

**REPORT OF INVESTIGATION**

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1. Program Code	2. Cross File Related Files	3. File No. [REDACTED]	4. G-DEP Identifier [REDACTED]
5. By: David A Tettamble, DI At: St. Louis FDO	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	6. File Title Walgreen Company DBA/Walgreens	
7. <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Requested Action Completed <input type="checkbox"/> Action Requested By:		8. Date Prepared 08-30-2012	
9. Other Officers: GS Pete Kleissle, DI's Brian Hudson and George Matsantonis			
10. Report Re: Case Closing and Scheduled Investigation of WALGREENS Distribution Warehouse, 5100 Lake Terrace, Mount Vernon, Illinois, DEA #RW0152467 [REDACTED]			

**SYNOPSIS:**

This regulatory investigation was conducted in accordance with the St. Louis Division Office Diversion Work Plan for FY-2012. This is the sixth regulatory investigation for DEA Registration RW0152467.

The WALGREEN CO. Mount Vernon Distribution Center DBA/WALGREENS is registered with DEA at 5100 Lake Terrace, Mount Vernon, IL 62864, telephone number 618-244-9100, as a distributor of schedules III-V controlled substances under DEA Registration RW0152467.

A security test of the F.E. Moran Inc electronic security system was conducted on 08/29/2012 and all zones tested were functioning properly.

A controlled substance accountability was conducted for Hydrocodone 10/660, Hydrocodone 10/650, Vicodin ES 7.5/750, Alprazolam 2mg XR, Phentermine 37.5, and Lyrica 100mg. The audit revealed no discrepancies. All records reviewed were in compliance with Federal Regulations.

No violations were discovered during this scheduled investigation, this case is closed.

11. Distribution: Division [REDACTED]  District  Other [REDACTED]	12. Signature (Agent)  David A Tettamble, DI	13. Date 09-06-2012
	14. Approved (Name and Title) /s/ Nicole M Krieg for GS MFS	15. Date 09-07-2012

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**WAG-MDL-00320**  
Admitted: 06/17/2022

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**ENCLOSURES**

1. Licenses
2. Notice of Inspection, DEA Form 82
3. List of Controlled Substances on Location
4. Computation Chart
5. Closing Inventory
6. Supplier List
7. Customer List
8. Employee List with Access to Controlled Substances

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**BASIS FOR INVESTIGATION:**

This investigation was initiated in accordance with the St. Louis Division Office Diversion Work Plan for FY 2012. WALGREEN CO. DBA/WALGREENS in Mount Vernon, Illinois is registered with the DEA as a distributor of schedules III - V controlled substances.

**SUBJECT FIRM'S BACKGROUND:**

1. The Mount Vernon Distribution Center for WALGREEN CO. is registered with the DEA at 5100 Lake Terrace NE, Mount Vernon, Illinois 62864, telephone number 618-244-9100, as a distributor of schedules III - V controlled substances under DEA Registration RW0152467, expiring on 05/31/2013.

2. WALGREEN CO. was originally registered with the DEA on June 5, 1990 and is one of eleven distribution centers supplying WALGREEN CO. drug stores with pharmaceuticals and other merchandise. States covered for controlled substances shipments from this distribution center are Illinois, Missouri, Iowa, Ohio, Alabama, Louisiana, Arkansas, Mississippi, Kentucky, Tennessee, Indiana, South Carolina, Texas, Kansas, and Georgia. This center has 1,511 employees on rotating shifts operating twenty-four hours a day, six days a week. Distribution Center Manager Bill BUSH stated that approximately one percent of the firms total business deals with controlled substances.

3. The distribution center is registered with the State of Illinois as a drug distributor under No. 004-000104, expiring 12/31/2012, and as a controlled substance handler in schedules III through V under license #304-000065, expiring 12/31/2012.

4. WALGREEN CO. was incorporated in 1909 in the State of Illinois for the purpose of manufacturing, compounding, buying, selling and generally dealing in drugs, medicines, chemicals and druggists' sundries of all kinds at wholesale and retail together with all goods, wares and merchandise. Ownership is offered as common stock on the New York Stock

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Exchange. Corporate headquarters is located at 200 Wilmot Road, Deerfield, Illinois 60015.

5. The following is a list of corporate officers:

Name/Title:

Gregory D. Wasson, President and CEO

Mark A. Wagner, Operations and Community Management

Wade D. Miquelon, Chief Financial Officer

Kermit R. Crawford, Pharmacy

Sona Chawla, E-Commerce

Mia M. Scholz, Accounting and Controller

J. Randolph Lewis, Supply Chain Management

Jeffrey Kang, Health and Wellness

Jeffrey Berkowitz, Development and Market Access

Graham Atkinson, Chief Customer Experience Officer

Timothy J. Theriault, Chief Information Officer

Kathleen Wilson-Thompson, Chief Human Resources Officer

Bruce R. Bryant, VP Store Operations

Thomas J. Connolly, Facilities Development

Kimberly L. Feil, Chief Marketing Officer

Chuck Greener, Corporate Affairs and Communications

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W. Bryan Pugh, Merchandising  
Mia M. Scholz, Chief Accounting Officer  
John W. Spina, Retail Integration  
Colins Watts, Chief Innovation Officer  
Denise K. Wong, Information Technology  
Robert G. Zimmerman, Chief Strategy Officer  
Christopher Domzalski, General Auditor  
Jason M. Dubinsky, Treasurer

NADDIS checks on the above referenced individuals revealed no derogatory information.

6. The first regulatory investigation at the Mount Vernon Distribution Center was under case file [REDACTED], conducted in August 1992. Discrepancies included failure to maintain controlled substance records separately or otherwise make them readily retrievable; failure to reflect the strength of each finished form of controlled substance; failure to reflect the actual date the controlled substances were actually distributed; failure to make and keep the required initial inventory; failure to keep the electronic security system in proper working order; failure to report the actual quantity of controlled substances on hand as of 12-31-1991 to ARCOS; failure to report to ARCOS correct and accurate reductions and additions to inventory; failure to notify DEA of its intent to maintain records at a central location. As a result, an administrative hearing was held on 7-20-1993, followed by a Memorandum of Understanding.

7. The second regulatory investigation was under case file [REDACTED] conducted in May of 1999. Discrepancies included restraining the sliding gate in the controlled substances storage cage during the transport of the wheeled cages to the shipping area; failure to completely fill out the DEA

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Form 106, Report of Theft or Loss of Controlled Substances; failure for the physical security system to transmit a signal directly to a central station protection agency. As a result, a Letter of Admonition was sent to the WALGREEN CO. Mount Vernon Distribution Center dated 6/15/1999.

8. The last regulatory investigation for WALGREEN CO. in Mount Vernon, IL was under case file [REDACTED], conducted on 09/07/2010. The investigation revealed no security or recordkeeping discrepancies.

**INDIVIDUALS INTERVIEWED AND PERSONAL RESPONSIBILITIES:**

1. On 08/28/2012 DI's David Tettamble, Brian Hudson, and George Matsantonis traveled to WALGREEN CO. located at 5100 Lake Terrace, Mount Vernon, IL and presented their DEA credentials and a Notice of Inspection to Distribution Center Manager Bill BUSH. Mr. BUSH acknowledged he understood and signed the Notice of Inspection. Mr. BUSH received a signed copy for his records (Enclosure). Also present during the meeting was Administration and Systems Training Manager Maurya GILL.

2. Mr. BUSH is the individual responsible for controlled substance records. Ms. GILL was responsible for providing the majority of all requested documents.

**SCOPE OF INVESTIGATION:**

1. The on-site portion of this investigation was initiated on 08/28/2012 and concluded on 08/29/2012 after a closing discussion with management.

2. The controlled substance audit period extended from 02/21/2012 close of business through 08/28/2012 close of business. The firm's weekly physical count on 06/01/2011 close of business was used as the initial inventory date for ARCOS and non-ARCOS reportable controlled substances. Ms. GILL provided DI Tettamble with a complete list of controlled substances currently on location (Enclosure).

3. The controlled substances selected for the audit are as follows:

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Controlled Substance Strength(mg) Size Schedule

Hydrocodone	10/660	100ct. CIII
Hydrocodone	10/650	100ct. CIII
Vicodin	7.5/750	100ct. CIII
Alprazolam XR	2mg	100ct. CIV
Phentermine	37.5	100ct. CIV
Lyrica	75.0	90ct. CV

4. The controlled substance accountability audit revealed no discrepancies (Enclosure). Audited controlled substances were selected based on the popularity of abuse in the local area and the volume of movement into and out of the WALGREEN CO. distribution center. Records used in this audit included computerized receiving records labeled "Controlled Item Receipts" and computerized shipping records labeled "Control Drug Shipments by Item Report". The reports were itemized by drug name and drug item number. The receiving records included the supplier's store name, store number, address and DEA number. The receiving report then listed the name of the controlled substance, the report period, the date received and approved, the amount ordered and received, the purchase order number, the freight bill and the carrier. The shipment report included the customer's DEA number, store number, name and address, how much was shipped, and the shipment number and date.

**RECORD KEEPING**

1. Initial Inventory - The initial inventory date of 06/01/2011 was obtained from the Strategic Inventory Management System (SIMS). The printout included the item number, drug name and description, the date counted and the quantity counted. The computer printout was verified as accurate by Ms. GILL.

2. The latest biennial inventory was dated 12/31/2010 Close of Business. The biennial inventory was reviewed by Investigators and deemed as accurate.

3. Closing Inventory - A closing inventory was taken by DI's Tettamble, Matsantonis, and DI Hudson in the presence of Ms. GILL

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on 08/28/2012 close of business. The inventory was taken after all controlled substances had been picked and restocked for the day. Counts were verified with the computer SIMS inventory. There were no audit items in the "Damaged RX Cage". Upon completion of taking the closing inventory, Ms. GILL acknowledged the accuracy of the count by reviewing and signing the Investigator's findings (Enclosure).

4. Receipts - Receiving records include the name, address and DEA number of the company the order is from, a bill-to address and a ship-to address along with WALGREEN CO.'s DEA number. The form also lists an item number, an NDC number, a quantity ordered and a quantity shipped. A description of the item received, which includes the name of the product, the strength of the drug, how much of the drug is in each bottle, and the schedule of the drug. The size of the bottle and the form of the controlled substance and the drug schedule is listed again to the right of the description with each descriptor in separate columns. A unit price and an extended price are also included. A total price is located in the lower right corner of the invoice along with a due date. With controlled substances, a brief sentence stating the date the drug was shipped and the DEA number of the receiving company is printed below the order.

5. Ms. GILL provided DI Tettamble with a copy of a receiving record for review. All required information was identified on the receiving record by DI Matsantonis.

6. WALGREEN CO. receives products from numerous vendors around the country 24 hours a day. Ms. GILL provided Investigators with a list of all vendors that ship products to WALGREEN CO. (Enclosure). When controlled substances arrive at the Mt. Vernon Distribution Center, they are unloaded and counted by two team members. When the count is verified, a receiver checker signs the invoice and the controlled substances are scanned into the computer. The controlled substances are then moved to the controlled substance cage by a transporter where they are re-checked again for accuracy. Once the transporter verifies the count for accuracy, a floor manager will approve the verification.

7. Distribution Records: WALGREEN CO. distributes their products to approximately 650 Walgreen stores in eight states. A complete list of the

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Walgreen stores that order from WALGREEN CO. was provided for the Investigators (Enclosure). All orders from WALGREEN CO. are taken electronically via email. At the top of the electronic order form, titled "Order Entry/Maint By Ship To", lists the Walgreen's store number and address, order number, and the distribution center name. The body of the order form contains the name, strength, size and quantity of the drug(s) ordered, and the item number of the product. The order is received at WALGREEN CO. on the computer and the order is processed. A review of the order form by the Investigators revealed that all required information was in place. For controlled substances that are lost in transit, the Loss Prevention personnel are contacted regarding the loss and given as much information as necessary. WALGREEN CO. will conduct an internal investigation tracking the controlled substances through the entire shipping process at the distribution center as well as an investigation of the driver of the delivery truck. If it is necessary, the local police department is called. It is also determined who will fill out the DEA Form 106-Report of Theft or Loss of Controlled Substances.

8. Records of Returned or Damaged Goods: WALGREEN CO. does not accept any returns of their products to the Mt. Vernon Distribution Center. All Walgreen's stores are ordered to keep any products that are damaged at their respective store and dealt with there. If any controlled substances arrive that are damaged, a function manager contacts the supplier of the product and reports the damage. The controlled substances are stored inside of a black cabinet inside of the cage until they are ready to be shipped back to the vendor. The receiving invoice is signed as short, indicating the damaged quantity not being received by the firm.

9. If any controlled substances are damaged on site during the receiving process, WALGREEN CO. follows their standard operating procedure. The controlled substances are received into the firm's inventory and a DEA Form 41-Registrants Inventory of Drugs Surrendered, is filled out. Any damaged or expired controlled substances are sent to the Walgreen's Distribution Center, Windsor Return Goods Department located in Windsor, Wisconsin.

10. Due Diligence:

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- a. ARCOS - WALGREEN CO. reports to ARCOS on a monthly basis. A complete detailed analysis was conducted as a part of this regulatory investigation by accessing Walgreens ARCOS status and activity system prior to the on site investigation. A review of ARCOS reports with computer inventory records revealed discrepancies/errors. Error Codes E-48 and E-76 which includes NDC number not in drug file, and E-48 DEA Registration Number field #7 is not found on DEA's Master List. Contact with DEA Headquarters advised to disregard errors in these codes.
- b. Drug Theft and Loss - A check of Walgreens DEA Forms 106 revealed none on hand for this audit period
- c. Suspicious Order Reporting - Notification of responsibility to report all suspicious or excessive orders. No suspicious orders.
- d. Effective Controls - all physical controls against diversion in accordance with 21 USC 823 were in place and operational.
- e. Controlled Substance Ordering System (CSOS) - No review of CSOS items with WALGREENS CO was conducted as WALGREENS CO does not handle scheduled II Controlled Substances.

11. Quotas - WALGREEN CO. does not require any verification of quotas.

**DRUG AND EQUIPMENT SECURITY:**

1. The WALGREEN CO. distribution center is located in a two-story concrete and metal building in an industrial area northwest of Mount Vernon, Illinois. WALGREEN CO. property is adjacent to I-64, and the building is visible from the highway. The building is a total of 721,740 square feet and is constructed of steel panels with steel studs. The roof is constructed of steel panels (MR24-ALZN) as well. The metal roof is covered with a fully adhered 60-mil single ply membrane. The middle roof membrane is covered with a #3 stone ballast. The south, west, and a portion of the north area around the building are secured by a chain link fence, approximately 8 feet in height, with three strands of barbed wire along the top of the fence. The shipping entrance is restricted by a security

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guard booth and a lift bar. Entry to the employee parking lot is unrestricted. Ms. GILL provided DI Tettamble a copy of the floor plan for WALGREEN CO. (Enclosure).

2. The WALGREEN CO. building consists of 27,912 square feet of office space and 693,828 square feet of warehouse space. The building has a total of 98 receiving/shipping dock doors and 15 pedestrian doors. All 98 dock doors are located on the south side of the building and are equipped with magnetic contact switches and monitored by infrared motion sensors. All pedestrian doors are equipped with magnetic contact switches. The main employee entrance is along the east wall and consists of a set of double doors that are glass enclosed in steel framing. The double doors are equipped with a magnetic contact switch, glass break sensor and a magnetic card swipe. The magnetic card swipe is located on the outside of the employee entrance to allow access. All card swipes in the building are constrained by the employee's shift, allowing employees access to the building only during their individual shift.

3. The visitor entrance consists of a double glass door enclosed in steel framing and is located in the southeast corner of the building. Upon entering the visitor entrance, a visitor must sign in on a visitor log and include their name, time of arrival, contact person, company represented, and visitor badge number. Once the visitor log is completed, the visitor then enters through another glass door with steel framing to wait in the lounge area for the contact person, who must escort the visitor through the building at all times. The lounge area door is equipped with a magnetic contact switch.

4. WALGREEN CO. has its own security staff on-site. The security staff monitors the facility 24 hours a day. The security staff at WALGREEN CO. is not armed. The security office is located to the left of the employee entrance and monitors approximately 15 cameras placed around WALGREEN CO. F.E Moran Alarm Company installed and monitors the alarm system at WALGREEN CO. The alarm system is tested quarterly basis by WALGREEN CO. The last quarterly test was conducted on 06/03/2012.

5. WALGREEN CO. relies on the Mt. Vernon Police Department and the Jefferson County Sheriff's Department for any matters where police

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involvement is required. WALGREEN CO. has an uninterrupted power supply that runs the computers and security system. On 08/29/2012, DI's Tettamble, Matsantonis, Hudson, and Asset Protection Protection Manager Joshua Derkey tested the security in the controlled substance cage area. Mr. Derkey put the security zone monitoring the controlled substance cage on "test mode". All security devices tested in the cage area were functional.

6. Access to the controlled substances cages is restricted by card readers. Once swipe cards have been read for entry, the same swipe card cannot be used to re-enter until they have been read on exit. Exit can be made, however, by turning a knob inside the cage. When exit in this manner happens, a message is printed out in the security room; and although it may be missed by the guard when it happens, it is recorded for subsequent review.

7. The controlled substances storage cage measures 30' wide, 116' long, and 23' high. Three sides of the cage are 10-gauge wire mesh with 3/8" openings and one wall (south) constructed of corrugated metal covered by 5" reinforced concrete. The posts of the cage are larger than the required 1" diameter and are attached to the concrete floor with lay bolts which have been brazed. The wire mesh has 1½" metal reinforcements approximately every 48" horizontally, which spans the 8' between the metal posts. All bolts to the cage have been brazed. The floor of the cage area consists of 8" thick reinforced concrete on top of 12" of lime stabilized sub-grade.

8. Entrance to the cage is through one of three doors; two doors are 8' X 9' sliding doors which are used for shipping/receiving controlled substances, and the third is a 3' X 8' personnel door. All doors are constructed of 10-gauge reinforced wire mesh with 3/8" openings and are self-closing/ self-locking.

9. There are 15 infrared motion sensors and two security cameras installed inside of the cage. There are three infrared motion sensors in each of the four corners of the cage stacked on top of each other. The motion sensors are approximately 15' above the ground. The top and bottom motion sensor in each corner monitors the inside perimeter of the cage. The middle motion sensor in each corner monitors the center area of the cage. There

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are also three infrared motion sensors located in the isle between the product shelves and the pick to light area. These three motion sensors are approximately 20 feet above the ground. The two security cameras are located in the northwest and southeast corners of the cage and are monitored by the security office through closed circuit television.

10. Ms. GILL provided DI Tettamble with a diagram of the cage area with the positions of all security devices. The security office also showed the Investigators the televisions that monitor the approximately 15 cameras in and around the facility and scanned through the different camera views.

11. DI Tettamble provided Ms. GILL the security camera specifications and locations obtained from WAGREEN CO.'s previous regulatory investigation in 2010. DI Tettamble requested Ms. GILL to review the information and to verify if all specifications and locations for each camera were still accurate. Ms. GILL analyzed the information and related that all installed security devices have been maintained and not moved. The first type of camera is a black and white Pan/Tilt/Zoom (PTZ) Pelco Spectra II with model number DD5AM. The second type of camera is a color PTZ Pelco Spectra II with model number DD5C22. The third type is a fixed camera with model number EH3512. The camera number, type, and location are as follows:

Camera # Type Internal/External Location

1	Fixed	Internal	NW Corner-Main Aisle
2	Fixed	Internal	SW Corner-Main Aisle
3	PTZ	Internal	88-89 Dock-New Dock West
4	PTZ	Internal	79 Dock-New Dock Ctr.
5	PTZ	Internal	69-70 Dock-New Dock East
6	PTZ	Internal	East End OH-South OH
7	PTZ	Internal	East End OH-North OH
8	PTZ	Internal	SW Full Case Pick
9	PTZ	Internal	S Full Case Pick
10	PTZ	Internal	S High Value
11	Fixed	Internal	SW High Value
12	Fixed	Internal	SE High Value
13	Fixed	Internal	NW High Value
14	Fixed	Internal	NE High Value

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15 PTZ Internal 3rd Level Mezz.  
16 PTZ Internal Shipping Dock West  
17 PTZ Internal Shipping Dock Center  
18 PTZ Internal E Commerce Shipping  
19 PTZ Internal Shipping Dock Center  
20 PTZ Internal Shipping Dock East  
21 PTZ Internal SE Corner Old Warehouse  
22 PTZ External Southwest Rooftop  
23 Fixed Internal 1st Floor RX Desk  
24 Fixed Internal 1st Fl RX NW Overhead Dr  
25 Fixed Internal 2nd Level RX  
26 Fixed Internal Front Cafeteria  
27 Fixed Internal Front Cafeteria  
28 PTZ Internal Strapper  
29 PTZ External West Gate  
30 Fixed Internal Computer Room  
31 PTZ External NW Corner  
32 Fixed Internal South End 1st Level RX  
33 Fixed Internal Lobby  
34 PTZ External Center South Rooftop  
35 PTZ External NE Corner Rooftop  
36 PTZ External Center N Side Rooftop  
37 PTZ External Truck Yard 1st Pole  
38 Fixed Internal Front Sorter  
39 PTZ External Truck Yard 3rd Pole  
40 PTZ External Cn Old Warehouse Rooftop  
41 PTZ External Employee Parking Lot N  
42 PTZ External Employee Parking Lot E  
43 PTX Internal Bulk Area  
44 PTZ External Truck Yard 2nd Light Pole  
45 Fixed Internal Rear Sorter South  
46 PTZ Internal North RX 2nd Floor  
47 PTZ Internal N Controlled 2nd Floor  
48 PTZ Internal S Controlled 2nd Floor

12. The two motion sensors inside of the cage area on the ceiling are Radionics, Model #ZX938Z. The twelve motion sensors in the corners of the cage area are Radionics, Model #ZX776Z. The card swipe reader immediately

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outside of the controlled substance cage has model #FP3521A+100.

13. Below is a list of employees who have direct access to the controlled substance cage. The attached list provides the employees name, job position, DOB and SSN (Enclosure):

NAME AREA/DEPARTMENT LISTING

BILL BUSH DC, MANAGER  
WALTER WEGNER, MANAGER OF OPERATIONS  
BRIAN PROST, MANAGER OF OPERATIONS  
MAURYA GILL, SYSTEMS AND ADMINISTRATION MANAGER  
BRIAN MCKAY, OUTBOUND MANAGER FIRST  
JC GAUNT, INBOUND MANAGER FIRST  
KARL WILLIAMS, INBOUND MANAGER SECOND  
SCOTT ROYER, OUTBOUND MANAGER SECOND  
RICHARD AVERY MANAGER THIRD  
DON MAGNUS, MAINTENANCE MANAGER  
TOM BURGIN, WEEKEND FUNCTION MANAGER  
JOSHUA DERKEY, ASSET PROTECTION FUNCTION MANAGER  
MATT SHOOK RX, AM FUNCTION MANAGER  
FAY SARGENT RX, AM FUNCTION LEAD  
KATHY HOLZHAUER, RX PM FUNCTION MANAGER  
MONEKA CAMPBELL, RX PM FUNCTION LEAD  
DUSTY MCCOY, 1st SHIFT ADMIN FUNCTION MANAGER  
MELISSA CLARK, INVENTORY CONTROL MANAGER  
BILL ECKARD, RECEIVING 1ST FUNCTION MANAGER  
ANDY RAINS, RECEIVING 2ND FUNCTION MANAGER  
HOLLY PIERCE, RECEIVING 3RD FUNCTION MANAGER  
DEREK PARMLEY, WEEKEND RECEIVING FUNCTION LEAD  
BILL BECKHAM, SHIPPING 1ST FUNCTION MANAGER  
ANDY RAINS, SHIPPING 2ND FUNCTION MANAGER  
BART RANEY, SHIPPING 3RD FUNCTION MANAGER  
MIKE HALL, SCP & SCS 3RD FUNCTION MANAGER  
SHANDA ELLIS, FCS 1ST FUNCTION MANAGER  
DENISE EDWARDS, FCS 2ND FUNCTION MANAGER  
TRISHA FECHTLER, FCS 3RD FUNCTION MANAGER  
MATT MCFARLAND, MAINTENANCE FUNCTION MANAGER

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JACKEE ALLEN, RX AM TEAM MEMBER  
NICKIE REDFERN, RX AM TEAM MEMBER  
STEVE WALLACE, RX AM TEAM MEMBER  
SUSAN GORDON, RX AM TEAM MEMBER  
KIM DALE, RX AM TEAM MEMBER  
TALLY HARMON, RX AM TEAM MEMBER  
JOAN GREGORY, RX AM TEAM MEMBER  
DEREK SANDERS, RX PM TEAM MEMBER  
DALE CRAWFORD, RX PM TEAM MEMBER  
MICHAEL BLUMEYER, III RX PM TEAM MEMBER  
KELLY BRADFORD, RX PM TEAM MEMBER  
ERNEST CHITWOOD, RX PM TEAM MEMBER  
JEFF CRAWFORD, RECEIVING 1ST TEAM MEMBER  
DONA LENTZ, RECEIVING 1ST TEAM MEMBER  
GINA BREEZE, RECEIVING 2ND TEAM MEMBER  
TRACY HIGGENS, RECEIVING 2ND TEAM MEMBER  
MIKE SPEISER, RECEIVING 3RD TEAM MEMBER  
LISA HOPKINS-EASLEY, 3RD TEAM MEMBER  
VICKE BARKER STOCKER, 3RD TEAM MEMBER  
NATHAN DAY, 3RD TEAM MEMBER  
LARRY SMITH STOCKER, 3RD TEAM MEMBER  
JOE GUERRETTAZ TOTE, LIFTER 3RD SHIFT  
ELAINE HANSONARCOS, CLERK

NADDIS checks on the above referenced individuals revealed no derogatory information.

14. All orders from customers are done electronically through email. Once WALGREEN CO. receives the order, a shipping label and picking ticket are generated. The picking ticket is then taken by a picker inside of the cage and the controlled substances are hand picked and placed in a plastic bag within a plastic tote. Once the order is completed, the tote is then audited for accuracy and sealed. After the tote is sealed, it is transported to a transport cage. WALGREEN CO. uses heavily constructed wire cages on wheels to transfer controlled substances to and from shipping and receiving. These cages measure approximately 5' x 3' x 5' and remain locked with a padlock when outside the controlled substances storage area awaiting transfer to the shipping trailer. The cages are

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secured to a metal railing outside the Rx area in the vicinity of the overheads used to load Rx items onto truck trailers. Before the shipment is loaded onto a delivery truck, the order is verified and the seals are checked for tampering. Company policy requires that shipping containers must not indicate that contents are controlled substances, that a common label is used for non-controlled substances and controlled substances.

15. When controlled substances are loaded, the trailer door is closed and sealed with an electronic lock. A second shipping clerk will verify that the trailer door has been sealed. WALGREEN CO. utilizes RR Donnelley Logistics, 7501 S. Quincey, Willowbrook, Illinois 60527, telephone number 888-880-8372, as the contract carrier for delivery of their products. The contract carriers are divided into eleven routes covering the WALGREEN CO. distribution area. Ms. GILL provided DI Matsantonis a printout of WALGREEN CO.'s common carrier contact info and route information.

16. The facility is open 24 hours a day during the week, operating three shifts a day from Monday through Saturday. Weekend shifts are 4 a.m. to 2 p.m. The janitorial and maintenance staff is on site from 5 a.m. until 3 p.m. Saturday and Sunday. Since receiving and stocking take place on all three shifts, the alarm system to the controlled substances caged area is not turned on until the receivers and stockers leave on Saturday afternoon and then turned off when the Sunday morning shift arrives. Dock doors are secured and alarmed during periods when trailers are not being loaded and receiving shipments are not expected.

17. WALGREEN CO. conducts background checks on all applicants. The Human Resources department is in charge of conducting the background checks. The applicant would complete a form containing the necessary information for the background check. If the applicant is offered employment, the information would be submitted to Choice Point. The firm checks for felony and misdemeanor criminal history. The firm usually receives the results within 48 hours. The Human Resources department ensures that the results are marked as "passed" before the employee may begin work.

18. WALGREEN CO. also conducts drug tests on all applicants. WALGREEN CO. hires Quest Diagnostics to perform urinalysis on all applicants. Drug screens are also performed once a person is employed for two reasons: if

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the employee is behaving in a suspicious manner or if there is an accident while at work. WALGREEN CO. utilizes Cross Roads Hospital and St. Mary's Hospital for emergency medical care.

19. According to Ms. GILL, an identifiable suspicious or excessive order sent to their facility is very uncommon. Orders from the local Walgreens Pharmacies are sent to WALGREEN CO.'s main district office located at 1084 Mount Prospect Plaza, Mount Prospect, Illinois 60056, 847-788-4144. Once the orders from the local Walgreens Pharmacies are sent to the district office, the district office will electronically send the distribution orders to WALGREEN CO.'s facility.

20. Due to all order requests of controlled substances being directed to their district office in Mount Prospect, IL, a suspicious or excessive order will be identified at WALGREEN CO.'s main district office. Ms. GILL related that she could not recall a time when an order was deemed suspicious but not identified by the district office. If what seems to be an excessive order is not caught by the district office, WALGREEN CO. will call the district office and the local Walgreens Pharmacy by phone to verify the order.

21. According to Ms. GILL and Mr. BUSH, no thefts or unexplained losses of controlled substances have occurred in their facility for at least two years. DI Tettamble reviewed the policies of completing a DEA Form 106, Report of Theft or Loss of Controlled Substances.

**INTELLIGENCE INFORMATION:**

Mr. BUSH and Ms. GILL related that they know of no intelligence information relating to the diversion of controlled substances.

**FOREIGN SUPPLIERS AND CUSTOMERS**

WALGREEN CO. does not import or distribute controlled substances outside the United States.

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**VERIFICATIONS:**

1. On 09/05/2012, DI Tettamble contacted Walgreens Pharmacy, Store Number 02617, located at 2329 W. Clay, St. Charles, MO 63301 636/949-6613, to verify them as customers from WALGREEN CO. in Mount Vernon, Illinois. Pharmacy Manager Christina Crump confirmed that their DEA Registration was BW2820923 and that WALGREEN CO. distributes controlled substances to their pharmacy.

2. On 09/05/2012, DI Tettamble contacted Walgreens Pharmacy, Store Number 02808, located at 1723 Broadway Street, Quincy, Illinois 62301 217/222-0792 to verify them as customers from WALGREEN CO. in Mount Vernon, Illinois. RPh Chris A. Schmidt confirmed that their DEA Registration was AW3585013 and that WALGREEN CO. distributes controlled substances to their pharmacy.

3. On 09/05/2012, DI Tettamble contacted Walgreens Pharmacy, Store Number 09145, located at 1900 W. Jefferson Street, Springfield, Illinois 62702 217/787-0648, to verify them as customers from WALGREEN CO. in Mount Vernon, Illinois. Store RPh Deloris Spain confirmed that their DEA Registration was BW8988973 and that WALGREEN CO. distributes controlled substances to their pharmacy.

**SPECIAL ASSIGNMENTS:**

No special assignments were executed during this regulatory investigation.

**CLOSING DISCUSSION WITH MANAGEMENT:**

1. On 08/29/2012, GS Pete Kleissle, DI's David Tettamble, George Matsantonis, and Brian Hudson met with Distribution Center Manager, Bill Bush and Administration & Systems Training Manager, Maurya GILL to discuss the results of WALGREEN CO.'s regulatory investigation. DI Tettamble informed Mr. BUSH and Ms. GILL that no discrepancies were discovered during their audit of controlled substances. DI Tettamble related that all reviewed WALGREEN CO. records and security procedures were compliant under the Federal Codes of Regulations, however, based on retrieved ARCOS information some errors were detected by Headquarters (HQ). It should be

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noted that analysis of the records indicated that errors identified by HQ were insignificant and ARCOS reports were filed in a timely fashion.

2. Mr. BUSH and Ms. GILL were given an opportunity to ask questions relating to the requests and actions of the Investigators during this regulatory investigation. Ms. GILL related that she would keep a binder of all requested information during this regulatory investigation. Ms. GILL stated that she would update the information and have it readily available for WALGREEN CO.'s next regulatory investigation. Having completed all phases of this scheduled investigation, including a closing discussion with management and satisfying regulatory constraints, this case is closed.

#### INDEXING

1. WALGREEN CO. - [REDACTED] - Remarks: FY 2012 Regulatory Investigation conducted with no discrepancies or derogatory information revealed at conclusion.
2. BUSH, Bill - [REDACTED] - Phone: 618-244-8701. Remarks: Distribution Center Manager with access to controlled substances at WALGREEN CO [REDACTED].
3. GILL, Maurya - [REDACTED] - Phone: 618-244-8711. Remarks: Administration & Systems Training Manager with access to controlled substances at WALGREEN CO [REDACTED].
4. RODRIGUEZ, Kevin - [REDACTED] - Remarks: None.
5. WEGNER, Walter - [REDACTED] - Remarks: None.
6. PROST, Brian - [REDACTED] - Remarks: None.
7. MCKAY, Brian - [REDACTED] - Remarks: None.
8. GAUNT, JC - [REDACTED] - Remarks: None.
9. WILLIAMS, Karl - [REDACTED] - Remarks: None.

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10. ALLARDYCE, Shawn - [REDACTED] - Remarks: None

11. AVERY, Richard - [REDACTED] - Remarks: None.

12. MAGNUS, Donald - [REDACTED] - Remarks: None.

13. BURGIN, Tom - [REDACTED] - Remarks: None.

14. DERKEY, Joshua - [REDACTED] - Remarks: None.

15. ROYER, Scott - [REDACTED] - Remarks: None.

16. SARGENT, Fay - [REDACTED] - Remarks: None.

17. HOLZHAUER, Kathy - [REDACTED] - Remarks: None.

18. OATHOUT, Cordell - [REDACTED] - Remarks: None.

19. MCCOY, Dusty - [REDACTED] - Remarks: None.

20. ANDERSON, Greg - [REDACTED] - Remarks: None.

21. ECKARD, Bill - [REDACTED] - Remarks: None.

22. MATHUS, Dale - [REDACTED] - Remarks: None.

23. PIERCE, Holly - [REDACTED] - Remarks: None.

24. PARMLEY, Derek - [REDACTED] - Remarks: None.

25. BECKHAM, Bill - [REDACTED] - Remarks: None.

26. RANEY, Bart - [REDACTED] - Remarks: None.

27. HALL, Mike - [REDACTED] - Remarks: None.

28. ELLIS, Shanda - [REDACTED] - Remarks: None.

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29. DIXON, Scott - [REDACTED] - Remarks: None.

30. OWENS, Terry - [REDACTED] - Remarks: None.

31. MCFARLAND, Matt - [REDACTED] - Remarks: None.

32. ALLEN, Jackee - [REDACTED] - Remarks: None.

33. REDFERN, Nickie - [REDACTED] - Remarks: None.

34. WALLACE, Stephen - [REDACTED] - Remarks: None.

35. GORDON, Susan - [REDACTED] - Remarks: None.

36. DALE, Kim - [REDACTED] - Remarks: None.

37. MICK, Kim - [REDACTED] - Remarks: None.

38. MICK, Beth - [REDACTED] - Remarks: None.

39. WHITTINGTON, Jeffery - [REDACTED] - Remarks: None.

40. CRAWFORD, Dale - [REDACTED] - Remarks: None.

41. HENDRICKS III, Chris - [REDACTED] - Remarks: None.

42. MCADAMS, Carl - [REDACTED] - Remarks: None.

43. CHITWOOD, Ernest - [REDACTED] - Remarks: None.

44. CRAWFORD, Jeff - [REDACTED] - Remarks: None.

45. KLUTE, Jan - [REDACTED] - Remarks: None.

46. EDWARDS, Heather - [REDACTED] - Remarks: None.

47. RIVERA, Stacey - [REDACTED] - Remarks: None.

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48. BUNDY, Derek - [REDACTED] - Remarks: None.

49. SPEISER, Mike - [REDACTED] - Remarks: None.

50. HANSON, Elaine - [REDACTED] - Remarks: None.