IN THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

STATE OF OREGON, ex rel. ELLEN F. ROSENBLUM, Attorney General for the State of Oregon, Plaintiff, vs. RICHARD S. SACKLER, an individual; JONATHAN D. SACKLER, an individual; MORTIMER D.A. SACKLER, an individual; KATHE A. SACKLER, an individual; ILENE SACKLER LEFCOURT, an individual; DAVID A. SACKLER, an individual; BEVERLY SACKLER, an individual; THERESA SACKLER, an individual; PURDUE PHARMA L.P., a Delaware limited partnership; and PURDUE PHARMA INC., a New York corporation, Defendants.	No. 19CV22185 **COMPLAINT** **Declaratory relief; Intentional fraudulent conveyance; Constructive fraudulent conveyance** **Not Subject to Mandatory Arbitration** **Filing fee not collectible pursuant to ORS 21.259** **DEMAND FOR JURY TRIAL**

Plaintiff, for its complaint against defendants, alleges as follows:

INTRODUCTION

1.

Defendants Richard S. Sackler, Jonathan D. Sackler, Mortimer D.A. Sackler, Kathe A. Sackler, Ilene Sackler Lefcourt, David A. Sackler, Beverly Sackler, and Theresa Sackler (the “Sacklers”) stand atop the “Sackler Pharmaceutical Enterprise,” a worldwide network of pharmaceutical businesses, holding companies, and tax shelters, wholly owned by the Sacklers and their families. The Sackler Pharmaceutical Enterprise is dedicated to manufacturing, marketing, and promoting deadly opioid narcotics and hiding the profits. The

MARKOWITZ HERBOLD PC
SUITE 3000 PACWEST CENTER
1211 SW FIFTH AVENUE
PORTLAND, OREGON 97204-3730
(503) 295-3085
Fax: (503) 323-9105

Sacklers exert complete and total control over all the entities in the Sackler Pharmaceutical Enterprise.

2.

Together with their families, the Sacklers own 100 percent of defendants Purdue Pharma L.P. and Purdue Pharma Inc. ("Purdue"), the makers of OxyContin. Purdue, at the Sacklers' direction, launched OxyContin in 1996. The drug kicked off a nationwide epidemic. Every day, more than 115 Americans die after overdosing on opioids.[1] In 2011, the United States comprised 4.6% of the world's population, but consumed 80% of the world's opioids.[2] In 2015, more than 3 million opioid prescriptions were issued in Oregon, enough for nearly every adult Oregonian to have a bottle of pills.[3] By 2017, the crisis had cost an estimated $1 trillion in the United States in lost wages, productivity, and tax revenue and additional health care, social services, and criminal justice spending.[4]

3.

The Sacklers have known for nearly two decades that OxyContin is highly addictive, dangerous, and deadly. By 2007, the damage wrought by OxyContin and Purdue's aggressive and unlawful marketing of the drug had exposed Purdue to catastrophic liability. Fearing that Purdue would collapse under the weight of criminal and civil investigations and more than 100 lawsuits, the Sacklers engaged in a concerted, planned effort to siphon billions

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[1] National Institute on Drug Abuse, *Opioid Overdose Crisis* (Mar. 2018), https://www.drugabuse.gov/drugs-abuse/opioids/opioid-overdose-crisis.

[2] Donald Teater, *The Psychological and Physical Side Effects of Pain Medications*, Nat'l Safety Council (2014), https://www.colorado.gov/pacific/sites/default/files/Psycholigical%20and%20Physical%20Side%20Effects%20Teater%20NSC.pdf.

[3] Geoff Mulvihill, Liz Essley Whyte, and Ben Wieder, *Drugmakers Fought State Opioid Limits Amid Crisis.* THE BEND BULLETIN, (Sept. 18, 2016), https://www.bendbulletin.com/home/4668535-151/painkiller-problem-a-political-one-too.

[4] Altarum Institute, *Economic Toll of Opioid Crisis in U.S. Exceeded $1 Trillion Since 2001* (Feb. 13, 2018), https://altarum.org/about/news-and-events/economic-toll-of-opioid-crisis-in-u-s-exceeded-1-trillion-since-2001.

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1211 SW FIFTH AVENUE
PORTLAND, OREGON 97204-3730
(503) 295-3085
Fax: (503) 323-9105

of dollars out of Purdue Pharma L.P. and transfer it to themselves and other entities in the Sackler Pharmaceutical Enterprise.

4.

Over the following ten years, while Purdue continued to illegally market OxyContin, the Sacklers milked $11 billion from Purdue Pharma L.P. In doing so, they starved the company of cash, stifled its growth, and left it unable to satisfy its enormous legal liabilities resulting from its continuous unlawful conduct. At every turn, the Sacklers have used Purdue and all the entities in the Sackler Pharmaceutical Enterprise as their alter egos to avoid personal liability and the jurisdiction of this and other courts nationwide.

5.

The State of Oregon, by and through Attorney General Ellen Rosenblum, brings this action against the Sacklers to hold them personally accountable for their misconduct.

PARTIES, JURISDICTION, AND VENUE

6.

Ellen Rosenblum is the Attorney General of plaintiff, the State of Oregon.

7.

Defendant Purdue Pharma L.P. is a limited partnership organized under the laws of Delaware with its principal place of business in Stamford, Connecticut.

8.

Purdue Pharma Inc. is a New York corporation with its principal place of business in Stamford, Connecticut.

9.

Defendant Richard S. Sackler is a natural person residing in Travis County, Texas. Richard Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until July 24, 2018. Until approximately 2003, Richard Sackler was the Chief Executive Officer of Purdue.

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1211 SW FIFTH AVENUE
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(503) 295-3085
Fax: (503) 323-9105

10.

Defendant Jonathan D. Sackler is a natural person residing in Fairfield County, Connecticut. Jonathan Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until December 8, 2018. On and before May 31, 2007, Jonathan Sackler also served as a Senior Vice President of Purdue Pharma Inc. and Purdue Pharma L.P.

11.

Defendant Mortimer D.A. Sackler is a natural person residing in New York County, New York. Mortimer D.A. Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until January 16, 2019. On and before May 31, 2007, Mortimer D.A. Sackler also served as a Vice President of Purdue Pharma Inc. and Purdue Pharma L.P.

12.

Defendant Kathe A. Sackler is a natural person residing in Fairfield County, Connecticut. Kathe Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until September 27, 2018. On and before May 31, 2007, Kathe Sackler also served as a Senior Vice President of Purdue Pharma Inc. and Purdue Pharma L.P.

13.

Defendant Ilene Sackler Lefcourt is a natural person residing in New York County, New York. Ilene Sackler Lefcourt served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until October 9, 2018.

14.

Defendant Beverly Sackler is a natural person residing in Fairfield County, Connecticut. Beverly Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until October 17, 2018.

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1211 SW FIFTH AVENUE
PORTLAND, OREGON 97204-3730
(503) 295-3085
Fax: (503) 323-9105

15.

Defendant Theresa Sackler is a natural person residing in New York County, New York. Theresa Sackler served on the Board of Purdue Pharma Inc. from at least May 15, 2007 until 2018.

16.

Defendant David Sackler is a natural person residing in New York. David Sackler served on the Board of Purdue Pharma Inc. from July 19, 2012 until August 14, 2018.

17.

Subject matter jurisdiction is conferred on this Court by ORS 14.030.

18.

This Court has personal jurisdiction over Purdue pursuant to ORCP 4 A(4) because Purdue is engaged in substantial and not isolated marketing, promotion, and sales of pharmaceuticals in Oregon; ORCP 4 D(1) because the State suffered an injury in Oregon as a result of Purdue's fraudulent conveyances and, at the same time, Purdue carried out solicitation activities within Oregon; and ORCP 4 E(4) because this action arises out of pharmaceuticals received in Oregon from Purdue.

19.

This Court has personal jurisdiction over the Sacklers on the following bases:

a. Pursuant to ORCP 4 D(1) because the State suffered an injury in Oregon as a result of the Sacklers' fraudulent conveyances conducted outside of Oregon and, at the same time, Purdue Pharma L.P. sales representatives conducted solicitation activities in Oregon on behalf of the Sacklers.

b. Pursuant to ORCP 4 L because: i) Purdue Pharma L.P. engaged in illegal conduct in Oregon giving the State claims against it and making the State a creditor of Purdue Pharma L.P.; ii) as a result the State can exercise personal jurisdiction over Purdue Pharma L.P.; iii) the Sacklers exercise complete dominion and control over Purdue

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Pharma L.P. such that Purdue Pharma L.P. is the agent of the Sacklers; and iv) where a Court has personal jurisdiction over an agent, it has jurisdiction over its principal.

c. Pursuant to ORCP 4 L because: i) Purdue Pharma L.P. engaged in illegal conduct in Oregon giving the State claims against it and making the State a creditor of Purdue Pharma L.P.; ii) as a result the State can exercise personal jurisdiction over Purdue Pharma L.P.; and iii) Purdue Pharma L.P. is the alter ego of the Sacklers and a facade erected to avoid liability and jurisdiction, as set forth below.

d. Pursuant to ORCP 4 L because: i) Purdue Pharma L.P. engaged in illegal conduct in Oregon giving the State claims against it and making the State a creditor of Purdue Pharma L.P.; ii) as a result the State can exercise personal jurisdiction over Purdue Pharma L.P. and Purdue Pharma L.P.'s general partner, Purdue Pharma Inc.; and iii) Purdue Pharma Inc. is the alter ego of the Sacklers and a facade erected to avoid liability and jurisdiction, as set forth below.

20.

Venue in Multnomah County is proper pursuant to ORS 14.080(1) because the cause of action arose in Multnomah County.

SUMMARY OF THE ACTION

I. The State of Oregon has sued Purdue Pharma L.P. and Purdue Pharma Inc. on multiple claims for penalties and civil forfeiture in amounts that could exceed $1 billion.

21.

Purdue manufactures, sells, and markets extended-release opioids. Purdue's marquee drug is OxyContin (oxycodone hydrochloride extended release). OxyContin is a form of extended-release oxycodone. Oxycodone is a Schedule II controlled substance. As such, the United States Department of Justice has determined that oxycodone has a high potential for abuse and that abuse may lead to severe psychological or physical dependence.

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22.

On September 13, 2018, the State of Oregon, by and through Attorney General Ellen Rosenblum, sued Purdue Pharma L.P., Purdue Pharma Inc., and The Purdue Frederick Company in Multnomah County Circuit Court, Case No. 18CV40526 (the "Purdue Litigation"). The Attorney General pleaded claims for relief under four laws: the Unlawful Trade Practices Act, the Elderly Persons and Persons with Disabilities Abuse Prevention Act, the Oregon False Claims Act, and the Oregon Racketeer Influenced and Corrupt Organizations Act. The Attorney General seeks injunctive relief, penalties, and civil forfeiture from Purdue. The Attorney General did not plead any claims for damages. Total penalties and forfeiture could exceed $1 billion.

23.

As a result of its substantial claims against Purdue, the State of Oregon is a creditor of Purdue.

II. The Sacklers use Purdue and a web of shell companies, partnerships, and related businesses as their "alter ego" to fraudulently avoid personal liability and jurisdiction.

24.

Arthur, Mortimer, and Raymond Sackler purchased the predecessor of Purdue Pharma L.P. in 1952. After Arthur died in 1987, his estate sold his one-third interest to his brothers. The families of Mortimer and Raymond Sackler now own 100 percent of Purdue Pharma L.P., pursuant to a chain of ownership. Defendants Richard, Jonathan, Mortimer D.A., Kathe, David, Beverly, and Theresa Sackler and Ilene Sackler Lefcourt are each members of the families of Mortimer and Raymond Sackler and are owners of Purdue Pharma L.P., pursuant to a chain of ownership.

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1211 SW FIFTH AVENUE
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(503) 295-3085
Fax: (503) 323-9105

25.

Since at least 1996, the Sacklers have held a majority of the seats on the Board of Purdue Pharma Inc. By virtue of their control of Purdue Pharma Inc., the Sacklers have complete control over Purdue Pharma L.P.

26.

In addition to Purdue Pharma L.P. and Purdue Pharma Inc., the Sacklers own and control a web of related shell companies, holding companies, and national and international subsidiaries, partners, and affiliates. These include Purdue Holdings L.P., BR Holdings Associates L.P., PLP Associates Holdings L.P., PLP Associates Holdings, Inc., Rhodes Technologies, Rhodes Pharmaceuticals L.P., Rhodes Pharmaceuticals, Inc., Beacon Company, Rosebay Medical Company L.P., two companies located in the Bailiwick of Jersey in Channel Islands, and close to a dozen companies in Luxembourg, a well-known tax haven.

27.

The Sacklers exercise complete dominion over and control of Purdue Pharma L.P., Purdue Pharma Inc., and the related shell companies, holding companies, and national and international subsidiaries, partners, and affiliates. In internal documents Purdue Pharma L.P.'s CEO refers to this web of entities as the "global Sackler pharmaceutical enterprise." (Purdue Pharma L.P., Purdue Pharma Inc., and the related shell companies, holding companies, and national and international subsidiaries, partners, and affiliates shall be referred to as the "Sackler Pharmaceutical Enterprise.") The Sacklers "serv[e] as the 'de facto' CEO" of the Sackler Pharmaceutical Enterprise.

28.

The Sacklers are united by common ownership and control of Purdue Pharma L.P. The Sacklers and their family members own 100 percent of Purdue Pharma L.P. through a chain of ownership in the Sackler Pharmaceutical Enterprise. The Sacklers have a shared

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(503) 295-3085
Fax: (503) 323-9105

goal of maximizing their own financial benefits. That interest extends not merely to transferring cash to companies and trusts established for their benefit, but also to transferring Purdue's assets to companies they own and control.

29.

For more than a decade the Sacklers have used Purdue Pharma L.P. and the Sackler Pharmaceutical Enterprise as their alter egos. When faced with the choice between ensuring the long-term strength and viability of Purdue Pharma L.P., or siphoning assets from the company for their personal benefit, the Sacklers have intentionally and repeatedly chosen to sacrifice the company for their own gain. In 2008 Richard Sackler wrote in a memorandum that "the most certain way for the owners [i.e., the Sacklers] to diversify their risk is to distribute more free cash flow so they can purchase diversifying assets. Top Purdue management must be aligned to this reality, which intrinsically competes with the use of free cash flow to maximize growth and diversification for Purdue itself."

30.

Richard Sackler, on behalf of his family and with their consent and approval, has spearheaded the Sacklers' dominion and control of the Sackler Pharmaceutical Enterprise. Although he resigned as an officer of Purdue Pharma L.P. in 2003, Richard, with the support, consent, and assistance of the Sacklers, continued to directly control Purdue Pharma L.P. He frequently contacted employees to obtain information about sales, issue instructions, and pressure the sales team to sell more opioids. In 2006, Purdue's then-CEO Michael Friedman complained to Richard about his "frequent interactions with my subordinates." "You influence priorities with your communications and undermine the direction I give people. This undermines my effectiveness. You will not stop, but that does not make it right." Three years later, staff continued to complain that Richard's intervention with staff prevented them from completing their work: Richard's requests for information "will develop into more work in the long run as it will lead to questions, thoughts, work streams that take us off our other tasks." And, in 2014,

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Purdue's sales director informed a new colleague that emails on sales figures can "become[] a tennis match with Dr. Richard."

31.

Richard's intervention took many forms. For example, in 2008, Richard suggested alterations to a survey of doctors about OxyContin. In 2009 and 2010, as Purdue submitted a reformulation of OxyContin, known as OxyContin Tamper-Resistant ("OTR"), Richard stayed closely involved. He exchanged emails regarding OTR's strengths and weaknesses with staff. He received regular updates on the FDA's responses to Purdue's submissions. He commented on potential names for the new product.

III. The Sacklers have been aware for nearly 20 years that OxyContin—the overwhelming source of their wealth—is dangerous, addictive, and deadly.

32.

By 2000, the Sacklers were fully aware that OxyContin was dangerous, addictive, and deadly. In July 2000, a Purdue employee reported to his management that he had "been battling the 'OC' [OxyContin] * * * abuse issue for 5 months now[.] * * * We've been hearing statements like the following[:] 'OCs are the drug of choice on the street.'" Purdue management elevated the report to Richard Sackler. Richard responded mercilessly: "This is an issue that if it grows could reduce our growth." That same year, a Purdue employee reviewed a news article from Maine that revealed that 14,600 OxyContin tablets were shipped to a Native American Reservation in just five months. The employee noted that quantity was "way out of proportion with the population." Her review was forwarded to the Purdue Board (including seven of the Sacklers). In January 2001, a Purdue manager sent the Board (including eight of the Sacklers) a Forbes article describing abuse of OxyContin and stating, "Forget about heroin. The latest drug among the tragically hip is Oxycontin[.]" And just one month later, a Purdue employee sent Richard Sackler news that 28 Virginians had died from overdoses linked to OxyContin in the previous two years.

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Fax: (503) 323-9105

33.

The Sacklers were also aware that prolonged high doses of opioids were dangerous. In a 1997 memo, a senior Purdue executive wrote to Jonathan and Kathe Sackler: “When high doses of an opioid are used for long periods of time, adverse effects such as nausea, vomiting, delirium and m[y]oclonus frequently become dose limiting.”

34.

Richard Sackler admitted in a 2015 deposition that he was aware of the potential for abuse and diversion of OxyContin in 2000: “Sometime in 2000 an article was published in a newspaper in Maine that very graphically described the impact of abuse and diversion of individuals who were using OxyContin. That was the first -- the first time I became aware of that possibility.” Richard testified that he became aware of the possibility of addiction at the same time.

35.

Despite his knowledge of the dangers of OxyContin, Richard Sackler personally demanded that Purdue meet aggressive sales targets, including for higher-strength OxyContin. In 2008, Richard emailed Purdue’s CEO, as well as Jonathan and Mortimer D.A. Sackler, suggesting that Purdue measure its performance by giving higher measures to sales of higher strengths of OxyContin. The same year, Richard evaluated Purdue’s 2008 sales forecast and announced that it was “almost certainly overly conservative.” Richard proposed to the Board, which consisted largely of his family, that he and a cousin personally redo the 2008 OxyContin sales forecast and prepare a “5 year plan for OxyContin.”

36.

Two years later, even as the opioid crisis was growing, Richard was continuing to push for aggressive sales. In a January 2010 email to Richard, Purdue’s then-CEO, John Stewart, pushed back on Richard’s insistence on unreasonable rates of growth in Purdue’s budget:

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> I know that you have been advocating for an increase in the top line, but looking at the recent OER [oxycodone extended release] growth trends and knowing the overall dynamics of the market OxyContin competes in – I just can't see a way of prescription growth tracking to a level substantially higher than the 3% on which this budget is based. I believe that the objective of increasing the budget to an assumed 8% growth rate is to stimulate the company to achieve those higher sales, which I too want to pursue. However, increasing the assumed prescription growth rate isn't the way to do it.

Richard was not pleased. "I'm disappointed and don't agree with you," he wrote. Richard took the decision away from his own CEO and determined that "[t]his is a matter that the Board will have to take up and give you a settled direction." Richard then appealed to the entire Board to support his demand for 8% growth.

37.

Richard Sackler also constantly pressured Purdue's executives to increase sales. He personally monitored OxyContin's monthly sales stats. When he noticed a decline, he demanded action by Purdue's sales director. When Purdue staff suggested ways to increase sales, Richard demanded more: "What else more [can we] do to energize the sales and grow at a faster rate?" he asked Purdue's sales director. Richard issued directives regarding the targeting of the sales force. In a 2011 email, he observed that a report suggested that Purdue's sales representatives were "calling on non-high potential prescribers." "How can our managers have allowed this to happen?" he asked Purdue's director of sales. Richard even made plans to go into the field with a sales representative to personally observe their sales tactics.

IV. The Sacklers abused Purdue Pharma L.P.'s corporate form by siphoning billions out of the company despite their knowledge that the company would be undiversified and unable to satisfy the liabilities caused by OxyContin.

38.

In 2007, the Sacklers realized that Purdue faced potentially catastrophic legal liability as result of their illegal marketing of OxyContin. That year, federal prosecutors and The Purdue Frederick Company, an affiliate of Purdue Pharma L.P., reached a plea agreement

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under which The Purdue Frederick Company pleaded guilty to felony misbranding of OxyContin. As part of the plea, Purdue Pharma L.P., The Purdue Fredrick Company, and top Purdue executives agreed to pay more than $600 million in fines. Three top Purdue executives, including the CEO and General Counsel, pleaded guilty to misdemeanor crimes related to false promotion of OxyContin. Purdue also entered settlements and consent judgments with 27 states requiring the payment of nearly $20 million. The combined fines and settlement payments resulting from the state and federal actions totaled more than $650 million, an amount equal to nearly 90% of Purdue's 2006 gross profit.

39.

Purdue also faced other unresolved litigation. As of March 31, 2008, there were 102 product liability lawsuits pending against Purdue related to OxyContin, and the State of Kentucky (not one of the 27 settling states) had filed claims, including for Medicaid fraud.

40.

The various lawsuits related to OxyContin posed a serious risk to Purdue's viability. Purdue was undiversified; it derived the overwhelming majority of its revenues from sales of OxyContin. In 2007, 86% of Purdue's sales came from OxyContin. In 2008, the percentage rose to 96%. OxyContin continued to account for more than 90% of Purdue's revenues every year until 2013, and approximately 80% of revenue every year until at least 2017. To make matters worse, Purdue was unable to insure product liability claims related to OxyContin, leaving the company's own coffers at risk.

41.

Given the extraordinary number of lawsuits and the size of fines and payments Purdue faced in 2007, the Sacklers faced the possibility that litigation could destroy their company. The Sacklers were so concerned that litigation regarding OxyContin would end Purdue, they set up a separate company called Rhodes. According to a former senior Purdue manager, "Rhodes was set up as a 'landing pad' for the Sackler family in 2007, to prepare for

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the possibility that they would need to start afresh following the crisis then engulfing OxyContin."

42.

Richard Sackler kept the family informed of the crisis engulfing OxyContin and the extraordinary risk it posed to Purdue. In 2008, he wrote a memo to his fellow Board members, including Jonathan, Mortimer D.A., Kathe, Beverly, and Theresa Sackler and Ilene Sackler Lefcourt, explaining the dangers. Purdue, Richard wrote, had a "dangerous concentration of risk." To address this problem, the Sacklers saw two options. They could either direct Purdue to explore investment opportunities to diversify its business and ensure the company's long-term survival, or they could distribute more of Purdue's profits to themselves so that they personally could diversify their assets, even if it meant the company would not survive.

43.

The Sacklers chose to distribute cash to themselves. According to Richard Sacker's 2008 memo: "the most certain way for the owners to diversify their risk is to distribute more free cash flow so they can purchase diversifying assets."

44.

Beginning in 2008, the year after the 2007 plea deal and state settlements alerted the Sacklers to the catastrophic liabilities Purdue faced from OxyContin, the Sacklers began to siphon billions of dollars out of Purdue for their own benefit. Between 2008 and 2018, they directed Purdue to make nearly $11 billion in total distributions (including tax distributions) to partnered companies, foreign entities, and ultimately to trusts established for the benefit of the Sackler families. In the decade after they made the decision, the Sacklers took eight-times more in distributions out of Purdue Pharma L.P. than in the previous ten years. Indeed, the Sacklers' 2008 distribution of $1.37 billion alone was larger than sum of the total distributions between 1998 and 2007.

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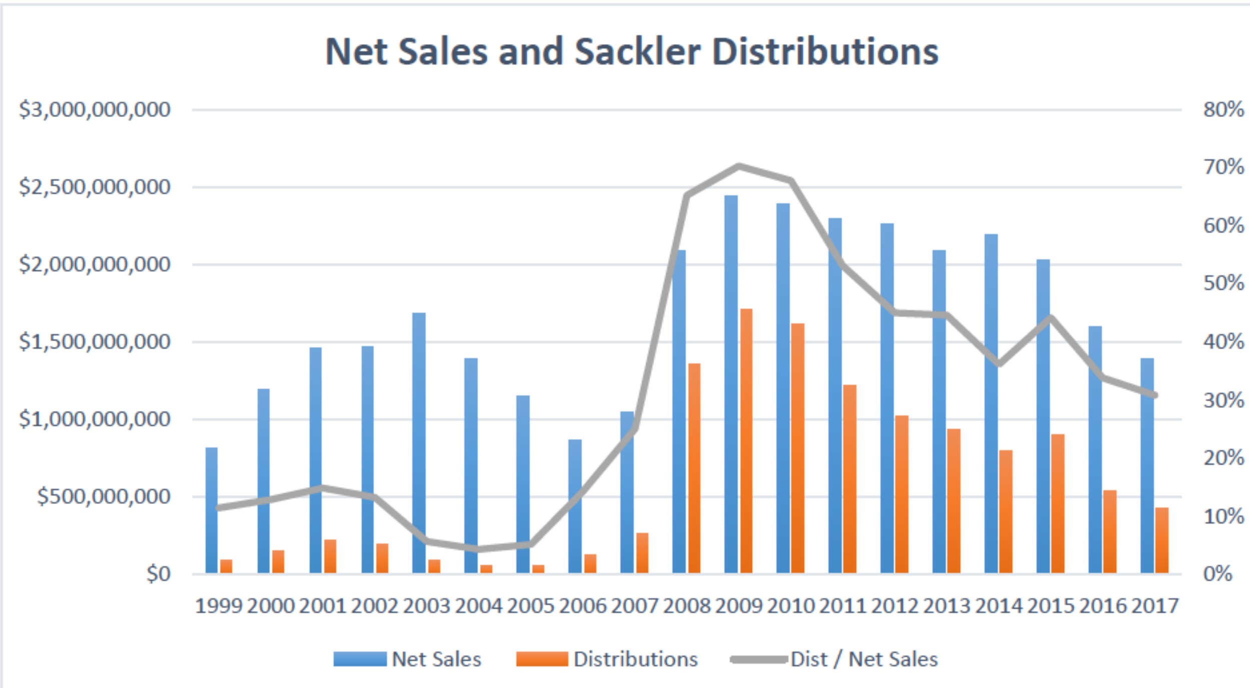
45.

The ratio of distributions as a percentage of net sales illustrates the significant change that took place after the Board received Richard Sackler's 2008 memorandum. From 1999 to 2006, the percentage varied from 4% to 15%. In 2007, it increased to 25%. In 2008, it more than doubled to 65%. From 2008 to 2017, the percentage varied from a high of 70% to a low of 31%, but it never approached the pre-2007 levels.



46.

The Sacklers exercised their control over Purdue Pharma L.P. to directly and personally siphon nearly $11 billion from the company. As Board members of Purdue Pharma Inc., the general partner of Purdue Pharma L.P., the Sacklers voted for hundreds of resolutions that directed Purdue Pharma L.P. to transfer money out of the company to entities they controlled and owned. Those entities, in turn, transferred the funds to other entities owned and controlled by the Sacklers. In every instance, the transfers out of Purdue Pharma L.P. were made for the ultimate benefit of the Sacklers.

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47.

The Sacklers' siphoning of Purdue's funds left Purdue unable to satisfy its potential liabilities. In 2010, Purdue's Chief Financial Officer wrote to Mortimer D.A. Sackler to explain that "[w]e are running Purdue with relatively low cash --- so we don't have a cushion to absorb changes in sales like this without also changing distributions." The Sacklers' siphoning of funds made it impossible for Purdue to engage in basic corporate tasks like research and development. In 2011, Mortimer D.A. Sackler demanded that the 2012 budget reduce research and development expenses: "we must cut spending and R&D investment back to an appropriate level given the actual sales that we have and our lack of diversification of those sales."

48.

Despite paying massive amounts to resolve civil and criminal investigations in 2007, Purdue, with the Sacklers' full knowledge, continued to engage in false, deceptive, and misleading marketing and promotion of OxyContin, leaving it continuously exposed to massive and potentially fatal civil liabilities. In the State of Oregon, the companies aggressively and illegally marketed and promoted OxyContin. As detailed in the Purdue Litigation, Purdue Pharma L.P. and its related companies promoted long-term use of high doses of OxyContin even though they knew that long-term use of high doses increased the risks of overdose; they targeted the elderly even though they knew that opioids posed greater dangers for older patients; and they falsely, deceptively, and misleadingly minimized the risk of addiction, tolerance, and dependence even though they knew of serious dangers. Purdue's conduct after 2007, and through the present, violates Oregon's Unlawful Trade Practices Act, the Elderly Persons and Persons with Disabilities Abuse Prevention Act, and the Oregon Racketeer Influenced and Corrupt Organizations Act.

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49.

In 2014, Purdue admitted in court what had long been evident: Purdue's litigation liabilities related to OxyContin exceeded the company's financial resources. The State of Kentucky, which had been litigating against Purdue since 2007, was pressing its claims in Kentucky state court. Purdue's attorney told a Kentucky court that "[t]his is a billion-dollar case." And, in an interlocutory appeal, Purdue's CFO affirmed the company's understanding that the litigation could threaten the company's existence. In an affidavit, he acknowledged that judgment of a billion or more "would have a crippling effect on Purdue's operations and jeopardize Purdue's long-term viability."

50.

Yet, despite OxyContin's well-known liability risks bringing Purdue to the brink of financial collapse, the Sacklers continued to siphon massive amounts of cash out of the company. In 2015, they took distributions of nearly $900 million, representing 44% of net sales. In 2016, they distributed $544 million, or 34% of net sales.

51.

In 2017 and 2018, states, cities, counties, and other entities filed more than 1,000 lawsuits against Purdue Pharma L.P., all linked to Purdue's manufacturing, marketing, and sales of OxyContin.

52.

By August 2018, denuded of cash, assets, and diversified products by the Sacklers' intentional decision to siphon funds out of the company, Purdue contemplated bankruptcy. It hired bankruptcy lawyers. By March of 2019, Purdue was publicly stating that bankruptcy was a possibility.

53.

Internal documents painted a dire picture. In a confidential memo to the Board (consisting mostly of the Sacklers), Purdue's CEO wrote that the "global Sackler

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(503) 295-3085
Fax: (503) 323-9105

pharmaceutical enterprise is at an inflection point with significant challenges to its stability, cash flow, and growth potential." According to the CEO, Purdue "continues to decline and requires immediate stabilization to allow for future growth" and maintaining "the status quo will likely lead to further deterioration of the business from which recovery is uncertain."

54.

Purdue's CEO made clear the reasons for Purdue's dire financial circumstances related directly to the choice made by the shareholders in response to Richard Sackler's 2008 memo: Purdue "remains heavily reliant on OxyContin; appropriate investments have not been made to diversify the business and ensure a sustainable future." Richard Sackler's 2008 recommendation to distribute free cash flow out of the business so that the Sacklers could diversify their personal investments, rather than allow Purdue to diversify its product lines, created Purdue's acute and predictable problem. Purdue's CEO explained: "The planned and purposeful de-emphasis and deconstruction of R&D has left the organization unable to innovate, create value internally, or effectively manage external R&D-driven opportunities." He added that "we have almost completely abandoned our focus on developing innovative products through R&D."

55.

The Sacklers' siphoning of funds out of Purdue has brought Purdue to the edge of bankruptcy. As a result, Purdue lacks the funds to satisfy the State of Oregon's claims against the company in the Purdue Litigation.

FIRST CLAIM FOR RELIEF

(Declaratory Relief: Piercing the Corporate Veil)

56.

The Attorney General re-alleges paragraphs 1 through 55, and incorporates the allegations herein, as if fully set forth.

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57.

The Sacklers and their families own 100 percent of Purdue Pharma L.P. and Purdue Pharma Inc.

58.

The Sacklers control Purdue Pharma L.P. and Purdue Pharma Inc., as described above. The Sacklers are united by common ownership and control of Purdue and the Sackler Pharmaceutical Enterprise. The Sacklers have a shared goal of maximizing their and their families' financial interests.

59.

The Sacklers have exercised their control over Purdue to wrongfully siphon billions of dollars out of Purdue Pharma L.P. to the benefit of themselves and their families.

60.

As a result of this improper conduct, Purdue is not able to satisfy its liabilities, including the liabilities it will owe to the State in the Purdue Litigation and to its other creditors.

61.

The Sacklers and Purdue are part of the unified economic entity of the Sackler Pharmaceutical Enterprise. The Sacklers operate Purdue and the other entities in the Sackler Pharmaceutical Enterprise as their alter egos and for the unjust purpose of maximizing their own wealth while relying on the corporate and partnership forms to shield themselves from the legal liability incurred by their knowing promotion of a dangerous, addictive, and deadly drug. The Sacklers abuse the corporate and partnership forms of the entities in the Sackler Pharmaceutical Enterprise to unjustly avoid both liability and the personal jurisdiction of this Court.

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1211 SW FIFTH AVENUE
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(503) 295-3085
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62.

The State requests a declaration that Purdue Pharma L.P., Purdue Pharma Inc., and the other entities in the Sackler Pharmaceutical Enterprise are the alter egos of the Sacklers and the State may pierce the corporate and partnership veils of each of those entities to recover any amounts owed to the State that Purdue Pharma L.P. and Purdue Pharma Inc. are unable to satisfy.

SECOND CLAIM FOR RELIEF

(Intentional Fraudulent Conveyance)

63.

The Attorney General re-alleges paragraphs 1 through 62, and incorporates the allegations herein, as if fully set forth.

64.

Oregon's choice-of-law rules provide for application of New York law to the State's fraudulent conveyance claims. Defendants engaged in injurious conduct in New York, and Purdue Pharma Inc., the general partner of Purdue Pharma L.P., is a New York corporation. New York has a strong policy interest in applying its laws to transfers made in its jurisdiction to encourage responsible conduct, deter injurious conduct, and provide adequate remedies to injured parties.

65.

As a result of the claims asserted in the Purdue Litigation, the State is a creditor of Purdue.

66.

The transfers of funds from Purdue Pharma L.P. at the direction of the Sacklers, for the Sacklers' ultimate benefit, constitute conveyances. The Sacklers made these conveyances with actual intent to hinder, delay, or defraud present or future creditors of Purdue, including the State.

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1211 SW FIFTH AVENUE
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(503) 295-3085
Fax: (503) 323-9105

67.

As a result, the State is entitled to a judgment restraining defendants from disposing of any property, setting aside transfers of Purdue's funds to the Sacklers and other third-party entities owned or controlled by the Sacklers, and ordering the Sacklers to return the funds transferred or equivalent value.

68.

Pursuant to New York Code DCL § 276-A, the State seeks an award of reasonable attorney fees.

THIRD CLAIM FOR RELIEF

(Constructive Fraudulent Conveyance)

69.

The Attorney General re-alleges paragraphs 1 through 68, and incorporates the allegations herein, as if fully set forth.

70.

Oregon's choice-of-law rules provide for application of New York law to the State's fraudulent conveyance claims. Defendants engaged in injurious conduct in New York, and Purdue Pharma Inc., the general partner of Purdue Pharma L.P., is a New York corporation. New York has a strong policy interest in applying its laws to transfers made in its jurisdiction to encourage responsible conduct, deter injurious conduct, and provide adequate remedies to injured parties.

71.

As a result of the claims asserted in the Purdue Litigation, the State is a creditor of Purdue.

72.

All of the transfers of funds from Purdue Pharma L.P. to the Sacklers constituted conveyances and were made without fair consideration.

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Fax: (503) 323-9105

73.

At the time those conveyances were made, Purdue Pharma L.P.: (a) was insolvent or would thereby be rendered insolvent; (b) was a defendant in an action for money damages brought by the State; (c) was engaged or about to engage in a business or transaction for which the property remaining in its hands after the conveyance was an unreasonably small capital; and/or (d) intended or believed that it would incur debts beyond its ability to pay as they matured.

74.

In addition or in the alternative, those conveyances were made at a time when Purdue Pharma L.P. was insolvent, nearing insolvency, or such conveyances rendered the company insolvent because Purdue's conduct marketing, advertising, and promoting OxyContin was fraudulent and in violation of state and federal law.

75.

The Sacklers' siphoning of funds from Purdue Pharma L.P. left Purdue with unreasonably small capital to pay off its current creditors in the Purdue Litigation and the more than 1,000 other lawsuits against Purdue nationwide.

76.

Accordingly, the State is entitled to a judgment: (a) restraining defendants from disposing of any property; (b) setting aside the transfers of Purdue funds to or for the benefit of the Sacklers; and (c) ordering the Sacklers to return the funds transferred or their equivalent value.

PRAYER

WHEREFORE, plaintiff the State of Oregon, ex rel. Attorney General Ellen Rosenblum, prays for relief against defendants as follows:

A. On the first claim for relief for a declaration that Purdue Pharma L.P., Purdue Pharma Inc., and the other entities in the Sackler Pharmaceutical Enterprise are

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1211 SW FIFTH AVENUE
PORTLAND, OREGON 97204-3730
(503) 295-3085
Fax: (503) 323-9105

the alter egos of the Sacklers and the State may pierce the corporate and partnership veils of each of those entities to recover any amounts owed to the State that Purdue Pharma L.P. and Purdue Pharma Inc. are unable to satisfy.

B. On the second claim for relief, for a judgment in favor of the State and against defendants restraining them from disposing of any property; enjoining the Sacklers to return funds transferred or equivalent value; setting aside all fraudulent conveyances; and for an award of reasonable attorney fees.

C. On the third claim for relief, for a judgment in favor of the State and against defendants restraining them from disposing of any property; enjoining the Sacklers to return funds transferred or equivalent value; and setting aside all fraudulent conveyances.

D. Such other relief as the Court deems appropriate.

DATED this 16th day of May, 2019.

ELLEN ROSENBLUM
ATTORNEY GENERAL
FOR THE STATE OF OREGON

By: ____________________________
David B. Markowitz, OSB #742046
DavidMarkowitz@MarkowitzHerbold.com
Harry B. Wilson, OSB #077214
HarryWilson@MarkowitzHerbold.com
Kristin M. Malone, OSB #151254
KristinMalone@MarkowitzHerbold.com
Special Assistant Attorneys General for Plaintiff

David A. Hart, OSB #002750
Assistant Attorney-in-Charge
David.hart@doj.state.or.us
Of Attorneys for Plaintiff

868900

ATTORNEY CERTIFICATE OF SERVICE

I hereby certify that on August 30, 2019, I have made service of the foregoing **COMPLAINT** on the parties listed below in the manner indicated:

<table>
<tr><td>Joanna Perini-Abbott
Colin Hunter
Angeli Law Group LLC
121 SW Morrison Street, Suite 400
Portland, OR 97204
Attorneys for Purdue Pharma Inc, Purdue Pharma LP</td><td>☒ U.S. Mail
☐ Facsimile
☐ Hand Delivery
☐ Overnight Courier
☒ Email: joanna@angelilaw.com; colin@angelilaw.com
☐ Odyssey File & Serve™</td></tr>
<tr><td>Brian Talcott
Dunn Carney Allen Higgins & Tongue LLP
851 SW Sixth Avenue, Suite 1500
Portland, OR 97204
Attorneys for the Sacklers</td><td>☒ U.S. Mail
☐ Facsimile
☐ Hand Delivery
☐ Overnight Courier
☒ Email: btalcott@dunncarney.com
☐ Odyssey File & Serve™</td></tr>
<tr><td>Jacob W. Stahl
Maura Kathleen Monaghan
Susan Reagan Gittes
Debevoise & Plimpton
919 Third Avenue
New York, NY 10022
Attorneys for Ilene Sackler Lefcourt, Kathe Sackler, Mortimer Sackler, and Theresa Sackler</td><td>☒ U.S. Mail
☐ Facsimile
☐ Hand Delivery
☐ Overnight Courier
☒ Email: jwstahl@debevoise.com; mkmonaghan@debevoise.com; srgittes@debevoise.com
☐ Odyssey File & Serve™</td></tr>
<tr><td>Gregory P. Joseph
Christopher Stanley
Douglas J. Pepe
Mara Leventhal
Joseph Hage Aaronson LLC
485 Lexington Avenue, 30th Floor
New York, NY 10017
Attorneys for Beverly Sackler, David Sackler, Jonathan Sackler, and Richard Sackler</td><td>☒ U.S. Mail
☐ Facsimile
☐ Hand Delivery
☐ Overnight Courier
☒ Email: gjoseph@jha.com; cstanley@jha.com; dpepe@jha.com; mleventhal@jha.com
☐ Odyssey File & Serve™</td></tr>
</table>

DATED this 30th day of August, 2019.

s/ Harry B. Wilson
Harry B. Wilson, OSB #077214
Special Assistant Attorney General for Plaintiff