

SETTLEMENT AGREEMENT WITH THE STATE BOARD OF PHARMACY
(Docket No. D-020206-037)

In the Matter of:

PetMed Express, Inc.
c/o Richard C. Schwartz, R.Ph.
1441 S.W. 29th Avenue
Pompano Beach, Florida 33069
(Terminal Distributor No. 02-1010000)

This Settlement Agreement is entered into by and between PetMed Express, Inc., and the Ohio State Board of Pharmacy, a state agency charged with enforcing the Pharmacy Practice Act and Dangerous Drug Distribution Act, Chapter 4729. of the Ohio Revised Code.

PetMed Express, Inc., enters into this Agreement being fully informed of its rights afforded under Chapter 119. of the Ohio Revised Code, including the right to representation by counsel and the right to a formal adjudication hearing on the issues contained herein.

PetMed Express, Inc., is knowingly and voluntarily acknowledging that, in order to settle the charges that have been filed by the Board against PetMed Express, Inc., and in order to obviate the need to conduct an administrative hearing to consider disciplinary sanctions against its license, PetMed Express, Inc., enters into this settlement agreement. PetMed Express, Inc., expressly denies the allegations stated in the Notice of Opportunity for hearing letter dated February 6, 2002, attached hereto and incorporated herein for reference purposes; however, the Board believes that it has evidence sufficient to sustain the allegations to adjudicate the same. This Agreement is entered into on the basis of the following stipulations, admissions, and understandings:

- (1) The Ohio State Board of Pharmacy is empowered by Section 4729.57 of the Ohio Revised Code to suspend, revoke, refuse to renew, or impose a monetary penalty on any terminal distributor of dangerous drugs for violation of any of the enumerated grounds.
- (2) PetMed Express, Inc., is licensed with the Ohio State Board of Pharmacy as a Terminal Distributor of Dangerous Drugs pursuant to Section 4729.551 of the Ohio Revised Code; Richard C. Schwartz, R.Ph., is the Responsible Pharmacist pursuant to Rule 4729-5-11 of the Ohio Administrative Code and Sections 4729.27 and 4729.55 of the Ohio Revised Code.
- (3) This agreement settles all matters between the parties, both known and unknown, which could be the subject of disciplinary action, including actions which may be taken by other licensing authorities for acts which may have occurred prior to the date of this agreement, up to the time of the execution of this agreement.

Wherefore, in consideration of the foregoing and mutual promises hereinafter set forth, and in lieu of any formal proceedings at this time, PetMed Express, Inc., knowingly and voluntarily agrees with the State Board of Pharmacy to the following:

- (A) PetMed Express, Inc., agrees to the imposition of a monetary penalty of Thirty-Five Thousand Dollars (\$35,000.00) due and owing as follows: Five-Thousand Dollars (\$5,000.00) per month for a period of seven consecutive months, the first payment to be made within 30 days of the effective date of this Agreement. Additionally, PetMed Express, Inc., agrees to reimburse the Ohio State Board of Pharmacy for its documented costs of investigation, capped at the sum of Nine Thousand Dollars (\$9,000.00), payable within 30 days of the effective date of this Agreement. The monetary penalty and costs of investigation should be made payable to the "Treasurer, State of Ohio" and mailed with the enclosed form to the State Board of Pharmacy, 77 S. High Street, Room 1702, Columbus, Ohio 43215-6126.
- (B) PetMed Express, Inc., agrees to the imposition of a five-year term of probation; PetMed Express, Inc., may petition the Board for early termination of said probation at any time after three years from the date of this agreement.
- (C) Terms of probation include the following:
 - (1) PetMed Express, Inc., agrees to abide by the laws and regulations of the states in which it practices pharmacy and/or dispenses drugs pursuant to prescriptions.
 - (2) PetMed Express, Inc., when dispensing medications into the State of Ohio, agrees to refrain from knowingly accepting prescriptions from veterinarians who have not physically examined the animal and therefore established a legitimate veterinarian/client/patient relationship.
 - (3) PetMed Express, Inc., agrees to promptly disclose to the Ohio State Board of Pharmacy any disciplinary action taken or imposed by any governmental licensing authority.

If, in the judgment of the Board, exercised after a good faith investigation, PetMed Express, Inc., has violated or breached any terms or conditions of this Agreement, the Ohio State Board of Pharmacy reserves the right to, at any time, institute formal disciplinary proceedings for any and all possible violations or breaches, including but not limited to, alleged violation of the laws of Ohio occurring before the effective date of this Agreement.

PetMed Express, Inc., acknowledges that it has had an opportunity to ask questions concerning the terms of this agreement and that all questions asked have been answered in a satisfactory manner. Any action initiated by the Board based on alleged violation of this Agreement shall comply with the Administrative Procedure Act, Chapter 119. of the Ohio Revised Code.

PetMed Express, Inc., waives any and all claims or causes of action it may have against the State of Ohio or the Board, and members, officers, employees, and/or agents of either, arising out of matters which are the subject of this Agreement.

This Settlement Agreement shall be considered a public record, as that term is used in Section 149.43 of the Ohio Revised Code, and shall become effective upon the date of the Board President's signature below.

SIGNED AND EFFECTIVE JUNE 12, 2002