

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Laura E. Duffy***

Assistant U.S. Attorneys Joseph Price 619-546-7642 Joseph Purcell 619-546-7643

For Immediate Release

\$1.25 Million Settlement Reached with San Diego Pharmacy Owners for Failing to Account for Prescription Painkillers

NEWS RELEASE SUMMARY - March 1, 2012

United States Attorney Laura E. Duffy announced today that the former owners of three San Diego pharmacies have entered into a settlement agreement with the federal government and have paid \$1.25 million to resolve allegations that the owners failed to conduct inventory controls and were unable to account for significant amounts of prescription painkillers. The settlement is with Fadi Atiya, a licensed pharmacist, and his brother Ramsey Atiya, both of San Diego County, who, along with their uncle Akram “Max” Atiya, formerly owned three pharmacies in San Diego: (1) Galloway Pharmacy, 2995 National Avenue; (2) Park Boulevard Pharmacy, 3904 Park Boulevard; and (3) White Cross Pharmacy, 4074 Fairmount Avenue.

After federal search warrants were executed at the Galloway, Park Boulevard, and White Cross pharmacies in 2008, U.S. Drug Enforcement Agency Diversion investigators conducted an inventory audit. The Atiyas were unable to account for tens of thousands of tablets of the powerful and highly addictive painkillers hydrocodone – commonly known by its primary brand name, Vicodin – and oxycodone – commonly known by its primary brand name, OxyContin.

The government contends that the Atiyas' failure to manage their inventory provided the opportunity for their pharmacy employees to engage in a widescale practice of ordering and then illegally selling, or "diverting," large amounts of hydrocodone and oxycodone on the black market. The government alleges that, in violation of regulations, the Atiyas failed to conduct inventories, left ordering system passwords in the open so that unauthorized employees could order drugs, failed to report significant losses of drugs, and co-mingled records for controlled and non-controlled substances. Multiple employees of the Galloway, Park Boulevard, and White Cross pharmacies were criminally prosecuted and have pled guilty to charges related to the diversion and distribution of controlled substances

The government alleges that the Atiyas violated the Controlled Substance Act by failing to safeguard and conduct inventory controls at each of their three pharmacies. In addition to paying \$1.25 million in settlement, following the execution of search warrants the Atiyas agreed to surrender their DEA controlled substances registrations and sold their interests in the three pharmacies.

"Abuse of powerful and highly addictive controlled substances like hydrocodone and oxycodone is a growing problem in our community," stated U.S. Attorney Duffy. "These painkillers are subject to strict inventory handling and record-keeping requirements because of their potential for harm. This office will not tolerate cavalier treatment of painkiller inventories by pharmacies and health care providers. This settlement sends a strong message to pharmacy owners and pharmacists that their stores must monitor their inventories to prevent the diversion of highly-addictive prescription narcotics for illicit distribution and improper use. We will continue to seek all appropriate remedies to ensure that pharmacies and health care providers comply with the law when handling these powerful drugs. "

"It is DEA's responsibility to guarantee that these pharmacies are held accountable for their role in ensuring these powerful and potentially dangerous drugs are not diverted for illegal use," said William R. Sherman, Acting Special Agent in Charge of the DEA in San Diego. "DEA will continue to monitor and investigate pharmacies involved in the illegal diversion of controlled substances and ensure that these drugs are not ending up on the streets of our communities."

The investigation leading to the settlement was conducted by Diversion Investigators with the DEA's San Diego Field Division. The case was handled by Assistant U.S. Attorneys Joe Price and Joe Purcell of the Affirmative Civil Enforcement Unit of the U.S. Attorney's Office.