HF Acquisition Co., LLC

Form Title: Know Your Customer Welcome Packet

Document Number: HFP 012 F-04, Version 002, Effective Date 01/01/2024

Know Your Customer "KYC" Welcome Packet

All distributors of controlled substances or List 1 (L1) chemicals 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 or L1 chemicals.

Why was I selected for review?

- You may have been selected, because this is your first purchase of controlled substances or L1 chemicals from HF Acquisition Co., LLC.
- You may have been selected if there was a change in your controlled substance or L1 chemical buying pattern. This could include ordering controlled substances or L1 chemicals that you have not ordered from HF Acquisition Co., LLC before, or a change in the quantity or frequency of what you have purchased in the past.

HF Acquisition Co., LLC reviews all sales for controlled substances or L1 chemicals for 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 or L1 chemicals. However, HF Acquisition Co., LLC is required to "Know Our Customer" and this review is to help us to better know and understand your practice.

What will the customer due diligence review consist of?

Know Your Customer - forms will be sent to your practice to help us gain an understanding of how the practice is using controlled substances or L1 chemicals you purchase from HF Acquisition Co., LLC.

- Know Your Customer forms should be filled out in their entirety.
- Know Your Customer forms should include all controlled substances and/or L1 chemicals 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 your 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 or L1 chemicals, 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 the power of attorney who has authority to sign for that DEA registration.

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.

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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 or L1 chemicals 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 or L1 chemicals will only be distributed when the drugs ordered are within the practitioner's 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 or L1 chemicals 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 or L1 chemicals." Registrants must conduct an independent analysis of suspicious orders prior to completing a sale to determine whether the controlled substance or L1 chemicals 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 questions or assistance, please contact the HF Acquisition Co., LLC. Verifications team at: (800) 331-1984