HF Acquisition Co., LLC "Know Your Customer" DEA Overview

All distributors of controlled substances are required by the DEA under the Controlled Substances Act to "Know Our Customer". In some instances, distributors who failed to review customer ordering habits and conduct proper customer due diligence were subjected to severe fines and penalties, including loss of licensure and the ability to distribute controlled substances.

Why was I selected for review?

- You may have been selected, because this is your first purchase of controlled substances from HF Acquisition Co., LLC.
- You may have been selected if there was a change in your controlled substance buying pattern. This could include ordering a controlled substance you have not ordered from HF Acquisition Co., LLC before, or a change in the quantity or frequency of what you had been purchasing in the past.

HF Acquisition Co., LLC reviews all sales for controlled substance for all of our customers. Although it is true that your order may have been identified by our team, it does not necessarily mean that we believe there is anything "wrong" with your use of controlled substances. However, HF Acquisition Co., LLC is required to "Know Our Customer," and this review is to help better know and understand your practice.

What will the customer due diligence review consist of, if necessary?

Controlled Substance Forms- "Know Your Customer" Forms may be sent to your practice to help us gain an understanding of how the practice is using the controlled substances you purchase from HF Acquisition Co., LLC.

- Controlled Substance Forms should be filled out in their entirety.
- Controlled Substance Forms should include all controlled substances you intend to order including estimated quantities.
- If quantities increase, you may be asked to submit additional information.

Letter of Justification- In some instances HF Acquisition Co., LLC will request additional information from the practice to validate one or more items that were reviewed during our due diligence process. A Letter of Justification may be requested to validate shifts in purchasing patterns of controlled substances, for HF Acquisition Co., LLC to have the most current information about your practice, to satisfy your purchasing needs.

All "Know Your Customer" documentation should be filled out and signed by the responsible party who holds the DEA registration, or by power of attorney has authority to sign for that DEA registration.

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On-Site Visit- In some instances, HF Acquisition Co., LLC will request to conduct an onsite visit of your facility to help us complete our customer due diligence review.

HF Acquisition Co., LLC Policies- HF Acquisition Co., LLC conducts due diligence in compliance with DEA and State regulations.

- It is against our policy to distribute controlled substances to Practitioners for their own personal use.
- It is our policy to adhere to State Medical Board Regulations regarding the treatment of family members.
- Controlled substances will only be distributed when the drugs ordered are within the Practitioners current scope of practice.

HF Acquisition Co., LLC appreciates your partnership and support of our Regulatory Compliance Program. Your cooperation with this DEA requirement is appreciated, and we are here to answer any questions you may have throughout the customer due diligence review process.

Please note that based on DEA requirements and HF Acquisition Co., LLC policy, if we are unable to ship an order of controlled substances due to the outcome of our "Know Your Customer" process, we are obligated to notify the DEA of the cancelled order.

The paragraph below is a summary of the "Know Your Customer" requirement communicated by the DEA to all registrants in a letter dated December 27, 2007:

> *"DEA regulations require wholesale distributors to report suspicious orders of controlled substances. Title 21 CFR 1301.74(b), specifically requires that a registrant design and operate a system to disclose to the registrant suspicious orders of controlled substances." Registrants must conduct an independent analysis of suspicious orders prior to completing a sale to determine whether the controlled substances are likely to be diverted from legitimate channels.*
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> *"Registrants that fill these orders (potential suspicious orders), without first determining that the order is not being diverted into other than legitimate medical, scientific, and industrial channels, may be failing to maintain effective controls against diversion. Failure to maintain effective controls against diversion is inconsistent with the public interest as that term is used in 21 USC 823 and 824, and may result in the revocation of the registrant's DEA Certificate or Registration."*

For additional information, please contact the HF Acquisition Co., LLC. Verifications team at: (800) 331-1984

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