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District of Colorado

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October 17, 2008

SUPERIOR MEDICAL SUPPLY OF WESTMINSTER AGREES TO SETTLE CLAIMS THAT IT FAILED TO PROPERLY CONTROL PRESCRIPTION MEDICATION

DENVER – Superior Medical Supply, Incorporated, of Westminster, Colorado, has agreed to settle allegations of improperly controlling controlled substances, and not filing required reports with the Drug Enforcement Administration, the United States Department of Justice announced today. The agreement calls for Superior Medical Supply to pay \$200,000 in civil penalties to the United States to settle allegations that it violated the Controlled Substances Act.

According to the settlement agreement, Superior Medical Supply is a Colorado corporation headquartered in Westminster, Colorado. Among other things, Superior is in the business of distributing branded and generic prescription drugs, as well as over-the-counter medications, to retail pharmacies, surgical centers, and doctors' offices located throughout the United States.

The United States alleged that on at least 58 occasions between January 1, 2007 and September 1, 2007, Superior maintained inaccurate and incomplete records related to the receipt, delivery, sale, and disposal of controlled substances that it received and distributed to its customers. Further, Superior failed to take an accurate inventory of the controlled substances it had in stock on February 8, 2007. The U.S. further alleges that during that same time frame, Superior sold large quantities of hydrocodone to several retail pharmacies, failing to report those suspicious orders to the DEA. Every DEA registrant is required to report to DEA any suspicious orders of controlled substances.

By entering into this Settlement Agreement, Superior does not admit to the violations alleged as a result of any DEA investigations, or to any violation of law. Superior explicitly denies any allegations of violations of the Controlled Substances Act or DEA regulations. The settlement agreement is not a concession by the United States that its claims are not well founded.

"Prescription drug abuse is the fastest-growing category of drug crime, and corporate responsibility has never been more important," said U.S. Attorney Troy Eid.

"DEA will continue to monitor and inspect pharmaceutical companies to assure the public these companies are in compliance with Federal Laws and Regulations and to detect and prevent

diversion of controlled substances,” said Jeffrey Sweetin, Special Agent in Charge for the DEA’s Denver Field Division.

The Controlled Substances Act is the primary federal law regulating the flow of controlled substances into the marketplace for medical purposes. Among other requirements, the Act requires that distributors register with the DEA to sell controlled substances to retail pharmacies and report to the DEA suspicious orders or the theft or significant loss of controlled substances. The Act authorizes the imposition of up to a \$10,000 civil penalty for each violation of the reporting requirement.

This case was handled by Assistant U.S. Attorney Amanda Rocque. Investigatory assistance was provided by the DEA

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