident Agent

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Business, Consumer Services and Housing Agency
Department of Consumer Affairs
Gavin Newsom, Governor

WHOLESALER or NONRESIDENT WHOLESALER SURETY BOND
FOR ENTITIES WITH GROSS ANNUAL RECEIPTS OF $10,000,000 OR LESS
Business and Professions Code Sections 4162, 4162.5

Bond No. _____

Application/License No. _____

KNOW ALL PERSONS BY THESE PRESENTS:

That, (applicant) _____doing business as a wholesaler,

whose address for purposes of service is _____,

as PRINCIPAL, and (Surety Company) _____

a corporation organized under the laws of (state of incorporation) _____ and

authorized to transact a general surety business in the State of California, whose address for purposes of service is, (address of Surety Company) _____

as SURETY, are held and firmly bound unto the People of the State of California, and to the Pharmacy Board Contingent Fund, for the penal sum of TWENTY-FIVE THOUSAND DOLLARS ($25,000.00), for which payment we bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally, by these presents. This bond term shall become effective on (effective date) _____.

WHEREAS, the provisions of Sections 4162 and/or 4162.5, Business and Professions Code, require that the Applicant file or have on file with the California State Board of Pharmacy (Board) a bond in the sum of $25,000.00 payable to the Pharmacy Board Contingent Fund, and this bond is executed and tendered in accordance therewith. The purpose of the bond is to secure payment of any administrative fines imposed on Applicant by the Board, and/or any cost recovery owed by Applicant to the Board under Business and Professions Code Section 125.3.

NOW THEREFORE, the conditions of the foregoing obligation are that if the Applicant shall comply with and be subject to the provisions of Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

PROVIDED HOWEVER, this bond is subject to the following express conditions:

1) This bond shall be deemed continuous in form and shall remain in full force and effect and shall run concurrently with the license period for which the license is granted and each and every succeeding license period or periods for which said Applicant may be licensed, after which liability hereunder shall cease except as to any liability or indebtedness therefore incurred or accrued hereunder.

2) This bond is executed by the Applicant and the Surety to comply with the provisions of Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code and of Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure and said bond shall be subject to all of the terms and provisions thereof.
3) The Surety, its successors and assigns, are jointly and severally liable on the obligations of the bond, in conformity with Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure and Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code.
4) The limitations of the liability of the Surety and the conditions of the bond are set forth in Business and Professions Code Sections 4162 and 4162.5. The Board may make a claim against the bond for any administrative fine imposed on Applicant by the Board pursuant to Division 2, Chapter 9 (commencing with Section 4000) of the Business and Professions Code, or for any cost recovery ordered payable by Applicant pursuant to Business and Professions Code Section 125.3, if Applicant fails to pay to the Board the fine or cost recovery within thirty (30) days of the order imposing the fine or cost recovery. Any such claim may be made directly to the Surety and need not be preceded by the filing of any action in a proper court. Payment of any such claim shall be payable to the Pharmacy Board Contingent Fund.
5) The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.
6) This bond may be cancelled by the Surety in accordance with the provisions of Article 13 (commencing with Section 996.310), Chapter 2, Title 14, Part 2 of the Code of Civil Procedure.
7) The Applicant and Surety may be served with notices, papers and other documents under the provisions of Chapter 2, Title 14, Part 2 (commencing with Section 995.010) of the Code of Civil Procedure at the addresses given above.

I certify (or declare) under penalty of perjury, under the laws of the State of California, that I have executed the foregoing bond on behalf of the Surety under an unrevoked power of attorney.

In witness whereof, each party to this bond has caused it to be executed on this ___ day of_____, 20_____.

___PRESCRIPTION DRUG WHOLESALER
or
___OUT-OF-STATE PRESCRIPTION DRUG WHOLESALER

_____
Principal's Authorized Representative

SIGNED and SEALED in the presence of:

_____
Witness

_____
Witness

SURETY COMPANY'S RESPRESENTATIVE

_____

Print Name of Attorney-in-Fact

_____

SIGNED and SEALED in the presence of:

_____
Witness

_____
Witness

Countersigned by:

_____
California Resident Agent

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Business, Consumer Services and Housing Agency
Department of Consumer Affairs
Gavin Newsom, Governor

IRREVOCABLE STANDBY LETTER OF CREDIT

Name of Financial Institution:_____

Address:_____

City, State Zip:_____

Name of Applicant/Licensee:_____

Address:_____

City, State Zip:_____

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ DATED: _____

To Beneficiary:

California State Board of Pharmacy
2720 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Attention: Executive Officer

1. At the request and on the instructions of _____ (Applicant/Licensee), we _____ (Financial Institution) hereby establish in favor of the Beneficiary, the California State Board of Pharmacy (Board), this Irrevocable Standby Letter of Credit (Credit) in the principal sum of $_____.

2. This Credit is and has been established for the sole benefit of the Board pursuant to the terms of Business and Professions Code sections 4162 and/or 4162.5, pertaining to the initial or renewal application filed by the Applicant/Licensee.

3. This credit is intended by the parties to serve as a security device for the performance by Applicant/Licensee of its obligations under Chapter 9, Division 2, commencing with section 4000 of the Business and Professions Code.

4. Upon the occurrence of any default by Applicant/Licensee as determined by the Board in its sole discretion under this agreement, the Board shall be entitled to draw upon this credit by presentation of a duly executed CERTIFICATE FOR DRAWING in substantially the same form as Attachment A, attached hereto, at our office located at _____ (Address of financial institution).

5. The CERTIFICATE shall be completed and signed by an "Authorized Representative" as defined in paragraph 12. Presentation by the Board of a completed CERTIFICATE may be made in person or by registered mail, return receipt requested.

6. Upon presentation of a duly executed CERTIFICATE as above provided, payment shall be made to the Board, or to an account designated by the Board, in immediately available funds, at such time and place as the Board shall specify.

7. Funds may be drawn in one or more drawings not to exceed the principal sum.

8. If demand for payment does not conform to the terms of this CREDIT, we shall give the Board prompt notice that the demand for payment was not effected in accordance with the terms of this CREDIT, state the reasons therefore, and await further instructions.

9. Upon being notified that the demand for payment was not effected in conformity with the CREDIT, the Board may correct any such non-conforming demand for payment.

10. All drawings under this CREDIT shall be paid with our funds. Each drawing honored by us hereunder shall reduce, pro tanto, the principal sum. By paying to the Board an amount demanded in accordance herewith, we make no representations as to the correctness of the amount demanded.

11. This CREDIT will be cancelled in whole or in part upon receipt by us of a CERTIFICATE OF CANCELLATION, which (i) shall be in the form of Attachment B attached hereto, and (ii) shall be completed and signed by any person purporting to be an Authorized Representative, as defined in the next paragraph.

12. An "Authorized Representative" shall mean the following person: Executive Officer of the California State Board of Pharmacy

13. Communications with respect to this CREDIT shall be in writing and addressed to us at _____(Address of Financial Institution) specifically referring upon such writing to this CREDIT by number.

14. This CREDIT may not be transferred or assigned, either in whole or in part.

15. This CREDIT shall be deemed a contract made under the laws of the State of California.

16. This CREDIT shall, if not cancelled as provided herein, expire no later than _____ the date of its execution.

THEREFORE, _____ (Financial Institution) has executed and delivered this IRREVOCABLE STANDBY LETTER OF CREDIT to the Board as of the ___day of _____, 20__.

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Business, Consumer Services and Housing Agency
Department of Consumer Affairs
Gavin Newsom, Governor

CERTIFICATE FOR DRAWING

Name of Financial Institution (ISSUER):_____

Address:_____

City, State, Zip:_____

Name of Applicant/Licensee:_____

Address:_____

City, State, Zip:_____

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

Beneficiary:

California State Board of Pharmacy
2720 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

The undersigned, a duly Authorized Representative of the California State Board of Pharmacy (Board) (as defined in the above referenced CREDIT), hereby certifies to the ISSUER that:

1) An Event of Default has occurred as defined in section 4 of the Agreement.
2) The undersigned is authorized under the terms of the above-referenced CREDIT to present this CERTIFICATE as the sole means of demanding payment on the CREDIT.
3) The Board is therefore making a drawing under the above-referenced CREDIT in the amount of $_____.
4) The amount demanded does not exceed the Principal Sum.
5) Sums received shall be used by the Board in accordance with the terms of the Agreement.

THEREFORE, the undersigned has executed and delivered this CERTIFICATE as of the ___day of _____, 20__.

CALIFORNIA STATE BOARD OF PHARMACY

By

ANNE SODERGREN
Executive Officer

California State Board of Pharmacy
2720 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Phone: (916) 518-3100 Fax: (916) 574-8618
www.pharmacy.ca.gov

Business, Consumer Services and Housing Agency
Department of Consumer Affairs
Gavin Newsom, Governor

CERTIFICATE FOR CANCELLATION

Name of Financial Institution (ISSUER):_____

Address:_____

City, State Zip:_____

Name of Applicant/Licensee:_____

Address:_____

City, State Zip:_____

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

Beneficiary:

California State Board of Pharmacy
2720 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

The undersigned, a duly Authorized Representative of the California State Board of Pharmacy (Board) (as defined in the above referenced CREDIT), hereby certifies to the ISSUER that:

1. The license for which the credit was issued has expired or otherwise become inoperable, thereby making the cancellation of the credit appropriate.

2. The Board therefore requests the cancellation of the above-referenced CREDIT.

THEREFORE, the undersigned has executed and delivered this CANCELLATION as of the ___day of _____, 20__.

CALIFORNIA STATE BOARD OF PHARMACY

By

ANNE SODERGREN
Executive Officer

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Department of Consumer Affairs
Gavin Newsom, Governor

CASH DEPOSIT IN LIEU OF BOND

I/We _____, hereinafter referred to as Assignor, whose
NAME OF APPLICANT/LICENSEE

principal place of business is located at _____, do/does hereby assign and set over to the California State Board of Pharmacy (Board), hereinafter referred to as Board, all right, title and interest of any kind whatsoever, owned or held by Assignor in the cash sum of _____dollars ($ _____) identified by Receipt Number _____, which is delivered to the Board pursuant to Section 4162 and/or Section 4162.5 of the Business and Professions Code and Section 995.710 of the Code of Civil Procedure. This assignment is binding on Assignor, his/her heirs, administrators, successors, and assigns, jointly or severally, and is conditioned that Assignor has made, or is about to make application to the Board for a license under Section 4162 and/or Section 4162.5 of the Business and Professions Code to act as a wholesaler or nonresident wholesaler.

Assignor understands that the Board is not authorized to refund said cash deposit until sixty (60) days beyond the date upon which an owner ceases to be licensed by the Board, or ceases to do business as a wholesaler.

Assignor further understands that the Board is authorized to reduce the sum of said cash deposit to the extent of all claims owing the California Board of Pharmacy arising from Assignor's business activities as a wholesaler and reasonable attorney fees and administrative costs incurred in processing claims against such cash deposit; that the reduction of such deposit by any amount shall be grounds for denial of a renewal of the wholesaler license until such time as the cash deposit is restored to its original amount under the provisions of Section 4162 and/or Section 4162.5 of the Business and Professions Code.

Executed in _____, on _____.
City and State Date

_____
Signature of Person Authorized to bind the business

_____
Printed or Typed name of Applicant/Licensee Exactly as shown above

_____
Type Name and Title of Pers on Authorized to bind the Business