

IN THE MATTER OF

*

BEFORE THE

MCKESSON CORPORATION
D/B/A MCKESSON
RESPONDENT-CORPORATION

*

STATE BOARD OF
PHARMACY

*

*

PERMIT NUMBER: D00031

*

CASE NO.: PI-14-211/14-611

* * * * *

FINAL CONSENT ORDER

The State Board of Pharmacy ("the Board") charged McKesson Corporation, d/b/a McKesson, permit number: D00031 (the "Respondent-Corporation"), with violating certain provisions of the Maryland Pharmacy Act, ("the Act") Md. Health Occ. Code Ann., ("H. O.") §§12-101 *et seq.* (2014 Repl. Vol.). The pertinent provisions state:

H.O. § 12-601. Disciplinary actions.

(a) *In general* - Subject to the hearing provisions of § 12-315 of this title, for a violation of this subtitle, Subtitle 6C of this title, or any regulation adopted under Subtitle 6C of this title, the Board may:

- (1) Deny a permit to an applicant;
- (2) Reprimand a permit holder;
- (3) Place a permit holder on probation; or
- (4) Suspend or revoke a permit.

H.O. §12-6C-03. Permit required.

(a) A wholesale distributor shall hold a permit issued by the Board before the wholesale distributor engages in wholesale distribution in the State.

H.O. § 12-6C-11. Violations; penalties.

(a) *Fine.* - (1) If a person knowingly violates any provisions of this subtitle or any regulation adopted under this subtitle, the Board may impose a fine not to exceed \$500,000.

**Code Md. Regs. Tit. 10 § 34.22:
.05 Violations and Penalties.**

A. After a hearing held under Health Occupations Article, §12-601, Annotated Code of Maryland, the Board may deny, suspend, revoke, or place on probation a permit holder, reprimand a permit holder, or impose a fine if the permit holder:

(3) Commits any of the following acts:

(d) Violates a provision of, or regulation promulgated under, Health Occupations Article, Title 12, Annotated Code of Maryland;

(j) Purchases or receives a prescription drug or device from a person who is not licensed to wholesale distribute prescription drugs or devices to that purchaser or recipient

(n) Fails to obtain a license, or operates without a valid license when a license is required;

(v) Otherwise conducts the wholesale distribution of prescription drugs or devices in a manner not in accordance with the law [.]

FINDINGS OF FACT

The Board finds that:

1. At all times relevant herein, the Respondent-Corporation maintained a valid and active permit to operate as a wholesale distributor in Maryland. The Respondent-Corporation's permit expired on May 31, 2013.
2. The Respondent-Corporation was located at 7721 Polk Street, Landover, Maryland.
3. In or around January 2014, Board staff discovered that Establishment A's wholesale distributor permit lapsed in January 2009.
4. Between January 2009 and December 2009, the Respondent- Corporation purchased approximately \$2.5 million dollars of prescription drugs and/or devices from Establishment A.

5. During the time that these transactions took place, Establishment A did not have a permit issued by the Board to engage in wholesale distribution.

6. In August 2014, Respondent-Corporation entered into a Final Consent Order with the Board resolving similar allegations.

7. Since the period when the alleged violations occurred, Respondent-Corporation has made numerous enhancements and significant additional investments in its compliance program related to the acquisition and distribution of pharmaceutical drug products.

8. The Respondent-Corporation conduct, as described above, is a violation of H.O. § 12-6C-03; H.O. § 12-6C-11, and Code Md. Regs. tit. 10 § 34.22.05.A (3) (d), (j), (n), and (v).

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, the Board concludes that the Respondent violated H.O. § 12-6C-03; H.O. § 12-6C-11, and Code Md. Regs. tit. 10 § 34.22.05.A (3) (d), (j), (n), and (v).

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, it is this 23rd day of March 2015, by a majority of the quorum of the Board, hereby

ORDERED that the Respondent-Corporation shall pay a fine in the amount of fifteen thousand dollars (\$15,000). The fine is payable to the Maryland Board of Pharmacy no later than 90 (ninety) days from the date that this Order is signed by the Board; and it is further

ORDERED that the Respondent-Corporation shall not distribute prescription drugs

in Maryland without a wholesale distributor permit; and it is further

ORDERED that Respondent shall be responsible for all costs incurred under this Order; and it is further

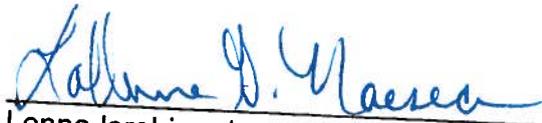
ORDERED that the effective date of this Order is the date that it is signed by the Board; and it is further

ORDERED that for purposes of public disclosure and as permitted by Md. General Provisions §§ 4-101 *et seq.* (2014), this document consists of the contents of the foregoing Findings of Fact, Conclusions of Law, and Order, and is reportable to any entity to whom the Board is obligated to report; and it is further

ORDERED that this Order is final and a public document pursuant to Md. General Provisions §§ 4-104 *et seq.* (2014).

Date

3/23/15

for 
Lenna Israbian-Jamgochian, Pharm.D.
President
State Board of Pharmacy

CONSENT OF MCKESSON CORPORATION BY
CHRISTOPHER SMITH, SENIOR VICE PRESIDENT OF DISTRIBUTION
OPERATIONS

I, Christopher Smith, as Senior Vice President of Distribution Operations for McKesson Corporation, by affixing my signature hereto, acknowledge that:

1. I am represented by Larry P. Cote of Quarles & Brady LLP.
2. I aware that McKesson Corporation is entitled to a formal evidentiary hearing before the Board, pursuant to Md. Health Occ. Code Ann. § 12-315 (2014 Repl. Vol.) and Md. State Govt. Code Ann. §§ 10-201 *et seq.*(2014 Repl. Vol.).
3. I, as Senior Vice President of Distribution for McKesson Corporation acknowledge the validity and enforceability of this Consent Order as if entered after a formal evidentiary hearing in which McKesson Corporation I would have had the right to counsel, to confront witnesses, to give testimony, to call witnesses on my own behalf, and to all other substantive and procedural protections provided by law. As Senior Vice President of Distribution for McKesson Corporation, I am waiving those procedural and substantive protections.
4. I, as Senior Vice President of Distribution Operations voluntarily enter into and consent to the foregoing findings of fact, conclusions of law, and order and agree to abide by the terms and conditions set forth in this Consent Order, as a resolution of the Board's case, based on the findings set forth herein.
5. I, as Senior Vice President of Distribution Operations waive McKesson Corporation's right to contest the findings of fact and conclusions of law, and I

waive McKesson Corporation's right to a full evidentiary hearing, and any right to appeal this Consent Order as set forth in Md. Health Occ. Code Ann. § 12-315 (2014 Rep. Vol.) and Md. State Govt. Code Ann. §§ 10-201 *et seq.* (2014 Rep. Vol.).

6. I as Senior Vice President of Distribution Operations acknowledge that by failing to abide by the terms and conditions set forth in this Consent Order, and, following proper procedures, McKesson Corporation may be subject to disciplinary action.

7. I as Senior Vice President of Distribution Operations sign this consent order, without reservation, as my voluntary act and deed. I acknowledge that I fully understand and comprehend the language, meaning, and terms of this Consent Order.

3.16.15

Date



Christopher Smith
Senior Vice President, Distribution
Operations

California Jurat Loose Certificate

State of California
County of San Francisco } ss.

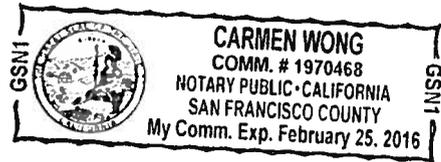
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Subscribed and sworn to (or affirmed) before me this 16 day of March, 2015
by Christopher Smith

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Carmen Wong
Notary Public Signature

Seal



Notes

Please provide information about the document that this form is attached to.
*** This is not required under California State notary public law.***

Final Consent Order