

Wholesaler, Wholesale Distributor and Virtual Wholesaler Bond/Security Requirements

Pursuant to 201 KAR 2:105, an applicant for the issuance of a Wholesaler, Wholesale Distributor, or Virtual Wholesaler permit shall submit a surety bond or other means of security as summarized below.

- A surety bond of \$25,000 made payable to the Kentucky Board of Pharmacy.
- In lieu of the bond, applicants may submit other equivalent means of security acceptable to the board, including a irrevocable Letter of Credit, Certificate of Deposit or Proof of Insurance.

Submit one of the following means of security (A, B, C or D)

- A. Surety Bond:** Complete and submit the appropriate Surety Bond form. Provide a letter from the Surety Bond or bank reflecting the renewal date.
- B. Irrevocable Letter of Credit:** Complete and submit the Irrevocable Letter of Credit form with the application.
- C. Certificate of Deposit:** Complete and submit the Certificate of Deposit form with the application.
- D. Insurance:** Submit a copy of the insurance policy to ensure payment to the Board in the event of damages, fines or costs levied against permit holder

If you have any questions, please e-mail the board at pharmacy.board@ky.gov.

Following please find the approved surety bond and other equivalent means of security forms.



Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601
 Phone: (502) 564-7910 Fax: (502) 696-3806
 www.pharmacy.ky.gov



Andy Beshear, Governor

**WHOLESALE, WHOLESALE DISTRIBUTOR, or VIRTUAL WHOLESALE SURETY BOND
 201 KAR 2:105**

Bond No. _____

Application/Permit No. _____

KNOW ALL PERSONS BY THESE PRESENTS:

That, (Applicant/Permit Holder) _____ doing business as a
 wholesaler, whose address for purposes of service is _____,
 as PRINCIPAL, and (Surety Company) _____
 a corporation organized under the laws of (state of incorporation) _____ and
 authorized to transact a general surety business in the Commonwealth of Kentucky, whose address for
 purposes of service is, (address of Surety Company) _____
 as SURETY, are held and firmly bound unto the People of the Commonwealth of Kentucky, and to the Kentucky
 Board of Pharmacy, for the penal sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), for which payment
 we bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally, by these
 presents. This bond term shall become effective on (effective date) _____.

WHEREAS, the provisions of 201 KAR 2:105, require that the Applicant/Permit Holder file or have on file
 with the Kentucky Board of Pharmacy (Board) a bond in the sum of \$25,000.00 payable to the Kentucky Board
 of Pharmacy, and this bond is executed and tendered in accordance therewith. The purpose of the bond is to
 secure payment of any administrative fines imposed on Applicant/Permit Holder by the Board, and/or
 any cost recovery owed by Applicant/Permit Holder to the Board under 201 KAR 2:105.

NOW THEREFORE, the conditions of the foregoing obligation are that if the Applicant/Permit Holder shall comply with and be subject to the provisions of KRS Chapter 315 and 201 KAR Chapter 2, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

PROVIDED HOWEVER, this bond is subject to the following express conditions:

- 1) This bond shall be deemed continuous in form and shall remain in full force and effect and shall run concurrently with the license period for which the license is granted and each and every succeeding license period or periods for which said Applicant/Permit Holder permitted, after which liability hereunder shall cease except as to any liability or indebtedness therefore incurred or accrued hereunder.
- 2) This bond is executed by the Applicant/Permit Holder and the Surety to comply with the provisions of KRS Chapter 315, 201 KAR Chapter 2, and said bond shall be subject to all of the terms and provisions thereof.
- 3) The Surety, its successors and assigns, are jointly and severally liable on the obligations of the bond.
- 4) The Board may make a claim against the bond for any administrative fine imposed on Applicant/Permit Holder, or for any cost recovery ordered payable by Applicant/Permit Holder. If Applicant/Permit Holder fails to pay to the Board the fine or cost recovery within thirty (30) days of the order imposing the fine or cost recovery. Any such claim may be made directly to the Surety and need not be preceded by the filing of any action in a proper court. Payment of any such claim shall be payable to the Kentucky Board of Pharmacy.
- 5) The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

I certify (or declare) under penalty of perjury, under the laws of the Commonwealth of Kentucky, that I have executed the foregoing bond on behalf of the Surety under an unrevoked power of attorney.

In witness whereof, each party to this bond has caused it to be executed on this ____ day of _____ 20____

WHOLESALER

WHOLESALE DISTRIBUTOR

VIRTUAL WHOLESALER

Principal's Authorized Representative

SIGNED and SEALED in the presence of:

Witness

Witness

SURETY COMPANY'S REPRESENTATIVE:

Print Name of Attorney-in-Fact:

SIGNED and SEALED in the presence of:

Witness:

Witness:

Countersigned by:

Kentucky Resident Agent



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Andy Beshear
Governor

IRREVOCABLE LETTER OF CREDIT

Name of Financial Institution: _____

Address: _____

City, State Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City, State Zip: _____

IRREVOCABLE LETTER OF CREDIT NO. _____

DATED: _____

To Beneficiary:

Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601

- 1) At the request and on the instructions of _____
 (Applicant/Permit Holder), we _____ (Financial Institution) hereby establish in favor of the
 Beneficiary, the Kentucky Board of Pharmacy (Board), this Irrevocable Letter of Credit
 (Credit) in the principal sum of \$ _____ .
- 2) This Credit is and has been established for the sole benefit of the Board pursuant to the terms of 201 KAR 2:105.
- 3) This credit is intended by the parties to serve as a security device for the performance by Applicant/Permit Holder of
 its obligations under KRS Chapter 315 and 201 KAR Chapter 2.
- 4) Upon the occurrence of any default by Applicant/Permit Holder as determined by the Board in its sole discretion
 under this agreement, the Board shall be entitled to draw upon this credit by presentation of a duly executed
 CERTIFICATE FOR DRAWING in substantially the same form as Attachment A, attached hereto, at our
 office located at _____ (address of financial institution).

- 5) The CERTIFICATE shall be completed and signed by an "Authorized Representative" as defined in paragraph 12. Presentation by the Board of a completed CERTIFICATE may be made in person or by registered mail, return receipt requested.
- 6) Upon presentation of a duly executed CERTIFICATE as above provided, payment shall be made to the Board, or to an account designated by the Board, in immediately available funds, at such time and place as the Board shall specify.
- 7) Funds may be drawn in one or more drawings not to exceed the principal sum.
- 8) If demand for payment does not conform to the terms of this CREDIT, we shall give the Board prompt notice that the demand for payment was not effected in accordance with the terms of this CREDIT, state the reasons therefore, and await further instructions.
- 9) Upon being notified that the demand for payment was not effected in conformity with the CREDIT, the Board may correct any such non-conforming demand for payment.
- 10) All drawings under this CREDIT shall be paid with our funds. Each drawing honored by us hereunder shall reduce pro tanto, the principal sum. By paying to the Board an amount demanded in accordance herewith, we make no representations as to the correctness of the amount demanded.
- 11) This CREDIT will be canceled in whole or in part upon receipt by us of a CERTIFICATE OF CANCELTION, which (i) shall be in the form of Attachment B attached hereto, and (ii) shall be completed and signed by any person purporting to be an Authorized Representative, as defined in the next paragraph.
- 12) An "Authorized Representative" shall mean the following person: Executive Director of the Kentucky Board of Pharmacy.
- 13) Communications with respect to the CREDIT shall be in writing and addressed to us at _____ (Address of Financial Institution) specifically referring upon such writing to this CREDIT by number.
- 14) This CREDIT may not be transferred or assigned, either in whole or part.
- 15) This CREDIT shall be deemed a contract made under the laws of the Commonwealth of Kentucky.
- 16) This CREDIT shall, if not canceled as provided herein, expire no later than _____ the date of its execution.

THEREFORE, _____ (Financial Institution) has executed and delivered this IRREVOCABLE LETTER OF CREDIT To the Board as of the _____ day of _____, 20_____.



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Andy Beshear
 Governor

CERTIFICATE FOR DRAWING

Name of Financial Institution (ISSUER): _____

Address: _____

City, State, Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City, State, Zip: _____

IRREVOCABLE LETTER OF CREDIT NO. _____

Beneficiary:

Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601

The undersigned, a duly Authorized Representative of the Kentucky Board of Pharmacy (Board) (as defined in the above referenced CREDIT), hereby certifies to the ISSUER that:

- 1) An Event of Default has occurred as defined in section 4 of the Agreement.
- 2) The undersigned is authorized under the terms of the above-referenced CREDIT to present this CERTIFICATE as the sole means of demanding payment on the CREDIT.
- 3) The Board is therefore making a drawing under the above-referenced CREDIT in the amount of \$ _____.
- 4) The amount demanded does not exceed the Principal Sum.
- 5) Sums received shall be used by the Board in accordance with the terms of the Agreement.

THEREFORE, the undersigned has executed and delivered this CERTIFICATE as of the ____ day of _____, 20____.

KENTUCKY BOARD OF PHARMACY By:

LARRY A. HADLEY
 Executive Director



Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601
 Phone: (502) 564-7910 Fax: (502) 696-3806
 www.pharmacy.ky.gov



Andy Beshear
 Governor

CERTIFICATE FOR CANCELATION

Name of Financial Institution (ISSUER): _____

Address: _____

City, State Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City, State Zip: _____

IRREVOCABLE LETTER OF CREDIT NO. _____

Beneficiary:

Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601

The undersigned, a duly Authorized Representative of the Kentucky Board of Pharmacy (Board) (as defined in the above referenced CREDIT), hereby certifies to the ISSUER that:

1. The license for which the credit was issued has expired or otherwise become inoperable, thereby making the cancellation of the credit appropriate.
2. The Board therefore requests the cancellation of the above-referenced CREDIT.

THEREFORE, the undersigned has executed and delivered this CANCELTION as of the ___ day of _____, 20____ .

KENTUCKY BOARD OF PHARMACY By:

LARRY A. HADLEY
 Executive Director

KENTUCKY BOARD OF PHARMACY
125 HOLMES STREET, SUITE 300
FRANKFORT, KENTUCKY 40601
(502) 564-7910 – (502) 696-3806 – FAX
PHARMACY.BOARD@KY.GOV

CERTIFICATE OF DEPOSIT IN LIEU OF BOND

Name of Financial Institution: _____

Address: _____

City: _____ State: _____ Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City: _____ State: _____ Zip: _____

CERTIFICATE OF DEPOSIT NO: _____

Dated: _____

To Beneficiary: Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601
 ATTN: Executive Director

- 1) The above named Financial Institution issued a Certificate of Deposit on the above date to the above named Applicant/Permit Holder in the principal sum of \$_____. A true and correct copy of the Certificate of Deposit is attached as Attachment A.
- 2) This Certificate of Deposit is and has been established for the sole benefit of the Board pursuant to the terms of 201 KAR 2:105 pertaining to the initial or renewal application filed by the Applicant/Permit Holder.
- 3) This Certificate of Deposit is intended by the parties to serve as a security device for the performance by Applicant/Permit Holder of its obligations under KRS Chapter 315 and 201 KAR Chapter 2 regarding Applicant/Permit Holder's operation as a Wholesaler, Wholesale Distributor, or Virtual Wholesale Distributor.

- 4) Pursuant to 201 KAR 2:105, upon the imposition of any fines or costs by the Board against the Applicant/Permit Holder, the Board shall be entitled to draw upon this Certificate of Deposit by presentation of a duly executed Certificate of Drawing in substantially the same form as Attachment A, attached hereto, at our office located at the address above.
- 5) The Certificate of Drawing shall be completed and signed by the Executive Director for the Board. Presentation by the Board of a completed Certificate of Drawing may be made in person or by registered mail, return receipt requested.
- 6) Upon presentation of a duly executed Certificate for Drawing as above provided, payment shall be made to the Board, to an account designated by the Board, in immediately available funds, at such time and place as the Board shall specify.
- 7) Funds may be drawn in one or more drawings not to exceed the principal sum.
- 8) If demand for payment does not conform to the terms of this document, the Financial Institution shall give the Board prompt notice that the demand for payment was not effected in accordance with the terms of this document, state the reasons therefore, and await further instructions.
- 9) Upon being notified that the demand for payment was not effected in conformity with this document, the Board may correct any such non-conforming demand for payment.
- 10) All drawings from the Certificate of Deposit under this document shall be paid with the Financial Institution's funds. Each drawing honored by the Financial Institution hereunder shall reduce, *pro tanto*, the principal sum. By paying to the Board an amount demanded in accordance herewith, the Financial Institution makes no representations as to the correctness of the amount demanded.
- 11) The Certificate of Deposit will be canceled in whole or in part only upon receipt by the Financial Institution of a Certificate of Cancellation, which shall be in the form of Attachment C, attached hereto and shall be completed and signed by the Executive Director of the Board.
- 12) Communications with respect to the Certificate of Deposit shall be in writing and addressed to the Financial Institution at the address above and shall specifically refer to this Certificate of Deposit by the number above.
- 13) This Certificate of Deposit may not be transferred or assigned, either in whole or in part.

- 14) All interest accrued under the Certificate of Deposit shall not be considered to be part of the principal sum and shall be considered to belong to Applicant/Licensee, although the Applicant/Permit Holder cannot withdraw any of the accrued interest without first receiving written approval from the Executive Director for the Board for such withdrawal.
- 15) This document shall be deemed a contract made under the laws of Commonwealth of Kentucky, and any action related to this Certificate of Deposit shall be filed in the Commonwealth of Kentucky and shall be subject to the laws of the of the Commonwealth of Kentucky.
- 16) This document shall be perpetual until it is canceled as provided herein. If the Certificate of Deposit expires by its own terms, it shall be renewed or replaced with another Certificate of Deposit that will also be subject to the terms and conditions of this document.

THEREFORE, the above named Financial Institution and Applicant/Licensee have executed and delivered this Irrevocable Certificate of Deposit in Lieu of Bond form to the Board as of the _____ day of _____, 20_____.

FINANCIAL INSTITUTION

By: _____
(Signature)

Name: _____
(Print Name)

Title: _____

APPLICANT/LICENSEE

By: _____
(Signature)

Name: _____
(Print Name)

Title: _____

Attachment A

Copy of Certificate of Deposit

Attachment B

KENTUCKY BOARD OF PHARMACY
125 HOLMES STREET, SUITE 300
FRANKFORT, KENTUCKY 40601
(502) 564-7910 – (502) 696-3806 – FAX
PHARMACY.BOARD@KY.GOV

CERTIFICATE FOR DRAWING

Name of Financial Institution (Issuer): _____

Address: _____

City: _____ State: _____ Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City: _____ State: _____ Zip: _____

CERTIFICATE OF DEPOSIT NO: _____

To Beneficiary: Kentucky Board of Pharmacy
 125 Holmes Street, Suite 300
 Frankfort, Kentucky 40601
 ATTN: Executive Director

- 1) The undersigned, the Executive Director for the Kentucky Board of Pharmacy (Board) hereby certifies to the Issuer that:
- 2) A lawful order imposing fines and/or costs against the Applicant/Permit Holder has been entered that entitles the Board to draw against Certificate of Deposit No. _____ –
- 3) The undersigned is authorized under the terms of the Certificate of Deposit in Lieu of Bond form to present this Certificate for Drawing as the sole means for demanding payment on the CD.
- 4) The Board is therefore making a drawing under the CD in the amount of \$_____.
- 5) The amount demanded does not exceed the principal sum.

- 6) Sums received shall be used by the Board in accordance with the terms of the Certificate of Deposit in Lieu of Bond form.
- 7) The amount of drawing requested shall be payable to the Board in lawful, immediately available funds to be received by the Board at the above address no later than 5:00 PM Eastern Standard Time on the _____ day of _____, 20 ____.

THEREFORE, the undersigned has executed and delivered this Certificate for Drawing on this _____ day of _____, 20 ____.

KENTUCKY BOARD OF PHARMACY

By: _____
Larry A. Hadley, R.Ph.
Executive Director

Attachment C

KENTUCKY BOARD OF PHARMACY
125 HOLMES STREET, SUITE 300
FRANKFORT, KENTUCKY 40601
(502) 564-7910 – (502) 696-3806 – FAX
PHARMACY.BOARD@KY.GOV

CERTIFICATE FOR CANCELLATION

Name of Financial Institution (Issuer): _____

Address: _____

City: _____ State: _____ Zip: _____

Name of Applicant/Permit Holder: _____

Address: _____

City: _____ State: _____ Zip: _____

Certificate of Deposit: _____

To Beneficiary: Kentucky Board of Pharmacy
125 Holmes Street, Suite 300
Frankfort, Kentucky 40601
ATTN: Executive Director

The undersigned, the Executive Secretary for the Kentucky Board of Pharmacy (Board) hereby certifies to the Issuer that:

- 1) The license for which the Certificate of Deposit was issued has expired, been revoked, been cancelled, or otherwise is no longer in effect, thereby making the cancellation of the Certificate of Deposit in Lieu of Bond form appropriate.
- 2) The Board therefore requests the cancellation of the above-referenced Certificate of Deposit in Lieu of Bond form and that the Certificate of Deposit issued incident thereto be returned to the control and ownership of the Applicant/Permit Holder

THEREFORE, the undersigned has executed and delivered this Certificate of

Cancellation on this the ____ day of _____, 20____.

KENTUCKY BOARD OF PHARMACY:

by: _____

Larry A. Hadley, R.Ph.
Executive Director