

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

United States Attorney

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For Immediate Release

ALVARADO PHARMACY AND OWNER PLEAD GUILTY TO IMPORTING UNAPPROVED ONCOLOGY DRUGS AND FRAUDULENTLY BILLING MEDICARE

NEWS RELEASE SUMMARY - December 4, 2013

United States Attorney Laura E. Duffy announced today that Alvarado Medical Plaza Pharmacy, Inc. (“Alvarado Pharmacy”) and its owner, William Burdine, pleaded guilty to healthcare fraud charges involving the illegal importation and sale of unapproved cancer drugs to Medicare patients in San Diego.

Alvarado Pharmacy and Burdine entered the pleas before U.S. Magistrate Judge Nita L. Stormes, and are scheduled to return to court on February 21, 2014, for a sentencing hearing before U.S. District Judge Janis L. Sammartino. The guilty pleas must be accepted by Judge Sammartino before becoming final.

In pleading guilty to a charge of Health Care Fraud, Alvarado Pharmacy admitted that between May 2010 and June 2011, it ordered \$752,688.00 of unapproved prescription oncology drugs from a Canadian distributor, Quality Specialty Products (“QSP”). The drugs ordered from QSP were unapproved versions of drugs sold in the United States as Avastin, Eloxatin, Gemzar, Neupogen, Rituxin, Taxotere, and Zometa, and were shipped from Canada to Alvarado Pharmacy in San Diego. The pharmacy admitted that it was aware that the drugs were not intended for sale in the United States because (a) the packaging and shipping documents indicated that the drugs were shipped from outside the United States; (b) many of the invoices identified the origin of the drugs and intended markets for the drugs as countries other than the United States; (c) the labels did not bear the “RX Only” language required by the Food and Drug Administration (“FDA”); (d) the labels did not bear the National Drug Code numbers found on the labels of the drugs intended for the U.S. market; (e) many of the labels had information in foreign languages; (f) the drugs were purchased at a substantial discount; and (g) the packing slips indicated that the drugs came from Canada.

Alvarado Pharmacy further admitted that it supplied the unapproved foreign oncology drugs purchased from QSP to doctors pre-mixed, in an infusion bag, without advising the doctors that the drugs came from abroad and were not approved for use in the United States. The pharmacy admitted that it was aware that some of these drugs from QSP would be administered to Medicare patients, and doctors would bill Medicare for those drugs using the reimbursement code for the FDA-approved drugs. As Medicare provides reimbursement only for drugs approved for use in the United States, Alvarado Pharmacy caused scores of such false claims for Medicare reimbursement to be submitted by doctors. Indeed, between May 2010 and June 2011, Alvarado Pharmacy caused Medicare to be defrauded out of \$1,004,284.04 in unapproved foreign drugs.

William Burdine, the owner of Alvarado Pharmacy and a pharmacist licensed in the State of California, also pleaded guilty today to unlawfully importing the unapproved oncology drugs into the United

States. Burdine admitted that he ordered the unapproved oncology drugs from QSP in Canada, knowing that it was unlawful to import into the United States drugs that have not been approved by the FDA for use and sale in this country.

Individuals who are concerned about oncology drugs they may have received from Alvarado Pharmacy or William Burdine are encouraged to contact their treating physician.

DEFENDANTS

Criminal Case No. 13cr4295-JLS

Alvarado Medical Plaza Pharmacy, Inc.

William Burdine

SUMMARY OF CHARGES

Alvarado Medical Plaza Pharmacy Inc.

Health Care Fraud, in violation of Title 18, United States Code, Section 1347.

Maximum Penalty for a corporation: 5 years' probation, a \$500,000 fine and \$400 special assessment.

William Burdine

Importation Contrary to Law, in violation of Title 18, United States Code, Section 545.

Maximum Penalty: 10 years in custody, \$250,000 fine and a \$100 special assessment

AGENCY

U.S. Food and Drug Administration, Office of Criminal Investigations