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Sent: Wednesday, July 23, 2008 7:32 PM
To: Brian Witte
Subject: Customer Limitations by Controlled Substance Chemical Family

Here is a short summary from start. Take out what you don't think is necessary.

In July 2007 we were asked to attend a meeting at DEA Headquarters in Washington, DC that was scheduled for August 2007. Al Paonessa III, Diane Miranda, Tracey Hernandez and I attended. DEA was concerned with the amount of controlled substances that we were shipping to some of our customers. After the initial call regarding the request for a meeting DEA asked for significant changes immediately, even prior to us traveling to Washington. We put 1 pc limits on all of our controlled substances that are available in 100ct bottles and made every other size unavailable until we could meet. One we met with them they noticed the changes we had made based on reviewing our monthly ARCOS submissions. In their(DEA) research they found that the average pharmacy did not use more than 5000 dosage units of a controlled substance chemical per month, specifically Hydrocodone was used as the example. We used that as benchmark to create our threshold and allow all of our customers to purchase up to the 5000. DEA is aware there are some pharmacies that could far exceed 5000 dosage units per month. We review past sales history as well as the percentage of controlled substance sales vs. non controlled substance sales before giving any customers an increase over the 5000 dosage units per month and also created a questionnaire if necessary to gather more information about the account. The only individuals that review any information to determine if a customer should get an increase are the Kim Bloom, Jim Gatto and I.

Thanks
Mike

