

SETTLEMENT AGREEMENT

This agreement is entered into by and between Allcare Discount Pharmacy (“Allcare Discount Pharmacy”) and Hiren Zala (“Zala”), individually, and the United States of America, acting through its United States Attorney for the Northern District of Illinois on behalf of the United States Department of Justice, Drug Enforcement Administration (“DEA”). The effective date of this agreement is the date of the last signature on the agreement.

I. Recitals

1. The United States of America has informed Allcare Discount Pharmacy and Zala, and their counsel, from facts now available to the United States Department of Justice, that the conduct of Allcare Discount Pharmacy with respect to its failure to maintain accurate records and inventories and its failure to provide effective controls and procedures to prevent theft and diversion of controlled substances may give rise to civil liability under the 21 U.S.C. § 801, *et seq.*, as amended.

2. The United States has determined that it has good cause to initiate a civil action alleging certain claims and causes of action against Zala and Allcare Discount Pharmacy under 21 U.S.C. §§ 827 and 842(a)(5), for civil penalties.

3. At all relevant times, Allcare Discount Pharmacy was registered as a retail pharmacy with the DEA to handle Schedule II through V controlled substances at its location at 2750 W North Ave, Suite 207, in Chicago, Illinois. At all times relevant, Zala was the owner and pharmacist-in-charge at Allcare Discount Pharmacy.

4. As part of its registration with the DEA, Allcare Discount Pharmacy was required to buy, store, sell, and dispense certain specified controlled substances in accordance with federal law, including the terms of 21 C.F.R. §§ 1301.71, *et seq.*, including maintaining accurate records of Schedule II through V controlled substances. Zala was also required to handle Schedule II through V controlled substances in accordance with federal law, including the terms of Allcare Discount Pharmacy's registration with the DEA.

5. In December 2017, Allcare Discount Pharmacy submitted a "Drug Theft or Loss Report" to the DEA, which reported that 190 tablets of hydrocodone-acetaminophen 10mg/325mg were stolen from Allcare Discount Pharmacy through employee pilferage on December 21, 2017. In January 2018, DEA investigators conducted a controlled substance accountability audit of Allcare Discount Pharmacy. As a result of these inspections, the United States Department of Justice contends that Allcare Discount Pharmacy failed to maintain accurate records for a variety of controlled substances and failed to provide effective controls and procedures to prevent theft and diversion of controlled substances.

6. The United States contends that Allcare Discount Pharmacy is liable for violations of the reporting requirements of 21 U.S.C. § 842(a)(5), at a maximum penalty of \$19,246 per violation. 21 U.S.C. § 842(c); 28 C.F.R. § 85.5. The United States also contends that Allcare Discount Pharmacy is liable for violations under 21 U.S.C. § 827 at a maximum civil penalty of \$124,825 per violation. 21 U.S.C. § 842(c); 28 C.F.R. § 85.5.

7. Without the filing of a complaint and the adjudication of any issue of fact or law, the parties agree to settle, compromise and resolve all issues and actual or potential disputes between them based upon the United States' allegations that between October 2015 and August

2018, Allcare Discount Pharmacy and its owner (1) failed to maintain complete and accurate records and inventories of controlled substances; (2) failed to keep and maintain on a current basis, a complete and accurate record of each controlled substance received, sold, delivered, or otherwise disposed of; (3) failed to report the theft or loss of controlled substances prior to December 2017 even though theft was occurring from October 2015 up until December 2017; and (4) failed to provide effective controls and procedures to prevent theft and diversion of controlled substances, including but not limited to failing to properly secure its controlled substances, failing to regularly review security footage, failing to independently verify the perpetual log, and failing to properly supervise employees who had access to controlled substances and who maintained the records of Allcare's controlled substance inventories. The United States' claims and allegations against Zala and Allcare Discount Pharmacy under 21 U.S.C. § 842 and/or the CSA's implementing regulations as set forth above in this Paragraph 7 shall hereinafter be referred to as the "Covered Conduct."

II. Terms of Agreement

1. In accordance with the mutual covenants and agreements made herein, and with full authority to enter into this agreement and to be bound thereby, the parties agree as follows:

(a) Allcare Discount Pharmacy and Zala shall pay to the United States the sum of \$250,000 (Two Hundred Fifty Thousand Dollars) by wire transfer, within 30 days of the execution of this agreement; said payment to be made according to wire transfer instructions provided by the Financial Litigation Unit, United States Attorney's Office, 219 South Dearborn Street, Chicago, Illinois 60604.

(b) This is a publicly available document, and Allcare Discount Pharmacy and Zala waive any claim that this or any other document filed in this case along with any information contained therein is subject to the Privacy Act of 1974, 5 U.S.C. § 552(a).

(c) Allcare Discount Pharmacy and Zala waive, release, and promise to refrain from instituting any civil or administrative claim, action, charge, suit or proceeding against the United States or the DEA, or their officers, agents, and employees, arising from the Covered Conduct or the United States' investigation and resolution of claims based upon the Covered Conduct.

(d) In consideration of the full and timely payment of the sum agreed upon in subparagraph 1(a) of this agreement and complete compliance with any and all of the other above described terms and conditions, the United States waives, releases, and promises to refrain from instituting any civil or administrative claim, action, charge, suit or proceeding by or on behalf of the DEA, arising from the Covered Conduct.

2. Nothing in this agreement is to be construed to prevent the United States from proceeding against Allcare Discount Pharmacy or Zala to recover any amounts determined or to be determined to be due and owing the United States arising out of other violations of 21 U.S.C. § 801, *et seq.*, or other matters which are not the subject of this settlement agreement, as reflected in the paragraphs above. At this time, the government is unaware of any other violation of 21 U.S.C. § 801.

3. This agreement shall not be construed as an admission of liability, wrongdoing or guilt on the part of Allcare Discount Pharmacy and/or Zala.

4. Nothing in this agreement is intended to affect any liability or claims Allcare Discount Pharmacy or Zala has or may have under the Internal Revenue laws, Title 26 of the United States Code.

5. Should Allcare Discount Pharmacy or Zala subsequently be determined to have violated the terms and conditions of this settlement agreement, then they shall be liable to the United States for any costs and attorney's fees incurred by the United States in any action against him for noncompliance with this settlement agreement.

6. Each party to this agreement shall bear its own costs, expenses and fees, including any attorney's, accountant's, and expert witness fees that have been incurred in connection with the investigation and settlement of this matter.

7. Each party who signs this agreement in a representative capacity warrants that he or she is duly authorized to do so.

8. This agreement constitutes the full and complete agreement between the parties, with respect to the matters covered herein, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced.

Dated: September 2, 2025

UNITED STATES OF AMERICA

ANDREW S. BOUTROS
United States Attorney

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Dated: August 15th, 2025

Hiren Zala
HIREN ZALA, individually and as Owner of Allcare
Discount Pharmacy

Dated: August 15, 2025

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