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

In the Matter of the Accusation Against:	Case No. 3082
DAVID JUE FONG 502 S. Almansor Street Alhambra, CA 91801	
Pharmacist License No. RPH 37204	
Respondent.	
DECISION AND	<u>ORDER</u>
The attached Stipulated Settlement and Disci	iplinary Order is hereby adopted by the
Board of Pharmacy, Department of Consumer Affai	rs, as its Decision in this matter.
This decision shall become effective on	
DEPAI	D OF PHARMACY RTMENT OF CONSUMER AFFAIRS E OF CALIFORNIA

Ву

Board President

- 11	
1	EDMUND G. BROWN JR., Attorney General
2	of the State of California GREGORY J. SALUTE
3	Supervising Deputy Attorney General NANCY A. KAISER, State Bar No. 192083
4	Deputy Attorney General 300 So. Spring Street, Suite 1702
5	Los Angeles, CA 90013
6	Telephone: (213) 897-5794 Facsimile: (213) 897-2804
7	Attorneys for Complainant
8	Autorneys for Complaniant
9	BEFORE THE BOARD OF PHARMACY
10	DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA
11	
12	In the Matter of the Accusation Against: Case No. 3082
13	DAVID JUE FONG 502 S. Almansor St. OAH No. 2008090577
14	Alhambra, CA 91801 STIPULATED SETTLEMENT AND
15	Pharmacist License No. RPH 37204  DISCIPLINARY ORDER
16	Respondent.
17	
18	In the interest of a prompt and speedy settlement of this matter, consistent with the
19	public interest and the responsibility of the Board of Pharmacy the parties hereby agree to the
20	following Stipulated Settlement and Disciplinary Order which will be submitted to the Board of
21	Pharmacy for approval and adoption as the final disposition of the Accusation.
22	<u>PARTIES</u>
23	1. Virginia K. Herold (Complainant) is the Executive Officer of the Board of
24	Pharmacy. She brought this action solely in her official capacity and is represented in this matter
25	by Edmund G. Brown Jr., Attorney General of the State of California, by Nancy A. Kaiser,
26	Deputy Attorney General.
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2. Respondent David Jue Fong (Respondent) is represented in this proceeding by attorney Gregory P. Matzen, whose address is Lewis Brisbois Bisgaard & Smith LLP - Sacramento, 2500 Venture Oaks Way, Suite 200, Sacramento, CA 95833.

3. On or about August 26, 1982, the Board of Pharmacy issued Pharmacist License No. RPH 37204 to David Jue Fong (Respondent). The Pharmacist License was in full force and effect at all times relevant to the charges brought in Accusation No. 3082 and will expire on September 30, 2009, unless renewed.

### JURISDICTION

4. Accusation No. 3082 was filed before the Board of Pharmacy (Board), and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on August 5, 2008. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. 3082 is attached as **Exhibit A** and incorporated herein by reference.

### ADVISEMENT AND WAIVERS

- 5. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. 3082. Respondent has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.
- 6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf, the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.
- 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

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### CULPABILITY

- 8. Respondent admits the truth of each and every charge and allegation in Accusation No. 3082.
- 9. Respondent agrees that his Pharmacist License is subject to discipline and he agrees to be bound by the Board's imposition of discipline as set forth in the Disciplinary Order below.

### CONTINGENCY

- 10. This stipulation shall be subject to approval by the Board. Respondent understands and agrees that counsel for Complainant and the staff of the Board may communicate directly with the Board regarding this stipulation and settlement, without notice to or participation by Respondent. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall not be disqualified from further action by having considered this matter.
- 11. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.
- 12. 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 No. RPH 37204 issued to Respondent David Jue Fong (Respondent) is revoked. However, the revocation is stayed and Respondent is placed on probation for **three (3) years** on the following terms and conditions.
- 1. Actual Suspension Pharmacist. License number RPH 37204, issued to Respondent David Jue Fong is suspended for a period of thirty (30) days.

During suspension, Respondent shall not enter any pharmacy area or any portion of the licensed premises of a wholesaler, veterinary food-animal drug retailer or any other distributor of drugs which is licensed by the Board, or any manufacturer, or where dangerous drugs and devices or controlled substances are maintained. Respondent shall not practice pharmacy nor do any act involving drug selection, selection of stock, manufacturing, compounding, dispensing or patient consultation; nor shall Respondent manage, administer, or be a consultant to any licensee of the Board, or have access to or control the ordering, manufacturing or dispensing of dangerous drugs and devices or controlled substances.

Respondent shall not engage in any activity that requires the professional judgment of a pharmacist. Respondent shall not direct or control any aspect of the practice of pharmacy.

Respondent shall not perform the duties of a pharmacy technician or an exemptee for any entity licensed by the Board.

2. **Obey All Laws.** Respondent shall obey all state and federal laws and regulations substantially related to or governing the practice of pharmacy.

Respondent shall report any of the following occurrences to the Board, in writing, within 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 in any state or federal criminal proceeding to any criminal complaint, information or indictment
- a conviction of any crime
- discipline, citation, or other administrative action filed by any state and federal agency which involves Respondent's license or which is related to the practice of pharmacy or the manufacturing, obtaining, handling or distribution or billing or charging for any drug, device or controlled substance.
- 7. Reporting to the Board. Respondent shall report to the Board quarterly. The report shall be made either in person or in writing, as directed. Respondent shall

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state under penalty of perjury whether there has been compliance with all the terms and conditions of probation. If the final probation report is not made as directed, probation shall be extended automatically until such time as the final report is made and accepted by the Board.

- 8. Interview with the Board. Upon receipt of reasonable notice, Respondent shall appear in person for interviews with the Board upon request at various intervals at a location to be determined by the Board. Failure to appear for a scheduled interview without prior notification to Board staff shall be considered a violation of probation.
- 9. Cooperation with Board Staff. Respondent shall cooperate with the Board's inspectional program and in the Board's monitoring and investigation of Respondent's compliance with the terms and conditions of his probation. Failure to comply shall be considered a violation of probation.
- 10. Continuing Education. Respondent shall provide evidence of efforts to maintain skill and knowledge as a pharmacist as directed by the Board.
- 11. **Notice to Employers.** Respondent shall notify all present and prospective employers of the decision in case number 3082 and the terms, conditions and restrictions imposed on Respondent by the decision. Within 30 days of the effective date of this decision, and within 15 days of Respondent undertaking new employment, Respondent shall cause his direct supervisor, pharmacist-in-charge and/or owner to report to the Board in writing acknowledging the employer has read the decision in case number 3082.

If Respondent works for or is employed by or through a pharmacy employment service, Respondent must notify the direct supervisor, pharmacist-in-charge, and/or owner at every pharmacy of the and terms conditions of the decision in case number 3082 in advance of the Respondent commencing work at each pharmacy.

"Employment" within the meaning of this provision shall include any full-time, part-time, temporary, relief or pharmacy management service as a pharmacist, whether the Respondent is considered an employee or independent contractor.

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12. No Preceptorships, Supervision of Interns, Being Pharmacist-in-Charge (PIC), or Serving as a Consultant. Respondent shall not supervise any intern pharmacist or perform any of the duties of a preceptor, nor shall Respondent be the pharmacist-in-charge of any entity licensed by the Board nor serve as consultant unless otherwise specified in this order.

13. Reimbursement of Board Costs. Respondent shall pay to the Board its costs of investigation and prosecution of Accusation Number 3082 against Respondent and Accusation Number 3086 against Cathay Medical Pharmacy, Inc., dba Cathay Medical Pharmacy, PHY 22806 and Cathay Medical Pharmacy, Inc. d.b.a. College Pharmacy, PHY 36574 in the amount of \$23,450.50. Respondent, Cathay Medical Pharmacy, Inc., dba Cathay Medical Pharmacy, PHY 22806, and Cathay Medical Pharmacy, Inc. d.b.a. College Pharmacy, PHY 36574 shall be jointly responsible for payment of said costs. Respondent shall be permitted to pay these costs in a payment plan approved by the Board of Pharmacy, with payments to be completed no later than eighteen (18) months prior to the end of the probation term.

The filing of bankruptcy by Respondent shall not relieve Respondent of his responsibility to reimburse the Board its costs of investigation and prosecution.

- 14. **Probation Monitoring Costs.** Respondent shall pay the costs associated with probation monitoring as determined by the Board each and every year of probation. Such costs shall be payable to the Board at the end of each year of probation. Failure to pay such costs shall be considered a violation of probation.
- 15. **Status of License**. Respondent shall, at all times while on probation, maintain an active current license with the Board, including any period during which suspension or probation is tolled.

If Respondent's license expires or is cancelled by operation of law or otherwise, upon renewal or reapplication, Respondent's license shall be subject to all terms and conditions of this probation not previously satisfied.

effective date of this decision, should Respondent cease practice due to retirement or health, or be otherwise unable to satisfy the terms and conditions of probation, Respondent may tender his license to the Board for surrender. The Board shall have the discretion whether to grant the request for surrender or take any other action it deems appropriate and reasonable. Upon formal acceptance of the surrender of the license, Respondent will no longer be subject to the terms and conditions of probation.

Upon acceptance of the surrender, Respondent shall relinquish his pocket license to the Board within 10 days of notification by the Board that the surrender is accepted. Respondent may not reapply for any license from the Board for three years from the effective date of the surrender. Respondent shall meet all requirements applicable to the license sought as of the date the application for that license is submitted to the Board.

- 17. **Notification of Employment/Mailing Address Change.** Respondent shall notify the Board in writing within 10 days of any change of employment. Said notification shall include the reasons for leaving and/or the address of the new employer, supervisor or owner and work schedule if known. Respondent shall notify the Board in writing within 10 days of a change in name, mailing address or phone number.
- 18. **Tolling of Probation.** Should Respondent, regardless of residency, for any reason cease practicing pharmacy for a minimum of **forty (40) hours** per calendar month in California, Respondent must notify the Board in writing within 10 days of cessation of the practice of pharmacy or the resumption of the practice of pharmacy. Such periods of time shall not apply to the reduction of the probation period. It is a violation of probation for Respondent's probation to remain tolled pursuant to the provisions of this condition for a period exceeding three years.

"Cessation of practice" means any period of time exceeding 30 days in which Respondent is not engaged in the practice of pharmacy as defined in Section 4052 of the Business and Professions Code.

 19. Violation of Probation. If Respondent violates probation in any respect, the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order which was stayed. If a petition to revoke probation or an accusation is filed against Respondent during probation, the Board shall have continuing jurisdiction and the period of probation shall be extended, until the petition to revoke probation or accusation is heard and decided.

If Respondent has not complied with any term or condition of probation, the Board shall have continuing jurisdiction over Respondent, and probation shall automatically be extended until all terms and conditions have been satisfied or the Board has taken other action as deemed appropriate to treat the failure to comply as a violation of probation, to terminate probation, and to impose the penalty which was stayed.

- 20. **Completion of Probation.** Upon successful completion of probation, Respondent's license will be fully restored.
- Community Services Program. Within 60 days of the effective date of this decision, Respondent shall submit to the Board, for its prior approval, a community service program in which Respondent shall provide free health-care related services on a regular basis to a community or charitable facility or agency for at least three hundred (300) hours during the period of probation.

Within thirty (30) days of Board approval thereof, Respondent shall submit documentation to the Board demonstrating commencement of the community service program. A record of this notification must be provided to the Board upon request. Respondent shall report on progress with the community service program in the quarterly reports. Failure to timely submit, commence, or comply with the program shall be considered a violation of probation.

22. **Ethics Course**. Within sixty (60) calendar days of the effective date of this decision, Respondent shall enroll in a course in ethics, at Respondent's expense, approved in advance by the Board or its designee. Failure to initiate the course during the first year of probation, and complete it within the second year of probation, is a violation of probation.

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reduction of the suspension period.

Decision and Order of the Board.

DATED: 2/2-3

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No Ownership of Premises. Respondent shall not own, have any legal

Tolling of Suspension. If Respondent leaves California to reside or

PAGE 11/35

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Respondent shall submit a certificate of completion to the Board or its designee within five (5) days after completing the course.

associate, or partner of any business, firm, partnership, or corporation currently or hereinafter

licensed by the Board. Respondent shall sell or transfer any legal or beneficial interest in any

entity licensed by the Board within 90 days following the effective date of this decision and

practice outside this state, for any period exceeding 10 days (including vacation), Respondent

must notify the Board in writing of the dates of departure and return. Periods of residency or

practice outside the state - or any absence exceeding a period of 10 days shall not apply to the

ACCEPTANCE

and have fully discussed it with my attorney, Gregory P. Matzen. I understand the stipulation

and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the

DAVID JUE FUNG

and the effect it will have on my Pharmacist License. I enter into this Stipulated Settlement

Respondent shall not practice pharmacy upon returning to this state until

I have carefully read the above Stipulated Settlement and Disciplinary Order

shall immediately thereafter provide written proof thereof to the Board.

notified by the Board that the period of suspension has been completed.

or beneficial interest in, or serve as a manager, administrator, wenther, officer, director.

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PAGE 12/35

1	I have read and fully discussed with Respondent David Jue Fong the terms and
2	conditions and other matters contained in the above Stipulated Settlement and Disciplinary
3	Order. I approve its form and content.
4	DATED: 2/23/09
5	
6	Gegory P. Marzen
7	Attorney for Respondent
8	
9	ENDORSEMENT
10.	The foregoing Stipulated Settlement and Disciplinary Order is hereby
11	respectfully submitted for consideration by the Board.
12	
13	DATED: $\frac{2/23/09}{}$
14	EDMUND G, BROWN IR., Attorney General of the State of California
15	GREGORY J. SALUTE
હ	Supervising Deputy Attorney General
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18	Ma Karser
19	NANCY A. RAISER Deputy Attorney General
20	Attorneys for Complainant
21	Taubineys for Complaining
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Exhibit A
Accusation No. 3082

	if
1	EDMUND G. BROWN JR. Attorney General of the State of California
2	GREGORY J. SALUTE Supervising Deputy Attorney General
3	NANCY A. KAISER, State Bar No. 192083  Deputy Attorney General
4	California Department of Justice 300 So. Spring Street, Suite 1702
5	Los Angeles, CA 90013 Telephone: (213) 897-5794
6	Facsimile: (213) 897-2804
7	Attorneys for Complainant
8	BEFORE THE
9	BOARD OF PHARMACY DEPARTMENT OF CONSUMER AFFAIRS
10	STATE OF CALIFORNIA
11	In the Matter of the Accusation Against:   Case No. 3082
12	DAVID JUE FONG
13	502 S. Almansor St. Alhambra, CA 91801  ACCUSATION
14	Pharmacist License No. RPH 37204
15	Respondent.
16	
17	Complainant alleges:
18	PARTIES
19	1. Virginia Herold (Complainant) brings this Accusation solely in her official
20	capacity as the Executive Officer of the Board of Pharmacy, Department of Consumer Affairs.
21	2. On or about August 26, 1982, the Board of Pharmacy issued Pharmacist
22	License Number RPH 37204 to David Jue Fong (Respondent). The Pharmacist License was in
23	full force and effect at all times relevant to the charges brought herein and will expire on
24	September 30, 2009, unless renewed. Respondent is the Pharmacist-in-Charge of Cathay
25	Medical Pharmacy, Inc. dba Cathay Medical Pharmacy, Pharmacy Permit No. PHY 36574,
26	located at 626 W. College Street, Los Angeles, California.
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	JURISDICTION
	3. This Accusation is brought before the Board of Pharmacy (Board),
	Department of Consumer Affairs, under the authority of the following laws. All section
	references are to the Business and Professions Code (Code) unless otherwise indicated.
	4. Section 118, subdivision (b), of the Code provides that the suspension,
	expiration, surrender, or cancellation of a license shall not deprive the Board of jurisdiction to
	proceed with a disciplinary action during the period within which the license may be renewed,
	restored, reissued or reinstated.
	5. Section 4300, subdivision (a) of the Code states: "Every license issued
	may be suspended or revoked."
	6. Code section 477, subdivision (b), states that "'License' includes
	certificate, registration or other means to engage in a business or profession regulated by this
	code."
	7. Section 480, subdivision (a)(2), provides that a board may deny a license
	the applicant has committed dishonest, fraudulent, or deceitful acts with the intent to
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- nay deny a license if ntent to substantially benefit himself.
  - 8. Section 810 of the Code states:
  - It shall constitute unprofessional conduct and grounds for disciplinary action, including suspension or revocation of a license or certificate, for a health care professional to do any of the following in connection with his or her professional activities:
  - Knowingly prepare, make, or subscribe any writing, with intent to present or use the same, or to allow it to be presented or used in support of any false or fraudulent claim.
    - 9. Section 4301 of the Code states:

The board shall take action against any holder of a license who is guilty of unprofessional conduct.... Unprofessional conduct shall include, but is not limited to, any of the following:

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2000 and January 2002, Drury devised and participated in a scheme to create fraudulent returns of expired drugs to pharmaceutical manufacturers on behalf of pharmacies that had not purchased them with the false assertion that the pharmacies had purchased the drugs. This scheme caused the manufacturers to credit various pharmacies for returns that did not belong to them. The pharmacies paid approximately a 33% fee to Drury and ERW for the false returns credited to them.

14. David Fong agreed with ERW to participate in its fraudulent scheme in order to obtain easy profits for his family business. ERW returned dangerous drugs in November and December of 2000 under both Cathay Medical Pharmacy's and College Pharmacy's pharmacy permits and federal Drug Enforcement Administration (DEA) numbers, even though the returned drugs did not belong to either pharmacy. Based on the amount of the false returns on behalf of the two pharmacies, the Board investigator estimated that Respondent gained approximately \$14,000 for College Pharmacy and approximately \$19,000 for Cathay Medical Pharmacy by participating in ERW's fraudulent scheme.

## FIRST CAUSE FOR DISCIPLINE

# (Unprofessional Conduct / Commission of Fraudulent, Deceitful Acts)

15. Respondent is subject to disciplinary action under Code section 4301, subdivision (f), for committing fraudulent and deceitful acts constituting unprofessional conduct. In or about the year 2000, through ERW, a reverse distributor, Respondent presented false claims to drug manufacturers regarding returned drugs in order to obtain unearned financial benefit. Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 14, above.

#### SECOND CAUSE FOR DISCIPLINE

# (Knowingly Creating a Document Containing Factual Misrepresentations)

16. Respondent is subject to disciplinary action under Code section 4301, subdivision (g), for knowingly creating documents containing factual misrepresentations, thus constituting unprofessional conduct. In or about the year 2000, Respondent presented claims through ERW to drug manufacturers that contained factual misrepresentations regarding

allegedly returned drugs in order to obtain unearned financial benefit. Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 15, above.

### THIRD CAUSE FOR DISCIPLINE

# $(Unprofessional\ Conduct\ /\ Commission\ of\ Acts\ That$

### Would Have Warranted the Denial of a License)

17. Respondent is subject to disciplinary action under Code sections 480 and 4301, subdivision (p), for engaging in unprofessional conduct, specifically, for committing acts that would have warranted the denial of a license. Section 480, subdivision (a)(2) provides that a board may deny a license if the applicant has committed dishonest acts in order to benefit himself financially. In or about the year 2000, Respondent presented false claims through ERW regarding allegedly returned drugs in order to obtain unearned financial benefit, thus constituting a valid ground for license denial under section 480 and constituting unprofessional conduct and a cause for discipline under section 4301, subdivision (p). Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 16, above.

### FOURTH CAUSE FOR DISCIPLINE

# (Unprofessional Acts and Omissions Involving the Exercise of Pharmaceutical Education, Training, and Experience)

18. Respondent is subject to disciplinary action under Code section 4306.5 for committing unprofessional acts involving the exercise of professional pharmaceutical education, training, and experience. In or about the year 2000, Respondent fraudulently committed unprofessional acts when he presented false claims through ERW regarding allegedly returned drugs in order to obtain unearned financial benefit. The process of preparing false claims through ERW, and the utilization of a pharmaceutical specialty company, namely ERW, to process these claims, utilized specialized knowledge, which Respondent had gained through his pharmaceutical education, training, and experience, constituting unprofessional conduct and a cause for discipline under section 4306.5. Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 17, above.

### FIFTH CAUSE FOR DISCIPLINE

### (Preparing and Presenting False Claims for Payment)

19. Respondent is subject to disciplinary action under section 810, subdivision (a)(2) for preparing and presenting false claims for payment, which constitutes a specifically identified form of unprofessional conduct. In or about the year 2000, Respondent fraudulently presented false claims through ERW regarding allegedly returned drugs in order to obtain unearned financial benefit. Respondent's involvement in the fraudulent scheme is more fully described in paragraphs 11 through 19, above.

### 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 Pharmacist License Number RPH 37204, issued to Respondent;
- 2. Ordering Respondent 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
  - 3. Taking such other and further action as deemed necessary and proper.

DATED: 7/22/08

VIRGINIA HEROLD Executive Officer

Board of Pharmacy Department of Consumer Affairs

State of California Complainant