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COMPLAINT

Plaintiff, the State of New Mexico, by Hector Balderas, Attorney General (the “State”), brings this Complaint against Defendants Richard S. Sackler, Beverly Sackler, David A. Sackler, Ilene Sackler Lefcourt, Jonathan D. Sackler, Kathe Sackler, Mortimer D.A. Sackler, and Theresa Sackler (collectively, the “Sacklers” or “Defendants”) and alleges, upon information and belief, as follows:

I. INTRODUCTION

1. The State of New Mexico brings this civil enforcement action seeking civil penalties and other relief for Defendants’ unfair and deceptive marketing of prescription opioids (hereinafter “opioids”).¹

2. This nation is facing an unprecedented opioid addiction epidemic that was initiated and perpetuated by the Sacklers for their own financial gain, to the detriment the State and its residents. The “Sacklers” include Richard Sackler, Beverly Sackler, David Sackler, Ilene Sackler Lefcourt, Jonathan Sackler, Kathe Sackler, Mortimer Sackler, and Theresa Sackler. The Sacklers engaged in unfair and deceptive marketing of prescription opioids as safe and non-addictive through their closely held companies including: Purdue Pharma L.P., the Purdue Frederick Company, Purdue Pharmaceutical Products L.P. and Purdue Products L.P. (collectively “Purdue”).

3. In 2014, more than 47,000 people died in the United States from lethal drug overdoses. In 2015, that number exceeded 52,000.² In 2016, it exceeded 63,000 – more than the number of Americans who died during the entirety of the Vietnam War, and more than the number

¹ As used herein, the term “opioid” refers to the entire family of opiate drugs including natural, synthetic and semi-synthetic opiates.

² *Overdose Death Rates*, National Institute of Drug Abuse, <https://www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates> (hereinafter, “*Overdose Death Rates*”) (last visited Dec. 14, 2018).

of Americans who die from breast cancer every year.³ Sadly, this trend shows no sign of slowing. Nationwide, opioids were involved in 47,600 overdose deaths in 2017—a sixfold increase from 1999—according to the latest data from the U.S. Centers for Disease Control and Prevention (“CDC”).⁴

4. More than three out of five of those deaths involve opioids—a dangerous, highly addictive and often lethal class of natural, synthetic and semi-synthetic painkillers.⁵ Prescription opioids include brand-name medications like OxyContin, Opana, Subsys, Fentora and Duragesic, as well as generics like oxycodone, hydrocodone and fentanyl.

5. That number does not take into account the staggering number of additional illicit opioid deaths that can be related back to prescribed opioids. Four out of five new heroin users began first with prescription opioid misuse.⁶ It is thus unsurprising that heroin overdose deaths increased in lockstep with those attributed to prescription opioids; the Centers for Disease Control found a fivefold increase in the heroin death rate between 2002 and 2014.⁷ According to an article published in the *New England Journal of Medicine*, two studies found that almost 80% of heroin

³ *Vietnam War U.S. Military Fatal Casualty Statistics*, National Archives, <https://www.archives.gov/research/military/vietnam-war/casualty-statistics.html> (last visited Dec. 14, 2018); Rose A. Rudd et al., *Increases in Drug and Opioid Involved Overdose Deaths – United States, 2010-2015*, 65 *Morbidity & Mortality Weekly Report* 1445-52 (2016), <https://www.cdc.gov/mmwr/volumes/65/wr/mm655051e1.htm> (hereinafter, “Rudd, *Increases in Drug and Opioid Involved Overdose*”); Nadia Kounang, *Opioids now kill more people than breast cancer*, CNN (Dec. 21, 2017), <https://www.cnn.com/2017/12/21/health/drug-overdoses-2016-final-numbers/index.html>.

⁴ See <https://www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates>

⁵ And nearly half of those involve legal opioids prescribed by doctors to treat pain.

⁶ Christopher M. Jones, *Heroin use and heroin use risk behaviors among nonmedical users of prescription opioid pain relievers – United States, 2002-2004 and 2008-2010*, 132 (1-2) *Drug and Alcohol Dependence* 95-100 (Sept. 1, 2013), [http://www.drugandalcoholdependence.com/article/S0376-8716\(13\)00019-7/fulltext](http://www.drugandalcoholdependence.com/article/S0376-8716(13)00019-7/fulltext).

⁷ Centers for Disease Control and Prevention National Center for Health Statistics, *Number and age-adjusted rates of drug-poisoning deaths involving opioid analgesics and heroin: United States, 1999-2014*, http://www.cdc.gov/nchs/data/health_policy/AADR_drug_poisoning_involving_OA_Heroin_US_2000-2014.pdf (last visited Dec. 14, 2018).

users reported using prescription opioids before initiating heroin use.⁸ Further, heroin use increased almost 140% among non-medical users of prescription opioids from the period 2002-2004 to the period 2011-2013.⁹ These changes appear to be driven primarily by market forces – “increased accessibility, reduced price, and high purity of heroin appear to be major drivers of the recent increases in rates of heroin use” and predate most policies aimed at combatting the abuse and diversion of prescription opioids.¹⁰

6. Further, according to Robert Anderson (“Anderson”), Chief of the Mortality Statistics Branch of the National Center for Health Statistics, deaths from synthetic opioids have undergone “more than an exponential increase”¹¹ with an expected trend line for 2017 deaths that “will be at least as steep as 2016, if not steeper.”¹² Between 2005 and 2016, fatal overdoses from synthetic opioids doubled. “This surge in overdose deaths resulted in the first two-year drop in average U.S. life expectancy since the early 1960s.” In all, more than 200,000 people died in the United States between 1999 and 2016 from overdoses directly related to prescription opioids.¹³

7. Public health officials have called the current opioid epidemic the worst drug crisis in American history.¹⁴ According to Anderson, “I don’t think we’ve ever seen anything like this.

⁸ Wilson M. Compton et al., *Relationship between Nonmedical Prescription-Opioid Use and Heroin Use*, 374 N. Eng. J. Med 154-63 (2016), <https://www.nejm.org/doi/full/10.1056/NEJMra1508490>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Internal quotation marks are omitted throughout this complaint except where the internal quotation marks set off a quote that resides within a longer quoted passage.

¹² Christopher Ingraham, *CDC releases grim new opioid overdose figures: ‘We’re talking about more than an exponential increase,’* Wash. Post (Dec. 21, 2017), https://www.washingtonpost.com/news/wonk/wp/2017/12/21/cdc-releases-grim-new-opioid-overdose-figures-were-talking-about-more-than-an-exponential-increase/?utm_term=.ad8576e16bea.

¹³ *Prescription Opioid Overdose Data*, Centers for Disease Control and Prevention: Opioid Overdose, <https://www.cdc.gov/drugoverdose/data/overdose.html> (last visited Dec. 14, 2018).

¹⁴ Julie Bosman, *Inside a Killer Drug Epidemic: A Look at America’s Opioid Crisis*, N.Y. Times (Jan. 6, 2017), <https://www.nytimes.com/2017/01/06/us/opioid-crisis-epidemic.html>.

Certainly not in modern times.”¹⁵ On October 26, 2017, President Donald Trump declared it a public health emergency. According to recent estimates, as many as 145 people in the United States die every day from opioid overdoses.¹⁶

8. Drug manufacturers’ deceptive marketing and sale of opioids to treat chronic pain is one of the main drivers of the opioid epidemic. Historically, prescription opioids had been used for short-term, post-surgical and trauma-related pain, and for palliative end-of-life care primarily in cancer patients. Because opioids are highly addictive and dangerous, the U.S. Food and Drug Administration (“FDA”) regulates them as Schedule II Controlled Substances, *i.e.*, drugs that have a high potential for abuse and that may lead to severe psychological or physical dependence.

9. This demonstrated need for caution comports with the historical understanding of both the medical community and the American culture at large regarding the serious consequences of opioid use and misuse. Indeed, thousands of years of experience have taught that opioids’ ability to relieve pain comes at a steep price; opioids are dangerously addictive and often lethal substances. For generations, physicians were taught that opioid painkillers were highly addictive and should be used sparingly and primarily for patients near death.¹⁷ The medical community also understood that opioids were poorly suited for long-term use because tolerance would require escalating doses and dependence would make it extremely difficult to discontinue their use.

10. The prevailing and accurate understanding of the enormous risks and limited benefits of long-term opioid use constrained drug manufacturers’ ability to drive sales. In order to decrease reasonable concerns about opioids and to maximize profits, the Sacklers engaged in a

¹⁵ *Drug overdoses now kill more Americans than guns*, CBS News (Dec. 9, 2016), <https://www.cbsnews.com/news/drug-overdose-deaths-heroin-opioid-prescription-painkillers-more-than-guns/>.

¹⁶ Patrick R. Keefe, *The Family that Built an Empire of Pain*, *The New Yorker* (Oct. 30, 2017), <https://www.newyorker.com/magazine/2017/10/30/the-family-that-built-an-empire-of-pain> (hereinafter, “Keefe, *Empire of Pain*”).

¹⁷ Harriet Ryan et al., *OxyContin goes global – “We’re only just getting started,”* *L.A. Times* (Dec. 18, 2016), <http://www.latimes.com/projects/la-me-oxycontin-part3/> (hereinafter, “Ryan, *OxyContin goes global*”).

concerted, coordinated strategy through Purdue to shift the way in which doctors and patients think about pain and, specifically, to encourage the use of opioids to treat not just the relative few who suffer from acute post-surgical pain and end-stage cancer pain, but the masses who suffer from common chronic pain conditions.

11. Purdue manufactures, markets, sells and distributes prescription opioid pain medications, including the brand-name drugs OxyContin, Butrans, and Hysingla ER. Through a deceptive and illegal scheme spanning more than two decades, the Sacklers used Purdue to create and profit immensely from a tragic epidemic of opioid abuse and addiction across the nation, including New Mexico. At the top of Purdue, eight members of a single family—the Sackler family—personally led the deception and personally pocketed billions of dollars.

12. Borrowing from the tobacco industry’s playbook, Purdue and the Sacklers employed ingenious marketing strategies, as detailed further herein, designed to “reeducate” the public and prescribers. Purdue and the Sacklers deliberately conceived these strategies to create, and in fact did create, an entirely new “health care” narrative—one in which opioids are considered safe and effective for long-term use, and pain is aggressively treated at all costs. According to this newly fabricated narrative, pain was seriously under-treated throughout the United States because opioids were under-prescribed, and doctors came under enormous pressure to treat all kinds of pain with opioids.

13. The Sacklers’ intention was to normalize aggressive prescribing of opioids for various kinds of pain by downplaying the very real risks of opioids, especially the risk of addiction, and by exaggerating the benefits of use. To accomplish this goal, they used Purdue to intentionally mislead doctors and patients about the appropriate uses, risks, safety and efficacy of prescription opioids. They did so directly through Purdue sales representatives and marketing materials and indirectly through financial relationships with academic physicians, professional societies,

hospitals, trade associations for state medical boards and seemingly neutral third-party foundations.

14. At the Sacklers' direction, Purdue assured the public and prescribers that the risk of becoming addicted to prescription opioids among patients being treated for pain was less than 1%. In reality, many people with no addiction history can become addicted after just weeks or even days of use.¹⁸ According to estimates, as many as 56% of patients receiving long-term prescription opioid painkillers become addicted.¹⁹ Indeed, almost one in five people who receive an opioid prescription with ten days' supply will still be taking opioids one year later.²⁰

15. Put simply, Purdue and the Sacklers manipulated and misrepresented medical science to serve their own agenda at great human cost. Indeed, in a study published on March 6, 2018 in the *Journal of the American Medical Association* ("JAMA"),²¹ researchers who conducted the first randomized clinical trial designed to compare the efficacy of opioids and non-opioids (including acetaminophen, ibuprofen and lidocaine) for the treatment of moderate to severe back pain, hip pain or knee osteoarthritis pain concluded that patients who took opioids over the long term experienced improvements in pain-related function no better than patients who used safer alternatives.

16. Defendants' scheme was tremendously successful, if measured by profit. The Sackler family, which owns Purdue—a privately held company—is listed on *Fortune's* list of

¹⁸ Anna Lembke, *Drug Dealer, MD: How Doctors Were Duped, Patients Got Hooked, and Why It's So Hard to Stop* 22 (Johns Hopkins University Press 2016) (hereinafter, "Lembke (2016)").

¹⁹ Bridget A. Martell et al., *Systematic Review: Opioid Treatment for Chronic Back Pain: Prevalence, Efficacy, and Association with Addiction*, 146(2) *Ann. Intern. Med.* 116-27 (2007), <http://annals.org/aim/article/732048/systematic-review-opioid-treatment-chronic-back-pain-prevalence-efficacy-association> (hereinafter, "Martell, *Systematic Review*").

²⁰ Sarah Frostenson, *The risk of a single 5-day opioid prescription, in one chart*, *Vox* (Mar. 18, 2017, 7:30 AM), www.vox.com/2017/3/18/14954626/one-simple-way-to-curb-opioid-overuse-prescribe-them-for-3-days-or-less.

²¹ Erin E. Krebs et al., *Effect of Opioid vs. Nonopioid Medications on Pain-Related Function in Patients with Chronic Back Pain or Hip or Knee Osteoarthritis Pain, The SPACE Randomized Clinical Trial*, 319(9) *JAMA* 872-82 (2018) (hereinafter, "Krebs, *Effect of Opioid vs. Nonopioid Medications*").

America’s wealthiest families; its “ruthless marketing of painkillers has generated billions of dollars—and millions of addicts.”²² The Sackler family wealth is estimated at \$13 billion.

17. Even though Purdue had previously been forced to admit the unlawful marketing and sale of opioids, the Sacklers continued to direct deceptive marketing strategies and turn a blind eye to suspicious orders and the diversion of their opioid products. The profits realized by the aggressive marketing and prescribing of opioids dwarf the penalties imposed as a result of violations found. Thus, the incentive to push opioids remains. The scheme was so financially successful, in fact, that despite the clear and obvious devastation it caused at home, the Sacklers continue to pursue the same strategy abroad. As reported by the *Los Angeles Times* in 2016, Purdue stated “[w]e’re only just getting started,” and intends to “[p]ut the painkiller that set off the United States opioid crisis into medicine cabinets around the world.”²³

18. As discussed in detail below, the Sacklers orchestrated the growth of the prescription opioid market through deceptive and untruthful marketing tactics pioneered by their uncle, Arthur Sackler. Not only did the Sacklers create and aggressively market opioids for general and ubiquitous use, but the Defendants knew about the dangers of prescription opioids and pushed to increase sales despite the devastating consequences of the public health crisis.

19. Defendants’ efforts were wildly successful. Opioids are now the most prescribed class of drugs. In an open letter to the nation’s physicians in August 2016, the then-U.S. Surgeon General expressly connected this “urgent health crisis” to “heavy marketing of opioids to doctors ... [m]any of [whom] were taught – incorrectly that opioids are not addictive when prescribed for legitimate pain.”²⁴ The resulting epidemic, fueled by opioids lawfully prescribed by doctors, has

²² Keefe, *Empire of Pain*, *supra*.

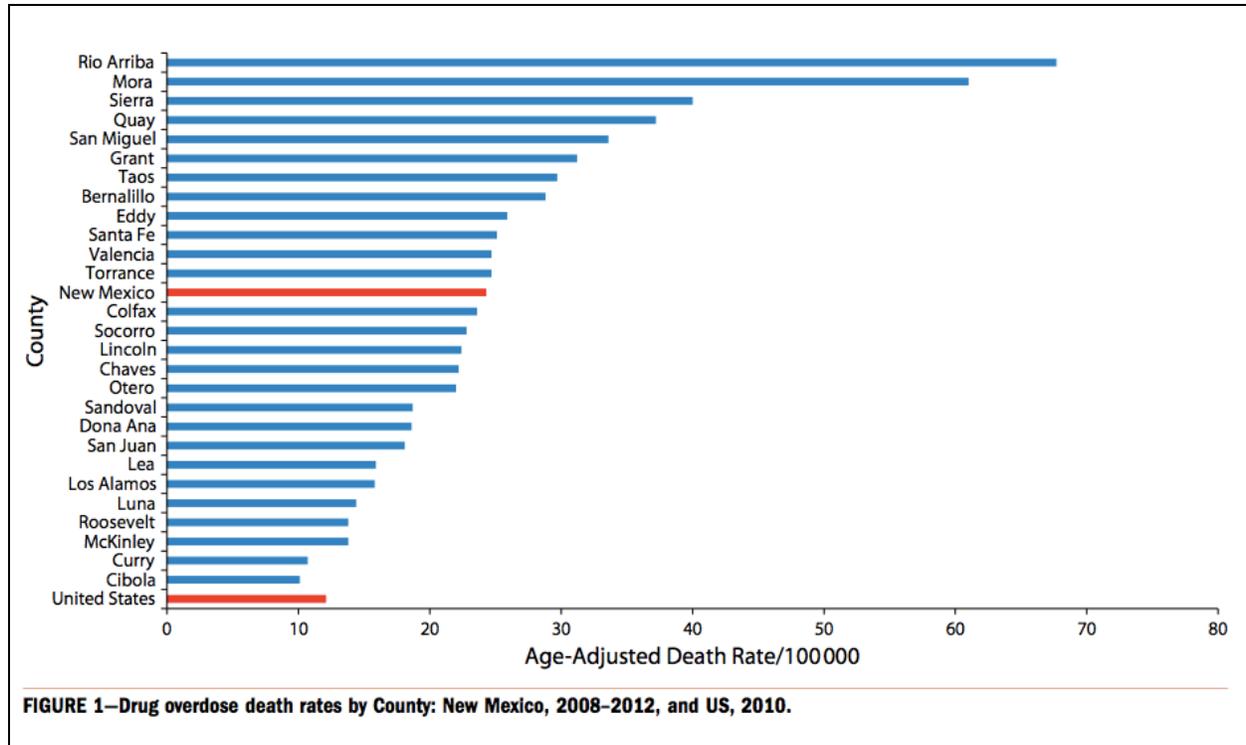
²³ Ryan, *OxyContin goes global*, *supra*.

²⁴ Vivek H. Murthy, *Letter from the Surgeon General*, August 2016, available at <http://turnthetidex.org/>.

resulted in a flood of prescription opioids available for illicit use or sale, and a population of patients physically and psychologically dependent on them. And when those patients can no longer afford or legitimately obtain opioids, they often turn to the street to buy prescription opioids or even heroin.

20. Purdue executed this scheme at the direction of eight people in a single family that owned the company and controlled a majority of the seats on the company's board of directors: the Sacklers. The eight Sacklers named as defendants in this complaint are current and former directors and officers of Purdue and, at all times relevant to this lawsuit, exercised complete authority and control over Purdue's business decisions. The Sacklers knew that Purdue's misrepresentations about the risks and benefits of opioids were not supported by or were directly contrary to the scientific evidence. Indeed, the falsity of those misrepresentations has been repeatedly confirmed by both the FDA and the CDC as well as numerous other agencies. And, in 2007, when Purdue pleaded guilty to federal criminal charges for deceptively marketing opioids and reached civil settlements with 26 states and the District of Columbia, the Sacklers were intimately involved with and aware of the investigations. Moreover, the Sacklers were certainly aware of the resolutions of those investigations, including Purdue's many commitments and obligations under their plea deal and civil settlements—which they voted to enter into. As directors holding a controlling majority of the Board, the Sacklers had the power to dictate how Purdue sold its drugs. But, rather than conforming Purdue's marketing practices to comply with the law, the Sacklers deliberately caused the company to mislead and obfuscate, nationwide as in New Mexico. To protect their multi-billion-dollar revenue stream and conceal their personal involvement in the misconduct, the Sacklers used Purdue to perpetuate their fraudulent scheme, in clear violation of the law and with blatant disregard for the toll it took on the State and its citizens.

21. New Mexico has been greatly impacted by this opioid crisis. Since 2008, New Mexico has had one of the highest rates of drug overdose death rates in the United States. Between 2008-2012, almost every county in New Mexico had a higher drug overdose death rate than the rate for the entire United States. In Rio Arriba County and Mora County, overdose death rates were more than **five times** the national rate:²⁵



22. The opioid crisis is “directly related to the increasingly widespread misuse of powerful opioid pain medications.”²⁶

²⁵ See Joanna G. Katzman et al., *Rules and Values: A Coordinated Regulatory and Educational Approach to the Public Health Crises of Chronic Pain and Addiction*, 104 Am. J. Pub. Health 1356 (2014); Ctrs. for Disease Control and Prevention, *Vital Signs: Overdoses of Prescription Opioid Pain Relievers—United States, 1999–2008*, 60 Morbidity & Mortality Wkly. Rep. 1487 (2011); Douglas C. McDonald et al., *Geographic Variation in Opioid Prescribing in the U.S.*, 13 J. Pain 988 (2012).

²⁶ See Robert M. Califf et al., *A Proactive Response to Prescription Opioid Abuse*, 374 N. Eng. J. Med. 1480 (2016).

II. PARTIES

A. Plaintiff

23. The State of New Mexico is a body politic created by the Constitution and laws of the State; as such, it is not a citizen of any state. This action is brought by the State in its sovereign capacity in order to protect the interests of the State of New Mexico and its citizens as *parens patriae*, by and through Hector Balderas, the Attorney General of the State of New Mexico. Attorney General Balderas is acting pursuant to his authority under, *inter alia*, the New Mexico Unfair Practices Act, NMSA 1978, Sections 57-12-1 to -26 (1967, as amended through 2009).

B. Defendants

24. Defendant Dr. Richard S. Sackler is a natural person residing in Travis County, Texas. He became a member of the Purdue board in 1990 and became its Co-chair in 2003, a position in which he remained until he left the board in 2018. He was also Purdue's head of research and development from at least 1990 through 1999 and its President from 1999 through 2003. At all times material to this Complaint, acting alone or in concert with others, Richard Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Richard Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

25. Defendant Jonathan D. Sackler is a natural person residing in Fairfield County, Connecticut. He has served as a member of the Board of Directors of Purdue and Purdue-related entities from 1990 through 2018. At all times material to this Complaint, acting alone or in concert with others, Jonathan Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's

Board of Directors, Jonathan Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

26. Defendant Ilene Sackler Lefcourt is a natural person residing in New York County, New York and was a member of Purdue's board from 1990 to 2018. At all times material to this Complaint, acting alone or in concert with others, Ilene Sackler Lefcourt was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Ilene Sackler Lefcourt approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

27. Defendant Dr. Kathe A. Sackler is a natural person residing in Fairfield County, Connecticut and was a member of Purdue's board from 1990 through 2018. At all times material to this Complaint, acting alone or in concert with others, Kathe Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Kathe Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

28. Defendant Mortimer D. A. Sackler is a natural person residing in New York County, New York and was a member of Purdue's board from 1993 through 2018. At all times material to this Complaint, acting alone or in concert with others, Mortimer Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Mortimer Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

29. Defendant Beverly Sackler is a natural person residing in Fairfield County, Connecticut and was a member of Purdue's board from 1993 through 2017. At all times material to this Complaint, acting alone or in concert with others, Beverly Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Beverly Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

30. Defendant Theresa Sackler is a natural person residing in New York County, New York and was a member of Purdue's board from 1993 through 2018. At all times material to this Complaint, acting alone or in concert with others, Theresa Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, Theresa Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

31. Defendant David A. Sackler is a natural person residing in New York County, New York and was a member of Purdue's board from 2012 through 2018. For the period 2012 through 2018, acting alone or in concert with others, David Sackler was personally aware of, was responsible for, engaged in, or directed the unfair and deceptive acts or practices set forth in this Complaint. As a member of Purdue's Board of Directors, David Sackler approved and oversaw unfair and deceptive conduct that was purposely directed at New Mexico and gave rise to the State's claims as alleged in this Complaint.

32. At all relevant times, Defendants have sold and supplied their prescription opioids to individuals and entities located within the State of New Mexico.

III. JURISDICTION AND VENUE

33. Subject matter jurisdiction for this case is conferred upon this Court pursuant to, *inter alia*, Article VI, Section 13 of the New Mexico Constitution.

34. This Court has personal jurisdiction over Defendants because Defendants personally participated in the wrongdoing that is the subject of this Complaint and constitutes violations of the New Mexico Unfair Practices Act, NMSA 1978, Sections 57-12-1 to -26 (1967, as amended through 2009). Defendants do business in New Mexico and/or have the requisite minimum contacts with New Mexico necessary to constitutionally permit the Court to exercise jurisdiction with such jurisdiction also within the contemplation of the New Mexico “long arm” statute, NMSA 1978, Section 38-1-16 (1971).

35. The instant Complaint does not confer diversity jurisdiction upon the federal courts pursuant to 28 U.S.C. § 1332, as the State is not a citizen of any state and this action is not subject to the jurisdiction of the Class Action Fairness Act of 2005. Likewise, federal question subject matter jurisdiction pursuant to 28 U.S.C. § 1331 is not invoked by the Complaint, as it sets forth herein exclusively viable state law claims against Defendants. Nowhere herein does Plaintiff plead, expressly or implicitly, any cause of action or request any remedy that arises under federal law. The issues presented in the allegations of this Complaint do not implicate any substantial federal issues and do not turn on the necessary interpretation of federal law. Specifically, Plaintiff expressly avers that the only causes of action claimed, and the only remedies sought herein, are founded upon the positive statutory, common, and decisional laws of New Mexico. Further, the assertion of federal jurisdiction over the claims made herein would improperly disturb the congressionally approved balance of federal and state responsibilities. Accordingly, any exercise of federal jurisdiction is without basis in law or fact.

36. Venue is proper in this Court pursuant to NMSA 1978, Section 38-3-1 (1988), because the Office of the Attorney General and the seat of the State Government are situated in the City and County of Santa Fe, State of New Mexico, and the claims for relief asserted herein arose in large part in the City and County of Santa Fe, State of New Mexico.

IV. FACTUAL BACKGROUND

37. Prescription opioids are dangerous narcotics. They are derived from and closely related to opium and heroin, and they are regulated as controlled substances. While opioids can work to dampen the perception of pain, they can also be deadly, with the potential to slow the user's breathing and cause fatal respiratory depression, especially at higher doses. Opioids are also highly addictive—most patients receiving more than a few weeks of opioid therapy will experience prolonged withdrawal symptoms, including severe anxiety, nausea, headaches, tremors, delirium and pain, if opioid use is delayed or discontinued. Moreover, when using opioids continuously, patients grow tolerant to their analgesic effects—requiring progressively higher doses and increasing the risks of withdrawal, addiction and overdose.

38. In recognition of these risks, the medical community historically used opioids cautiously and sparingly, typically only for short-term acute pain or for palliative (end-of-life) care. Before the 1990s, generally accepted standards of medical practice dictated that opioids should only be used short-term for acute pain, pain relating to recovery from surgery, or for cancer or palliative (end-of-life) care. Due to the lack of evidence that opioids improved patients' ability to overcome pain and function, coupled with evidence of greater pain complaints as patients developed tolerance to opioids over time and the serious risk of addiction and other side effects, the use of opioids for chronic pain was discouraged or prohibited. As a result, doctors generally did not prescribe opioids for chronic pain.²⁷

²⁷ In this Complaint, "chronic pain" means non-cancer pain lasting three months or longer.

39. But when Purdue developed OxyContin in the late 1990s, the Sacklers knew that to expand the company's market (and their own profits), they needed to change perceptions to permit and encourage the use of opioids long-term for widespread chronic conditions, like back pain, migraines and arthritis. With that goal in mind, the Sacklers worked to cultivate a narrative that pain was undertreated and that pain treatment should be a higher priority for health care providers. Purdue's marketing efforts dovetailed with this narrative, as the company began to promote opioids generally, and its own opioids in particular, as safe, effective, and appropriate for long-term use for routine pain conditions. As part of the Sacklers' strategy, Purdue misrepresented the risk of addiction as modest, manageable and outweighed by the benefits of opioid use.

40. To take advantage of the lucrative market for chronic pain patients, Purdue and the Sacklers developed a well-funded marketing scheme based on deception. Purdue and the Sacklers used both direct marketing and unbranded advertising disseminated by seemingly independent third parties to spread unfair and deceptive statements about the risks and benefits of long-term opioid use—statements that benefited not only Purdue and the third-parties who gained legitimacy when Purdue repeated those statements, but the Sacklers themselves. Yet these statements were not only unsupported by or contrary to the scientific evidence, they were also contrary to pronouncements by and guidance from the FDA and CDC based on that evidence. Purdue and the Sacklers also targeted susceptible prescribers and vulnerable patient populations.

41. In connection with this scheme, Purdue, at the Sacklers' behest and for its own and the Sacklers' benefit, spent millions of dollars on promotional activities and materials that falsely denied or trivialized the risks of opioids while overstating the benefits of using them for chronic pain. As to the risks, Defendants falsely and misleadingly, and contrary to the language of their drugs' labels: (1) downplayed the serious risk of addiction; (2) promoted the concept of "pseudoaddiction" and thus advocated that signs of addiction should be treated with more opioids;

(3) exaggerated the effectiveness of screening tools in preventing addiction; (4) claimed that opioid dependence and withdrawal are easily managed; (5) denied the risks of higher opioid dosages; and (6) exaggerated the effectiveness of “abuse-deterrent” opioid formulations to prevent addiction. Defendants also made unfair and deceptive claims that Oxycontin provides twelve hours of pain relief. Conversely, Defendants falsely touted the benefits of long-term opioid use, including the supposed ability of opioids to improve function and quality of life, even though there was no scientific evidence to support such claims.

42. Defendants disseminated these messages to reverse the popular and medical understanding of opioids. They disseminated the messages directly, through Purdue’s sales representatives, and in speaker groups led by physicians Defendants recruited for their support of Purdue’s marketing messages. Defendants also worked through third parties they controlled by having Purdue (1) fund, assist, encourage and direct doctors, known as “key opinion leaders” (“KOLs”) and; (2) fund, assist, direct and encourage seemingly neutral and credible professional societies and patient advocacy groups (referred to hereinafter as “Front Groups”). Defendants worked together with these KOLs and Front Groups to taint the sources that doctors and patients relied on for ostensibly “neutral” guidance, such as treatment guidelines, Continuing Medical Education (“CME”) programs, medical conferences and seminars, and scientific articles. In doing so, Defendants persuaded doctors and patients that what they had long believed—that opioids are addictive drugs, unsafe in most circumstances for long-term use—was untrue, and quite the opposite, that the compassionate treatment of pain *required* opioids.

A. Purdue and the Sacklers used multiple avenues to disseminate its unfair and deceptive statements about the use of opioids for chronic pain.

43. Purdue and the Sacklers spread their unfair and deceptive statements by marketing its branded opioids directly to doctors and patients in New Mexico. They also deployed seemingly

unbiased and independent third parties that they controlled to spread its unfair and deceptive statements about the risks and benefits of opioids for the treatment of chronic pain.

1. Purdue spread its unfair and deceptive statements through direct marketing of its brand opioids.

44. The Sacklers' and Purdue's direct marketing of opioids generally proceeded on two tracks. First, they conducted advertising campaigns touting the purported benefits of Purdue's brand drugs. A number of Purdue's advertisements deceptively portrayed the benefits of opioids for chronic pain. For example, Purdue ran a series of ads, called "Pain vignettes," for OxyContin in 2012 in medical journals. These ads featured chronic pain patients and recommended OxyContin for each. One ad described a "54-year-old writer with osteoarthritis of the hands" and implied that OxyContin would help the writer work more effectively.

45. Second, the Sacklers and Purdue promoted the use of opioids for chronic pain through "detailers"—sales representatives who visited individual doctors and medical staff in their offices—and small-group speaker programs. The Sacklers and Purdue devoted massive resources to direct sales contacts with doctors. In 2014 alone, the company spent \$108 million on detailing branded opioids to doctors.

46. In February 2018, with legal challenges mounting, Purdue announced that it would cease detailing physicians in respect to Purdue's branded opioids. The Sacklers and Purdue did not, however, make any commitment to correct the misrepresentations its multi-decade detailing campaign has engendered in the medical community. Nor did the Sacklers and Purdue commit to cease other deceptive marketing tactics, including the practice addressed below of laundering promotional messages through front groups and other ostensibly unbiased third parties. Far from reversing course, Purdue has indicated it will aggressively promote its drugs that treat opioid-induced constipation—drugs that can be profitable only if opioids are widely prescribed.

47. The Sacklers and Purdue also identified doctors to serve, for payment, on their speakers' bureaus and to attend programs with speakers and meals paid for by Purdue. These programs provided: (1) an incentive for doctors to prescribe a particular opioid (so they might be selected to promote the drug); (2) recognition and compensation for the doctors selected as speakers; and (3) an opportunity to promote the drug through the speaker to his or her peers. These speakers gave the false impression that they were providing unbiased and medically accurate presentations when they were, in fact, presenting a script prepared by Purdue. On information and belief, these presentations conveyed misleading information, omitted material information, and failed to correct Purdue's prior misrepresentations about the risks and benefits of opioids.

48. Purdue's detailing to doctors was very effective. Numerous studies indicate that marketing impacts prescribing habits, with face-to-face detailing having the greatest influence. Even without such studies, Purdue purchases, manipulates and analyzes some of the most sophisticated data available in *any* industry, data available from a company called IQVIA, to track, precisely, the rates of initial prescribing and renewal by individual doctor, which in turn allows the company to target, tailor, and monitor the impact of their core messages. Thus, Purdue and the Sacklers knew Purdue's detailing to doctors was effective.

49. The Sacklers and Purdue employed the same marketing plans and strategies and deployed the same messages in New Mexico as they did nationwide. Across the pharmaceutical industry, "core message" development is funded and overseen on a national basis by corporate headquarters. This comprehensive approach ensures that messages are accurately and consistently delivered across marketing channels—including detailing visits, speaker events, and advertising—and in each sales territory. Drug companies consider this high level of coordination and uniformity crucial to successfully marketing their drugs.

50. The Sacklers and Purdue ensured marketing consistency nationwide through national and regional sales representative training; national training of local medical liaisons, the company employees who respond to physician inquiries; centralized speaker training; single sets of visual aids, speaker slide decks, and sales training materials; and nationally coordinated advertising. Purdue's sales representatives and physician speakers were required to stick to prescribed talking points, sales messages, and slide decks, and supervisors rode along with them periodically to check on their performance and compliance. At all relevant times the Sacklers were aware of and directed these actions by Purdue.

2. Purdue and the Sacklers used a diverse group of seemingly independent third parties to spread unfair and deceptive statements about the risks and benefits of using opioids for chronic pain.

51. The Sacklers and Purdue also deceptively marketed opioids in New Mexico through unbranded advertising—*i.e.*, advertising that promotes opioid use generally but does not name a specific opioid. This advertising was ostensibly created and disseminated by independent third parties. But by funding, directing, reviewing, editing, and distributing this unbranded advertising, Purdue and the Sacklers controlled the deceptive messages disseminated by these third parties and acted in concert with them to falsely and misleadingly promote opioids for the treatment of chronic pain. As much as Purdue and their Sacklers controlled the distribution of their “core messages” via their own detailers and speaker programs, Purdue and the Sacklers similarly controlled the distribution of these messages in scientific publications, treatment guidelines, CMEs, and medical conferences and seminars. To this end, Purdue used third-party public relations firms to help control those messages when they originated from third-parties.

52. Purdue and the Sacklers also marketed through third-party, unbranded advertising to avoid regulatory scrutiny because that advertising is not submitted to and typically is not reviewed by the FDA. Purdue also used third-party, unbranded advertising to give the false

appearance that the deceptive messages came from an independent and objective source. Like the tobacco companies, Purdue used third parties that they funded, directed, and controlled to carry out and conceal their scheme to deceive doctors and patients about the risks and benefits of long-term opioid use for chronic pain.

a. Key Opinion Leaders (“KOLs”)

53. At the Sacklers’ direction and with their knowledge, Purdue also spoke through a small circle of doctors who, upon information and belief, were selected, funded, and elevated by Purdue because their public positions supported the use of opioids to treat chronic pain. These doctors became known as “key opinion leaders” or “KOLs.”

54. Purdue paid KOLs to serve as consultants or on its advisory board and to give talks or present CMEs, and Purdue’s support helped these KOLs become respected industry experts. As they rose to prominence, the KOLs touted the benefits of opioids to treat chronic pain, repaying Purdue by advancing its marketing goals. KOLs’ professional reputations became dependent on continuing to promote a pro-opioid message, even in activities that were not directly funded by Purdue.

55. KOLs have written, consulted on, edited, and lent their names to books and articles, and given speeches and CMEs supportive of chronic opioid therapy. Purdue created opportunities for KOLs to participate in research studies Purdue suggested or chose and then cited and promoted favorable studies or articles by their KOLs. By contrast, Purdue and the Sacklers did not support, acknowledge, or disseminate publications of doctors unsupportive or critical of chronic opioid therapy.

56. Purdue’s KOLs also served on committees that developed treatment guidelines strongly encouraging the use of opioids to treat chronic pain, and on the boards of pro-opioid

advocacy groups and professional societies that develop, select, and present CMEs. Purdue and the Sacklers were able to direct and exert control over each of these activities through its KOLs.

57. Pro-opioid doctors are one of the most important avenues that Purdue and the Sacklers used to spread its unfair and deceptive statements about the risks and benefits of long-term opioid use. Defendants know that doctors rely heavily and less critically on their peers for guidance, and KOLs provide the false appearance of unbiased and reliable support for chronic opioid therapy.

58. Thus, even though some of Purdue's KOLs have recently moderated or conceded the lack of evidence for many of the claims they made, those admissions did not reverse the effect of the unfair and deceptive statements that continue to appear nationwide and throughout New Mexico in Purdue's own marketing as well as treatment guidelines, CMEs and other seminars, scientific articles and research, and other publications available in paper or online.

b. Front Groups

59. At the Sacklers' direction and with their knowledge, Purdue also entered into arrangements with seemingly unbiased and independent patient and professional organizations to promote opioids for the treatment of chronic pain. Under Purdue's direction and control, these "Front Groups" generated treatment guidelines, unbranded materials, and programs that favored chronic opioid therapy. They also assisted Purdue and the Sacklers by responding to negative articles, by advocating against regulatory changes that would limit opioid prescribing in accordance with the scientific evidence, and by conducting outreach to vulnerable patient populations targeted by Purdue and the Sacklers. The Front Groups depended on Purdue for funding and, in some cases, for survival.

60. Purdue and the Sacklers exercised control over programs and materials created by these groups by collaborating on, editing, and approving their content, and by funding their

dissemination. In doing so, Purdue and the Sacklers made sure that the Front Groups would generate only the messages Purdue and the Sacklers wanted to distribute. Despite this, the Front Groups held themselves out as independent and serving the needs of their members—whether patients suffering from pain or doctors treating those patients.

61. Purdue and the Sacklers worked, through Front Groups, to spread their deceptive messages about the risks and benefits of long-term opioid therapy. For example, Purdue and other opioid manufacturers combined their efforts through the Pain Care Forum (“PCF”), which began in 2004 as an American Pain Foundation (“APF”) project. PCF is comprised of representatives from several opioid manufacturers and various Front Groups, almost all of which received substantial funding from Purdue. Among other projects, PCF worked to ensure that an FDA-mandated education project on opioids was not unacceptably negative and did not require mandatory participation by prescribers, which Purdue determined would reduce prescribing.

B. Purdue and the Sacklers misrepresented the risks and benefits of using opioids for chronic pain.

62. To convince doctors and patients in New Mexico that opioids can and should be used to treat chronic pain, Purdue and the Sacklers had to convince them that long-term opioid use is both safe and helpful. Knowing that they could do so only by deceiving those doctors and patients about the risks and benefits of long-term opioid use, Purdue, at the direction of the Sacklers, made claims that were not supported by or were contrary to the scientific evidence. Even though pronouncements by and guidance from the FDA and the CDC based on that evidence confirm that its claims were unfair and deceptive, Purdue and the Sacklers have not corrected them, or instructed its KOLs or Front Groups to correct them, and continue to spread them today.

1. Purdue and the Sacklers falsely trivialized or failed to disclose the known risks of long-term opioid use.

63. To convince doctors and patients that opioids are safe, Purdue and the Sacklers deceptively trivialized and failed to disclose the risks of long-term opioid use, particularly the risk of addiction, through a series of misrepresentations that have been conclusively debunked by the FDA and CDC. These misrepresentations—which are described below—reinforced each other and created the dangerously misleading impression that: (1) starting patients on opioids was low-risk because most patients would not become addicted, and because those who were at greatest risk of addiction could be readily identified and managed; (2) patients who displayed signs of addiction probably were not addicted and, in any event, could easily be weaned from the drugs; (3) the use of higher opioid doses, which many patients need to sustain pain relief as they develop tolerance to the drugs, do not pose special risks; and (4) abuse-deterrent opioids both prevent abuse and overdose and are inherently less addictive.

64. *First*, at the direction of the Sacklers, Purdue falsely claimed that the risk of addiction is low and that addiction is unlikely to develop when opioids are prescribed, as opposed to obtained illicitly; and failed to disclose the greater risk of addiction with prolonged use. Some illustrative examples of these unfair and deceptive claims are described below:

- a. Purdue sponsored APF's *Treatment Options: A Guide for People Living with Pain* (2007), which instructed that addiction is rare and limited to extreme cases of unauthorized dose escalations, obtaining duplicative opioid prescriptions from multiple sources, or theft.
- b. Purdue sponsored APF's *A Policymaker's Guide to Understanding Pain & Its Management*—which claims that less than 1% of children prescribed opioids will become addicted and that pain is undertreated due to “misconceptions about opioid addiction[.]”
- c. Sales representatives for Purdue minimized or omitted any discussion with doctors of the risk of addiction; misrepresented the potential for abuse of opioids with purportedly abuse-deterrent formulations; and routinely did not correct the misrepresentations noted above.

65. These claims are contrary to longstanding scientific evidence. As noted in the 2016 CDC Guideline endorsed by the FDA, there is “extensive evidence” of the “possible harms of opioids (including opioid use disorder [an alternative term for opioid addiction]).” The Guideline points out that “[o]pioid pain medication use presents serious risks, including . . . opioid use disorder” and that “continuing opioid therapy for 3 months substantially increases risk for opioid use disorder.”

66. The FDA further exposed the falsity of Purdue’s claims about the low risk of addiction when it announced changes to the labels for ER/LA opioids in 2013 and for IR opioids in 2016. In its announcements, the FDA found that “most opioid drugs have ‘high potential for abuse’” and that opioids “are associated with a substantial risk of misuse, abuse, NOWS [neonatal opioid withdrawal syndrome], addiction, overdose, and death.” According to the FDA, because of the “known serious risks” associated with long-term opioid use, including “risks of addiction, abuse, and misuse, even at recommended doses, and because of the greater risks of overdose and death,” opioids should be used only “in patients for whom alternative treatment options” like non-opioid drugs have failed. The FDA further acknowledged that the risk is not limited to patients who seek drugs illicitly; addiction “can occur in patients appropriately prescribed [opioids].”

67. The warnings on Purdue’s own FDA-approved drug labels caution that opioids “expose[] users to risks of addiction, abuse and misuse, which can lead to overdose and death,” that the drugs contain “a substance with a high potential for abuse,” and that addiction “can occur in patients appropriately prescribed” opioids.

68. *Second*, Purdue and the Sacklers falsely instructed doctors and patients that the signs of addiction are actually signs of undertreated pain and should be treated by prescribing more opioids. Purdue called this phenomenon “pseudoaddiction”—a term coined by Dr. David Haddox, who went to work for Purdue, and popularized by Dr. Russell Portenoy, a KOL for Purdue—and

falsely claimed that pseudoaddiction is substantiated by scientific evidence. Some illustrative examples of these deceptive claims are described below:

- a. Purdue sponsored *Responsible Opioid Prescribing* (2007), which taught that behaviors such as “requesting drugs by name,” “demanding or manipulative behavior,” seeing more than one doctor to obtain opioids, and hoarding, are all signs of pseudoaddiction, rather than true addiction.
- b. Purdue published a pamphlet in 2011 entitled *Providing Relief, Preventing Abuse*, which described pseudoaddiction as a concept that “emerged in the literature” to describe the inaccurate interpretation of [drug-seeking behaviors] in patients who have pain that has not been effectively treated.”
- c. Purdue sponsored a CME program entitled *Path of the Patient, Managing Chronic Pain in Younger Adults at Risk for Abuse*. In a role play, a chronic pain patient with a history of drug abuse tells his doctor that he is taking twice as many hydrocodone pills as directed. The narrator notes that because of pseudoaddiction, the doctor should not assume the patient is addicted even if he persistently asks for a specific drug, seems desperate, hoards medicine, or “overindulges in unapproved escalating doses.” The doctor treats this patient by prescribing a high-dose, long-acting opioid.

69. The 2016 CDC Guideline rejects the concept of pseudoaddiction. The Guideline does not recommend that opioid dosages be increased if a patient is not experiencing pain relief. To the contrary, it explains that “[p]atients who do not experience clinically meaningful pain relief early in treatment . . . are unlikely to experience pain relief with longer-term use,” and that physicians should “reassess[] pain and function within 1 month” in order to decide whether to “minimize risks of long-term opioid use by discontinuing opioids” because the patient is “not receiving a clear benefit.”

70. *Third*, Purdue and the Sacklers falsely instructed doctors and patients that addiction risk screening tools, patient contracts, urine drug screens, and similar strategies allow them to reliably identify and safely prescribe opioids to patients predisposed to addiction. These misrepresentations were especially insidious because Purdue and the Sacklers aimed them at general practitioners and family doctors who lack the time and expertise to closely manage higher-risk patients on opioids. These misrepresentations made these doctors feel more comfortable

prescribing opioids to their patients, and patients more comfortable starting on opioid therapy for chronic pain. Some illustrative examples of these deceptive claims are described below:

- a. Purdue sponsored a 2011 webinar, *Managing Patient's Opioid Use: Balancing the Need and Risk*, which claimed that screening tools, urine tests, and patient agreements prevent “overuse of prescriptions” and “overdose deaths.”
- b. As recently as 2015, Purdue has represented in scientific conferences that “bad apple” patients—and not opioids—are the source of the addiction crisis and that once those “bad apples” are identified, doctors can safely prescribe opioids without causing addiction.

71. Once again, the 2016 CDC Guideline confirms the falsity of these misrepresentations. The Guideline notes that there are no studies assessing the effectiveness of risk mitigation strategies—such as screening tools, patient contracts, urine drug testing, or pill counts widely believed by doctors to detect and deter abuse—“for improving outcomes related to overdose, addiction, abuse, or misuse.” As a result, the Guideline recognizes that available risk screening tools “show insufficient accuracy for classification of patients as at low or high risk for [opioid] abuse or misuse” and counsels that doctors “should not overestimate the ability of these tools to rule out risks from long-term opioid therapy.”

72. *Fourth*, to underplay the risk and impact of addiction and make doctors feel more comfortable starting patients on opioids, Purdue and the Sacklers falsely claimed that opioid dependence can easily be addressed by tapering and that opioid withdrawal is not a problem, and failed to disclose the increased difficulty of stopping opioids after long-term use.

73. For example, Purdue sponsored APF’s *A Policymaker’s Guide to Understanding Pain & Its Management*, which claimed that “[s]ymptoms of physical dependence can often be ameliorated by gradually decreasing the dose of medication during discontinuation” without mentioning any hardships that might occur.

74. Purdue and the Sacklers deceptively minimized the significant symptoms of opioid withdrawal—which, as explained in the 2016 CDC Guideline, include drug cravings, anxiety,

insomnia, abdominal pain, vomiting, diarrhea, sweating, tremor, tachycardia (rapid heartbeat), spontaneous abortion and premature labor in pregnant women, and the unmasking of anxiety, depression, and addiction—and grossly understated the difficulty of tapering, particularly after long-term opioid use. Yet the 2016 CDC Guideline recognizes that the duration of opioid use and the dosage of opioids prescribed should be “limit[ed]” to “minimize the need to taper opioids to prevent distressing or unpleasant withdrawal symptoms,” because “physical dependence on opioids is an expected physiologic response in patients exposed to opioids for more than a few days.” The Guideline further states that “tapering opioids can be especially challenging after years on high dosages because of physical and psychological dependence” and highlights the difficulties, including the need to carefully identify “a taper slow enough to minimize symptoms and signs of opioid withdrawal” and to “pause[] and restart[]” tapers depending on the patient’s response. The CDC also acknowledges the lack of any “high-quality studies comparing the effectiveness of different tapering protocols for use when opioid dosage is reduced or opioids are discontinued.”

75. *Fifth*, Purdue and the Sacklers falsely claimed that doctors and patients could increase opioid dosages indefinitely without added risk and failed to disclose the greater risks to patients at higher dosages. The ability to escalate dosages was critical to Purdue’s efforts to market opioids for long-term use to treat chronic pain because, absent this misrepresentation, doctors would have abandoned treatment when patients built up tolerance and lower dosages did not provide pain relief. Some illustrative examples are described below:

- a. Purdue sponsored *APF’s Treatment Options: A Guide for People Living with Pain* (2007), which claims that some patients “need” a larger dose of an opioid, regardless of the dose currently prescribed. The guide stated that opioids have “no ceiling dose” and are therefore the most appropriate treatment for severe pain.
- b. Purdue’s *In the Face of Pain* website promotes the notion that if a patient’s doctor does not prescribe what, in the patient’s view, is a sufficient dosage of opioids, he or she should find another doctor who will.

- c. Purdue sponsored APF's *A Policymaker's Guide to Understanding Pain & Its Management*, which taught that dosage escalations are "sometimes necessary," even unlimited ones, but did not disclose the risks from high opioid dosages.
- d. Purdue sponsored a CME entitled *Overview of Management Options* that was edited by a KOL and taught that NSAIDs and other drugs, but not opioids, are unsafe at high dosages.
- e. Purdue presented a 2015 paper at the College on the Problems of Drug Dependence, the "the oldest and largest organization in the US dedicated to advancing a scientific approach to substance use and addictive disorders,"²⁸ challenging the correlation between opioid dosage and overdose.

76. Again, these claims conflict with the scientific evidence. As the CDC explains in its 2016 Guideline, the "[b]enefits of high-dose opioids for chronic pain are not established" while the "risks for serious harms related to opioid therapy increase at higher opioid dosage." More specifically, the CDC explains that "there is now an established body of scientific evidence showing that overdose risk is increased at higher opioid dosages." The CDC also states that "there is an increased risk for opioid use disorder, respiratory depression, and death at higher dosages." That is why the CDC advises doctors to "avoid increasing dosages" above 90 morphine milligram equivalents per day.

77. The 2016 CDC Guideline reinforces earlier findings announced by the FDA. In 2013, the FDA acknowledged "that the available data do suggest a relationship between increasing opioid dose and risk of certain adverse events." For example, the FDA noted that studies "appear to credibly suggest a positive association between high-dose opioid use and the risk of overdose and/or overdose mortality."

78. *Finally*, at the direction of the Sacklers, Purdue's deceptive marketing of the so-called abuse-deterrent properties of some of their opioids has created false impressions that these

²⁸ www.cpdd.org.

opioids can curb addiction and abuse. Indeed, in a 2014 survey of 1,000 primary care physicians, nearly half reported that they believed abuse-deterrent formulations are inherently less addictive.²⁹

79. These numerous, longstanding misrepresentations of the risks of long-term opioid use spread by Purdue and the Sacklers successfully convinced doctors and patients to discount those risks.

2. Purdue and the Sacklers grossly overstated the benefits of chronic opioid therapy.

80. To convince doctors and patients that opioids should be used to treat chronic pain, Purdue and the Sacklers also had to persuade them that there was a significant upside to long-term opioid use. But, as the 2016 CDC Guideline makes clear, there is “insufficient evidence to determine the long-term benefits of opioid therapy for chronic pain.” In fact, the CDC found that “[n]o evidence shows a long-term benefit of opioids in pain and function versus no opioids for chronic pain with outcomes examined at least 1 year later (with most placebo-controlled randomized trials \leq 6 weeks in duration)” and that other treatments were more or equally beneficial and less harmful than long-term opioid use. The FDA, too, has recognized the lack of evidence to support long-term opioid use. In 2013, the FDA stated that it was “not aware of adequate and well-controlled studies of opioids use longer than 12 weeks.” Despite this, Purdue misleadingly touted the benefits of long-term opioid use and falsely suggested that these benefits were supported by scientific evidence.

81. For example, Purdue and the Sacklers falsely claimed that long-term opioid use improved patients’ function and quality of life. Some illustrative examples are described below:

- a. Purdue ran a series of advertisements for OxyContin in 2012 in medical journals entitled “Pain vignettes,” which were case studies featuring patients with pain

²⁹ Catherine S. Hwang, *et al.*, *Prescription Drug Abuse: A National Survey of Primary Care Physicians*, 175(2) JAMA INTERN. MED. 302-4 (Dec. 8, 2014).

conditions persisting over several months and recommending OxyContin for them. The ads implied that OxyContin improves patients' function.

- b. *Responsible Opioid Prescribing* (2007), sponsored and distributed by Purdue, taught that relief of pain by opioids, by itself, improved patients' function.
- c. Purdue sponsored APF's *Treatment Options: A Guide for People Living with Pain* (2007), which counseled patients that opioids "give [pain patients] a quality of life we deserve." The guide was available online until APF shut its doors in 2012.
- d. Purdue sponsored the development and distribution of APF's *A Policymaker's Guide to Understanding Pain & Its Management*, which claimed that "multiple clinical studies" have shown that opioids are effective in improving daily function, psychological health, and health-related quality of life for chronic pain patients."
- e. Purdue's sales representatives have conveyed and continue to convey the message that opioids will improve patient function.

82. These claims find no support in the scientific literature. The FDA and other federal agencies have made this clear for years. Most recently, the 2016 CDC Guideline approved by the FDA concluded that "there is no good evidence that opioids improve pain or function with long-term use, and . . . complete relief of pain is unlikely." (Emphasis added.) The CDC reinforced this conclusion throughout its 2016 Guideline:

- "No evidence shows a long-term benefit of opioids in pain and function versus no opioids for chronic pain with outcomes examined at least 1 year later . . ."
- "Although opioids can reduce pain during short-term use, the clinical evidence review found insufficient evidence to determine whether pain relief is sustained and whether function or quality of life improves with long-term opioid therapy."
- "[E]vidence is limited or insufficient for improved pain or function with long-term use of opioids for several chronic pain conditions for which opioids are commonly prescribed, such as low back pain, headache, and fibromyalgia."

83. The CDC also noted that the risks of addiction and death "can cause distress and inability to fulfill major role obligations." As a matter of common sense (and medical evidence), drugs that can kill patients or commit them to a life of addiction do not improve their function and quality of life.

84. Purdue and the Sacklers also falsely and misleadingly emphasized or exaggerated the risks of competing products like NSAIDs, so that doctors and patients would look to opioids first for the treatment of chronic pain. Once again, these misrepresentations contravene pronouncements by and guidance from the FDA and CDC based on the scientific evidence. Indeed, the 2016 CDC Guideline specifically states that NSAIDs, not opioids, should be the first-line treatment for chronic pain, particularly arthritis and lower back pain.

85. In addition, Purdue and the Sacklers misleadingly promoted OxyContin as being unique among opioids in providing 12 continuous hours of pain relief with one dose. In fact, OxyContin does not last for 12 hours—a fact that Purdue has known at all times relevant to this action. According to Purdue’s own research, OxyContin wears off in under six hours in one quarter of patients and in under 10 hours in more than half. This is because OxyContin tablets release approximately 40% of their active medicine immediately, after which release tapers. This triggers a powerful initial response, but provides little or no pain relief at the end of the dosing period, when less medicine is released. This phenomenon is known as “end of dose” failure, and the FDA found in 2008 that a “substantial number” of chronic pain patients taking OxyContin experience it. This not only renders Purdue’s promise of 12 hours of relief unfair and deceptive, it also makes OxyContin more dangerous because the declining pain relief patients experience toward the end of each dosing period drives them to take more OxyContin before the next dosing period begins, quickly increasing the amount of drug they are taking and spurring growing dependence.

3. Purdue and the Sacklers also engaged in other unfair conduct.

86. At the direction of and with the knowledge of the Sacklers, Purdue also unlawfully failed to report or address illicit and unlawful prescribing of its drugs, despite knowing about it for years. Purdue’s sales representatives have maintained a database since 2002 of doctors suspected of inappropriately prescribing its drugs. But rather than report these doctors to state medical boards

or law enforcement authorities (as Purdue is legally obligated to do) or cease marketing to them, Purdue and the Sacklers used the list to demonstrate the high rate of diversion of OxyContin—the same OxyContin that Purdue had promoted as less addictive—in order to persuade the FDA to bar the manufacture and sale of generic copies of the drug because the drug was too likely to be abused. In an interview with the *Los Angeles Times*, Purdue’s senior compliance officer acknowledged that in five years of investigating suspicious pharmacies, Purdue failed to take action—even where Purdue employees personally witnessed the diversion of its drugs.

87. The same was true of prescribers; despite its knowledge of illegal prescribing, Purdue did not report a Los Angeles clinic that prescribed more than 1.1 million OxyContin tablets, and that Purdue’s district manager described internally as “an organized drug ring,” until years after law enforcement shut the clinic down. In doing so, Purdue protected its own profits at the expense of public health and safety.

C. Purdue and the Sacklers targeted susceptible prescribers and vulnerable patient populations.

88. As a part of its deceptive marketing scheme, Purdue and the Sacklers identified and targeted susceptible prescribers and vulnerable patient populations in New Mexico. For example, Purdue and the Sacklers focused their deceptive marketing on primary care doctors, who were more likely to treat chronic pain patients and prescribe them drugs, but were less likely to be educated about treating pain and the risks and benefits of opioids and therefore more likely to accept Purdue’s misrepresentations.

89. Purdue and the Sacklers also targeted vulnerable patient populations like the elderly and veterans, who tend to suffer from chronic pain. Purdue targeted these patients even though the risks of long-term opioid use were significantly greater for them. For example, the 2016 CDC Guideline observes that existing evidence shows that elderly patients taking opioids suffer from elevated fall and fracture risks, greater risk of hospitalization, and increased vulnerability to

adverse drug effects and interactions. The Guideline therefore concludes that there are “special risks of long-term opioid use for elderly patients” and recommends that doctors use “additional caution and increased monitoring” to minimize the risks of opioid use in elderly patients. The same is true for veterans, who are more likely to use anti-anxiety drugs (benzodiazepines) for post-traumatic stress disorder, which interact dangerously with opioids.

D. The Sacklers directed and led Purdue’s misconduct.

90. The Sacklers were the chief architects and beneficiaries of Purdue’s deception. They knowingly and intentionally sent sales representatives to promote opioids to prescribers in New Mexico thousands of times. The Sacklers knew and intended that the sales reps in New Mexico would deceptively promote opioid sales that are risky for patients, including by:

- blaming the dangers of opioids on patients instead of the addictive drugs;
- pushing opioids for elderly patients, without disclosing the higher risks;
- pushing opioids for patients who had never taken them before, without disclosing the higher risks;
- pushing opioids as substitutes for safer medications, with improper comparative claims;
- falsely assuring doctors and patients that reformulated OxyContin was safe;
- pushing doctors and patients to use higher doses of opioids, without disclosing the higher risks;
- pushing doctors and patients to use opioids for longer periods of time, without disclosing the higher risks; and
- marketing opioids to doctors whom Purdue knew were writing dangerous prescriptions.

91. The Sacklers knew and intended that the sales reps would not tell New Mexico doctors and patients the truth about Purdue’s opioids. Indeed, they knew and intended these unfair and deceptive tactics to achieve their purpose by concealing the truth.

92. The Sacklers knew and intended that prescribers, pharmacists, and patients in New Mexico would be misled by Purdue’s deceptive sales campaign, and as a result would prescribe,

dispense, and take Purdue opioids. Misleading these prescribers, pharmacists, and parties was the purpose of the sales campaign.

93. The Sacklers knew and intended that staff reporting to them would pay top prescribers tens of thousands of dollars to encourage other doctors to write dangerous prescriptions in New Mexico.

94. The Sacklers knew and intended that staff reporting to them would reinforce these misleading acts through thousands of additional acts, including by sending deceptive publications to New Mexico doctors.

95. The Sacklers knowingly and intentionally accepted profits from Purdue's deceptive business practices in New Mexico.

96. The Sacklers knowingly and intentionally sought to conceal their personal involvement in the misconduct.

1. The Sacklers' misconduct leading to the 2007 judgment

97. The Sacklers' misconduct was particularly deceptive, unreasonable, and unlawful because they were already given a second chance. From the 1990s until 2007, they directed more than a decade of misconduct, which led to criminal convictions, civil judgments, and commitments that Purdue would not deceive doctors and patients again. That background confirms that the Sacklers' misconduct since 2007 was knowing and intentional.

98. The Sackler family's first drug company was the Purdue Frederick Company, which they bought in 1952. In 1990, they created Purdue Pharma Inc. and Purdue Pharma L.P. and, from day one, the Sackler family held a majority of seats on the Board. Richard, Ilene, Jonathan and Kathe Sackler took seats on the Board in 1990. Beverly, Mortimer, and Theresa Sackler became directors of Purdue Pharma in or around 1995. And David Sackler joined the Board in 2012.

99. The Sacklers always insisted that their family control Purdue. From 1990 on, their family always held the majority of seats on the Board. In 1994, Jonathan Sackler issued a memorandum to Purdue staff requiring that the Sacklers should receive all Quarterly Reports and any other reports directed to the Board.

100. Purdue launched OxyContin in 1996. It became one of the deadliest drugs of all time.³⁰ Upon information and belief, the FDA scientist who evaluated OxyContin wrote in his original review: “Care should be taken to limit competitive promotion.” But, from the beginning, the Sacklers viewed limits on opioids as an obstacle to greater profits. To make more money, the Sacklers even considered whether they could sell OxyContin in some countries as an uncontrolled drug because of a potential “vast increase of the market potential.” The inventor of OxyContin, Robert Kaiko, wrote to Richard Sackler to oppose this dangerous idea. At the OxyContin launch party, Richard Sackler spoke as the Senior Vice President responsible for sales. Upon information and belief, he told the audience: “the launch of OxyContin Tablets will be followed by a blizzard of prescriptions that will bury the competition. The prescription blizzard will be so deep, dense, and white...” Over the next twenty years, the Sacklers made Richard’s boast come true across New Mexico. They created a manmade disaster. Their blizzard of dangerous prescriptions buried children and parents and grandparents across New Mexico, and the burials continue.

101. From the beginning, the Sacklers were behind Purdue’s decision to deceive doctors and patients. In 1997, Richard Sackler, Kathe Sackler, and other Purdue executives determined—and recorded in secret internal correspondence—that doctors had the crucial misconception that OxyContin was weaker than morphine, which led them to prescribe OxyContin much more often,

³⁰ See *e.g.*, 2016-03-15 telebriefing by CDC Director Tom Frieden (“We know of no other medication that’s routinely used for a nonfatal condition that kills patients so frequently ... those who got the highest doses of opioids, more than 200 MMEs per day had a 1 in 32 chance of dying in just 2 ½ years ... almost all the opioids on the market are just as addictive as heroin”), available at <https://www.cdc.gov/media/releases/2016/t0315-prescribing-opioids-guidelines.html>.

even as a substitute for Tylenol. In reality, OxyContin is more powerful than morphine. But, upon information and belief, Richard directed Purdue staff not to tell doctors the truth, because the truth could reduce OxyContin sales. The Sacklers were also the driving force behind Purdue's strategy to push opioids with the false promise that they create an enhanced "lifestyle."

102. Most of all, the Sacklers cared about money. Upon information and belief, in 1999, when an employee reported to Richard Sackler that Purdue was making more than \$20,000,000 per week, Richard replied immediately that sales were "not so great." "After all, if we are to do 900M this year, we should be running at 75M/month. So it looks like this month could be 80 or 90M. Blah, humbug. Yawn. Where was I?"

103. In 1999, Richard Sackler became the CEO of Purdue. Jonathan, Kathe and Mortimer were Vice Presidents. Under the Sacklers' direction, the company hired hundreds of sales representatives and taught them to use false claims to sell drugs. For example, on the crucial issue of addiction, Purdue trained its sales reps to deceive doctors that the risk of addiction was "less than one percent."³¹ Purdue mailed thousands of doctors promotional videos with that same false claim:

There's no question that our best, strongest pain medicines are the opioids. But these are the same drugs that have a reputation for causing addiction and other terrible things. Now, in fact, the rate of addiction amongst pain patients who are treated by doctors is much less than one percent. They don't wear out, they go on working, they do not have serious medical side effects."³²

A sales rep told a reporter: "We were directed to lie. Why mince words about it? Greed took hold and overruled everything. They saw that potential for billions of dollars and just went after it."³³

³¹ Barry Meier, *Pain Killer* (1 ed. 2003) at 99.

³² "I Got My Life Back" video transcript.

³³ 2017-10-16, Christopher Glazek, "The Secretive Family Making Billions From The Opioid Crisis," *Esquire Magazine* (quoting Purdue sales representative Shelby Sherman).

104. In 2000, the Sacklers were warned that a reporter was “sniffing about the OxyContin abuse story.” The Sacklers put the threat on the agenda for the next Board meeting and began covering their tracks. They planned a response that “deflects attention from the company’s owners.”

105. In January 2001, Richard Sackler received a plea for help from a Purdue sales rep. The representative described a community meeting at a local high school, organized by mothers whose children had overdosed on OxyContin and died. He reported to Richard Sackler that, “[s]tatements were made that OxyContin sales were at the expense of dead children and the only difference between heroin and OxyContin is that you can get OxyContin from a doctor.”

106. The next month, a federal prosecutor reported 59 deaths from OxyContin in a single state. But the Sacklers knew that the reports underestimated the problem. Upon information and belief, Richard Sackler wrote to Purdue executives: “This is not too bad. It could have been far worse.”

107. That same month, Richard Sackler wrote down his solution to the overwhelming evidence of overdose and death: blame and stigmatize people who become addicted to opioids. Upon information and belief, Sackler wrote in a confidential email: “we have to hammer on the abusers in every way possible. They are the culprits and the problem. They are reckless criminals.” The Sacklers followed that strategy going forward by collecting millions from selling their addictive drugs, and blaming the terrible consequences on the people who became addicted.

108. In March 2001, the Sacklers finally achieved a long-sought goal: the front page of the *New York Times* reported that “OxyContin’s sales have hit \$1 billion, more than even Viagra’s.” The same article noted that “OxyContin has been a factor in the deaths of at least 120 people, and the medical examiners are still counting.”

109. When *Time* magazine published an article shortly thereafter about OxyContin deaths in New England, Purdue employees told Richard Sackler they were concerned. Richard responded with a message to his staff. Upon information and belief, he wrote that *Time*'s coverage of people who lost their lives to OxyContin was not "balanced," and the deaths were the fault of "the drug addicts," instead of Purdue.

110. That spring, Purdue executives met with the U.S. Drug Enforcement Administration ("DEA"). A senior DEA official sat across from Richard Sackler. Before the meeting ended, she leaned over the table and told Richard: "People are dying. Do you understand that?"³⁴

111. As Purdue kept pushing opioids and people kept dying, the company became engulfed in a wave of investigations by state attorneys general, the DEA and the U.S. Department of Justice. In 2003, Richard Sackler left his position as President of Purdue. A few years later, Jonathan, Kathe and Mortimer Sackler resigned from their positions as Vice Presidents. But those moves were only for show. The Sacklers maintained control of the company. Their family owned Purdue. They controlled the Board. They paid themselves the profits. And, as alleged in detail below, they continued to direct Purdue's deceptive marketing campaign.

112. By 2006, prosecutors found damning evidence that Purdue intentionally deceived doctors and patients about its opioids. The Sacklers voted that their first drug company, the Purdue Frederick Company, should plead guilty to a felony for misbranding OxyContin as less addictive, less subject to abuse and diversion, and less likely to cause side effects than other pain medications. The Sacklers also voted on the Board that three Purdue executives (Michael Friedman, Paul

³⁴ 2001 meeting described in *Pain Killer: A "Wonder" Drug's Trail of Addiction and Death* by Barry Meier, pg. 158 (2003). The DEA official was Laura Nagel, head of the DEA Office of Diversion Control.

Goldenheim, and Howard Udell)—but not a single member of the Sackler family—should plead guilty as individuals.

113. In May 2007, the Sacklers voted again to have their company plead guilty and enter a series of agreements that Purdue would never deceive doctors and patients about opioids again. The Purdue Frederick Company confessed to a felony and effectively went out of business. But the Sacklers continued their opioid business in their two other companies: Purdue Pharma Inc. and Purdue Pharma L.P.

114. The Sacklers voted to admit in an Agreed Statement of Facts that, for more than six years, supervisors and employees *intentionally* deceived doctors about OxyContin: “Beginning on or about December 12, 1995, and continuing until on or about June 30, 2001, certain Purdue supervisors and employees, with the intent to defraud or mislead, marketed and promoted OxyContin as less addictive, less subject to abuse and diversion, and less likely to cause tolerance and withdrawal than other pain medications.”³⁵

115. To remove any doubt, the Sacklers voted to enter into a plea agreement that stated: “Purdue is pleading guilty as described above because Purdue is in fact guilty.”³⁶ Those intentional violations of the law happened while Richard Sackler was CEO; Jonathan, Kathe and Mortimer were Vice Presidents; and Richard, Jonathan, Kathe, Mortimer, Ilene, Beverly and Theresa Sackler were all on the Board.

116. The Sacklers also voted for Purdue to enter a Corporate Integrity Agreement with the U.S. government. The agreement required the Sacklers to ensure that Purdue did not deceive doctors and patients again. The Sacklers promised to comply with rules that prohibit deception

³⁵ 2007-05-09 Agreed Statement of Facts, paragraph 20, available at <https://www.documentcloud.org/documents/279028-purdue-guilty-plea>.

³⁶ May 9, 2007 Plea Agreement.

about Purdue opioids. They were required to complete hours of training to ensure that they understood the rules. They were required to report any deception. Indeed, Richard, Beverly, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler each certified in writing to the government that he or she had read and understood the rules and would obey them.³⁷

117. In 2007, the Sacklers also voted to enter into a Consent Judgment in Massachusetts which ordered that Purdue “shall not make any written or oral claim that is false, misleading, or deceptive” in the promotion or marketing of OxyContin. The judgment further required that Purdue provide fair balance regarding risks and benefits in all promotion of OxyContin. That judgment required fair balance about the risks of taking higher doses for longer periods and the risks of addiction, overdose, and death. That judgment further required that Purdue establish and follow an abuse and diversion detection program to identify high-prescribing doctors who show signs of inappropriate prescribing, stop promoting drugs to them, and report them to the authorities

118. The 2007 agreements should have ended the misconduct for good. Instead, the Sacklers decided to break the law again and again, expanding and evolving their deceptive sales campaign to make more money at the expense of more patients and families.

2. The Sacklers’ misconduct from 2007 until today

119. After 2007, the Sacklers continued to control Purdue’s deceptive sales campaign. They directed the company to hire hundreds more sales reps. They insisted that sales reps repeatedly visit the most prolific prescribers. They directed reps to encourage doctors to prescribe more of the highest doses of opioids. They studied unlawful tactics to keep patients on opioids longer and then ordered staff to use those tactics in making sales. They asked for detailed reports about doctors suspected of misconduct, how much money Purdue made from them, and how few

³⁷ *Id.*

of them Purdue had reported to the authorities. Richard Sackler even went into the field himself to promote opioids to doctors and supervise reps face to face.

120. The Sacklers' micromanagement was so intrusive that staff begged for relief. The VP of Sales and Marketing wrote to the CEO:

“Anything you can do to reduce the direct contact of Richard into the organization is appreciated.”³⁸

121. The Sackler's directions shot through the company with dangerous force. The Sacklers' directions were enforced throughout the company. When the Sacklers berated sales managers, the managers turned around and fired straight at reps in the field. When Richard Sackler wrote to managers, “This is bad,”³⁹ to criticize the sales of Purdue's Butrans opioid, the managers in turn drafted a warning for employees:

“Just today, Dr. Richard sent another email, ‘This is bad,’ referring to current Butrans trends. I am quite sure that Dr. Richard would not be sympathetic to the plight of the Boston District.”⁴⁰

The manager then threatened to fire every sales rep in the Boston district:

“I am much closer to dismissing the entire district than agreeing that they deserve a pass for poor market conditions.”⁴¹

122. The Sacklers cared most of all about money. From 2007 to 2018, they voted to direct Purdue to pay their family billions of dollars, including millions from opioids sold in New Mexico. These payments show the total control that the Sacklers exercised over Purdue. The payments were the motivation for the Sacklers' misconduct. And the payments were deliberate decisions to benefit from deception in New Mexico and elsewhere, at great cost to patients and families.

³⁸ 2012-02-07 email from Russell Gasdia, PPLPC012000368569.

³⁹ 2012-02-07 email from Richard Sackler, PPLPC012000368430.

⁴⁰ 2012-02-07 email from Windell Fisher, PPLPC012000368500.

⁴¹ 2012-02-07 email from Windell Fisher, PPLPC012000368500.

123. As detailed below, the Sacklers' misconduct continued from the 2007 convictions through 2018.

a. 2007

124. **In July 2007**, staff told the Sacklers that more than 5,000 cases of adverse events had been reported to Purdue in just the first three months of 2007. Staff also told the Sacklers that Purdue received 572 Reports of Concern about abuse and diversion of Purdue opioids during Q2 2007. Staff reported to the Sacklers that they completed only 21 field inquiries in response. Staff also told the Sacklers that they received more than 100 calls to Purdue's compliance hotline during the quarter, which was a "significant increase," but Purdue did not report any of the hotline calls or Reports of Concern to the FDA, DEA, Department of Justice, or state authorities.⁴²

125. Purdue's self-interested failure to report abuse and diversion would continue, quarter after quarter, even though the 2007 Judgment required Purdue to report "potential abuse or diversion to appropriate medical, regulatory or law enforcement authorities." Instead of reporting dangerous prescribers, or even directing sales reps to stop visiting them, the Sacklers chose to keep pushing opioids to whoever prescribed the most.

126. Staff also reported to the Sacklers that they continued to mail out thousands of deceptive marketing materials, including 12,528 publications in the first half of 2007. The single most-distributed material was volume #1 of Purdue's "*Focused and Customized Education Topic Selections in Pain Management*" (FACETS).⁴³ In FACETS, Purdue falsely instructed doctors and patients that physical dependence on opioids is not dangerous and instead improves patients' "quality of life" — just as Richard Sackler had been saying since the 1990s. In the same material, Purdue also falsely told doctors and patients that signs of addiction are actually "pseudoaddiction,"

⁴² 2007-07-15 Board report, pgs. 33, 41, 54, PWG000300817, -825, -838.

⁴³ 2007-07-15 Board report, pg. 34, PWG000300818.

and that doctors should respond by prescribing more opioids.⁴⁴ Staff told the Sacklers that another of the publications they had sent most often to doctors was “*Complexities in Caring for People in Pain.*”⁴⁵ In it, Purdue repeated again its false claim that warning signs of addiction are really “pseudoaddiction” that should be treated with more opioids.⁴⁶

127. At the same time, staff also reported to the Sacklers that Purdue was making more money than expected. A few months earlier, they had projected a profit of \$407,000,000; now they expected more than \$600,000,000.⁴⁷

128. Staff reported to the Sacklers that “sales effort” was a key reason that profits were high.⁴⁸ Staff told the Sacklers that Purdue employed 301 sales reps to promote opioids and that sales reps were the largest group of Purdue employees by far. In comparison, Purdue employed only 34 people in drug discovery.⁴⁹

129. From the 2007 convictions until today, the Sacklers ordered Purdue to hire hundreds of sales reps to carry out their deceptive sales campaign.⁵⁰

⁴⁴ 2007-08 FACETS Vol. 1, pgs. 51-53, PTN000004691-693.

⁴⁵ 2007-07-15 Board report, pg. 34, PWG000300818.

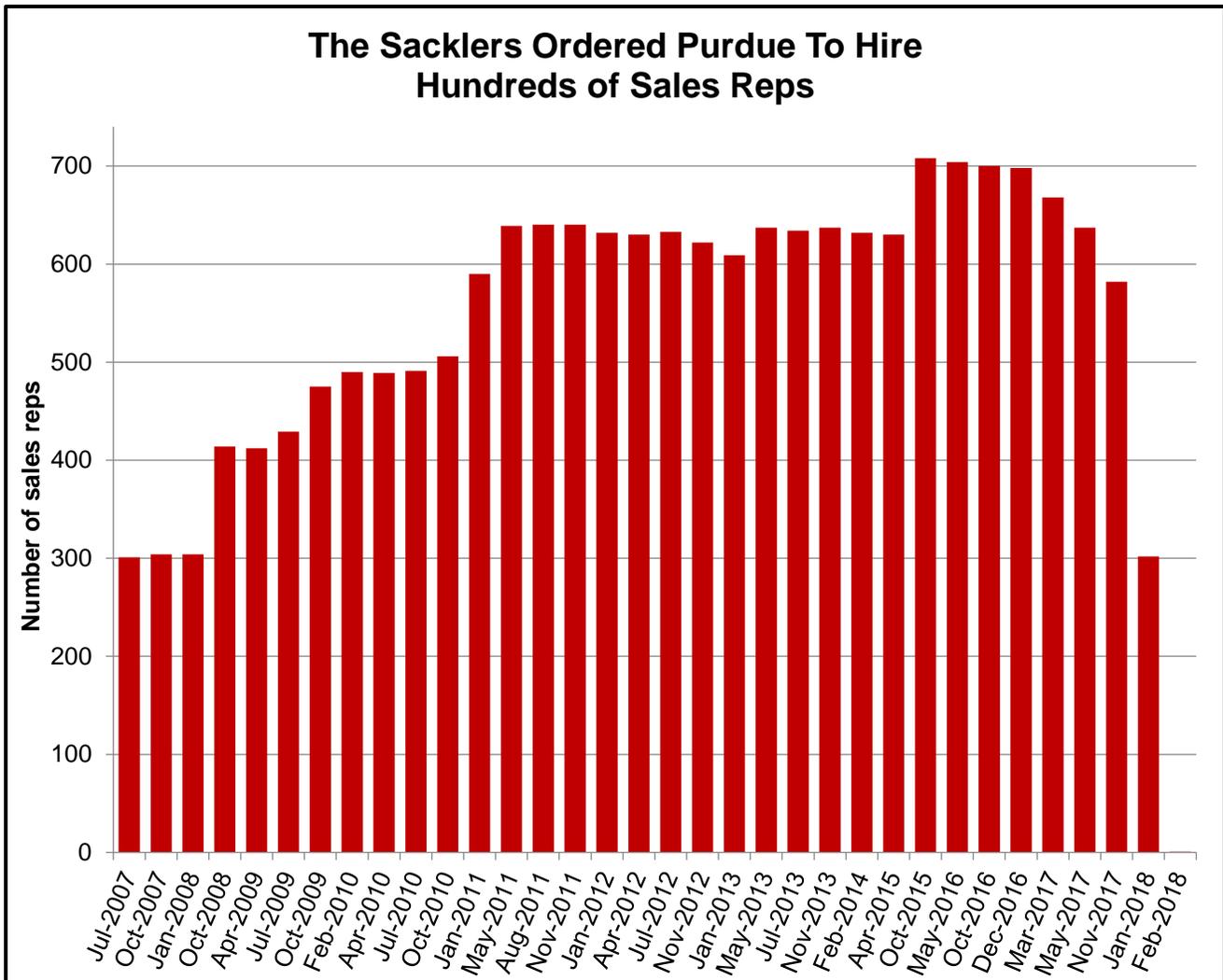
⁴⁶ 2007 *Complexities of Caring for People in Pain*, pg. 2, PTN000016806.

⁴⁷ 2007-07-15 Board report, pg. 46, PWG000300830.

⁴⁸ 2007-07-15 Board report, pg. 46, PWG000300830.

⁴⁹ 2007-07-15 Board report, pg. 52, PWG000300836.

⁵⁰ 2007-07-15 Board report, pg. 52, PWG000300836; 2007-10-15 Board report, pg. 58, PPLPC012000157459; 2008-01-15 Board report, pg. 22, PDD8901733995; 2008-10-15 Board report, pg. 26, PDD9316101027; 2009-04-16 Board report, pg. 28, PDD9316100624; 2009-07-30 Board report, pg. 19, PPLPC012000233249; 2009-10-22 Board



Graphic based on Purdue documents

130. In August, Mr. Udell was still serving as Purdue’s top lawyer, even after his criminal conviction. He wrote to Richard, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler: “Over the last week there have been numerous news stories across the nation reporting on the Associated Press’s analysis of DEA data showing very large increases in the use of opioids analgesics (particularly OxyContin) between the years 1997 and 2005. Many of these articles have suggested that this increase is a negative development suggesting overpromotion and increasing abuse and diversion of these products.”⁵¹

⁵¹ 2007-08-30 email from Howard Udell, PPLPC012000153272.

131. **In October**, staff told the Sacklers that Purdue received 284 Reports of Concern about abuse and diversion of Purdue’s opioids in Q3 2007, and they conducted only 46 field inquiries in response. Staff reported to the Sacklers that they received 39 tips to Purdue’s compliance hotline during the quarter, but Purdue did not report any of them to the authorities.⁵²

132. Staff told the Sacklers that Purdue had hired more sales reps and now employed 304. They also reported to the Sacklers that Purdue was succeeding at promoting its highest doses of opioids: “OxyContin 80mg is at Rx levels not seen in over 2 years.”⁵³

133. In preparation for an upcoming Board meeting, Richard Sackler instructed staff to give him the spreadsheets underlying their sales analysis, so that he could do his own calculations.⁵⁴ The spreadsheets showed that, in 2007, Purdue expected to collect more than half its total revenue from sales of 80mg OxyContin — its most powerful, most profitable, and most dangerous pill.⁵⁵

134. **In November**, the Sacklers voted to spend \$86,900,000 to employ sales reps in 2008 and another \$1,000,000 to buy them laptops. The Sacklers also voted for a resolution regarding salary increases and bonus targets for the reps.⁵⁶

b. 2008

135. **In January 2008**, staff told the Sacklers that Purdue still employed 304 sales reps and they were succeeding at the goal of promoting higher doses of opioids: “OxyContin 80mg continues to grow.” Staff told the Sacklers that, in 2007, Purdue’s net sales were just over \$1 billion, almost “DOUBLE” what the company had planned. OxyContin was more than 90% of those sales.⁵⁷

⁵² 2007-10-15 Board report, pgs. 36, 60, PPLPC012000157437, -461.

⁵³ 2007-10-15 Board report, pgs. 4, 58, PPLPC012000157405, -459.

⁵⁴ 2007-10-28 email from Richard Sackler, PPLPC012000159168.

⁵⁵ 2007-10-28 attachment to email from Edward Mahony, PPLPC012000159170.

⁵⁶ 2007-11-01 Board minutes, PKY183212603-06; 2008 budget submission, pg. 20, PDD9273201033.

⁵⁷ 2008-01-15 Board report, pgs. 4, 22, 24, PDD8901733977, -995, -997.

136. Staff also told the Sacklers that Purdue received 689 Reports of Concern about abuse and diversion of Purdue's opioids in Q4 2007, and they conducted only 21 field inquiries in response. Staff also reported to the Sacklers that they received 83 tips to Purdue's compliance hotline during the quarter, but Purdue did not report any of them to the authorities.⁵⁸

137. The Sacklers wanted more details on tactics for pushing sales. Richard Sackler wrote to Russell Gasdia, Vice President of Sales and Marketing (hereinafter "Sales VP"), demanding information about Purdue's opioid savings cards. Richard asked Gasdia how long the opioid savings cards lasted, how much savings they offered a patient, and whether there had been any changes since he had last been briefed on the opioid savings card scheme. Richard sent Gasdia a detailed hypothetical scenario to make sure he understood the sales tactic down to the smallest details.⁵⁹ Staff followed up with a presentation about opioid savings cards to the Sacklers at the next Board meeting.⁶⁰

138. Meanwhile, when staff proposed a plan to get pharmacies to increase their inventory of OxyContin from 2 bottles to 3 bottles, Richard Sackler demanded to know why they couldn't get up to 4 bottles or more.⁶¹

139. The Sacklers didn't only sweat the small stuff. They also made the fundamental decision to hire a sales force, and then to expand it. At Purdue, hiring more sales reps was not a matter for middle management. Selling opioids door-to-door, in visits to doctor's offices and hospitals, was the core business of the company. The Sacklers themselves made the decisions about how big the sales force would be and what it would do.

⁵⁸ 2008-01-15 Board report, pg. 16, 24, PDD8901733989, -997.

⁵⁹ 2008-01-30 emails from Richard Sackler, PPLPC012000168321-322.

⁶⁰ 2008-02-09 email from John Stewart, PPLPC012000170262 (opioid savings cards "were singled-out for presentation since they are an extraordinary item in the budget and there is good data showing a positive impact on OxyContin utilization").

⁶¹ 2008-02-19 email from Richard Sackler, PPLPC004000150467.

140. In February, the Sacklers used their power on the Board of Directors to order Purdue to “begin expanding the sales force by an additional 100 sales representatives beginning effective as of April 1, 2008.”⁶²

PURDUE PHARMA INC.

**Minutes of a Meeting
of the Board of Directors**

February 8, 2008

RESOLVED that the Partnership be and it hereby is authorized and directed to begin expanding the sales force by an additional 100 sales representatives beginning effective as of April 1, 2008 at an additional cost in 2008 of \$12.5 million, and in connection with the addition of such 100 sales representatives, to add 12 District Managers, 2 Regional Managers, 2 regional administrators, 2 trainers and 1 marketing/convention manager starting July 1, 2008; and further

141. The Sacklers knew and intended that, because of their orders, more sales reps would promote opioids to prescribers. In preparation for the Sacklers’ vote, staff told them that adding 100 sales reps would allow Purdue to make 12,000 more sales visits to prescribers every month.⁶³

142. The Sacklers also knew and intended that the sales reps would push higher doses of Purdue’s opioids. That same month, Richard Sackler directed Purdue management to “measure our performance by Rx’s by strength, giving higher measures to higher strengths.”⁶⁴ He copied Jonathan and Mortimer Sackler on the instruction. The Sacklers knew higher doses put patients at

⁶² 2008-02-08 Board minutes, PKY183212620. The Sacklers had long experience controlling the company’s sales force. They voted to direct Purdue to hire 50 more sales reps in 1998, and directed the company to prepare for a 100-rep expansion in 2007. 1998-04-27 Board minutes, #618527.1; 2007-04-26 Board minutes, PPLP004415274.

⁶³ 2007-10-26 Sales & Marketing presentation, PPLPC012000159022.

⁶⁴ 2008-02-13 email from Richard Sackler, PPLPC012000170948-949.

higher risk. As far back as the 1990s, Jonathan and Kathe Sackler knew that patients frequently suffer harm when “high doses of an opioid are used for long periods of time.”⁶⁵

143. On Valentine’s Day, the Sacklers voted to pay former CEO and criminal convict Michael Friedman \$3,000,000.⁶⁶ It was one of several multi-million-dollar payments to the convicted executives to maintain their loyalty and protect the Sackler family.

144. By 2008, Purdue was working on a crush-proof reformulation of OxyContin to extend Purdue’s patent monopoly.⁶⁷ The Sacklers learned that another company was planning clinical research to test whether crush-proof opioids are safer for patients.⁶⁸ Mortimer Sackler suggested that Purdue conduct similar studies to find out whether reformulated OxyContin was really safer *before* selling it to millions of patients. He wrote to Richard Sackler: “Purdue should be leading the charge on this type of research and should be generating the research to support our formulation. Why are we playing catch up ...? Shouldn’t we have studies like this ...?”⁶⁹ The Sacklers decided not to do the research because they wanted the profits from a new product, regardless of whether the deaths continued. Richard didn’t want a paper trail, so he instructed Mortimer to call him, and CEO John Stewart met with his staff to plan how to phrase a carefully worded reply.⁷⁰ Later that month, Stewart wrote to Richard that reformulating OxyContin “will not stop patients from the simple act of taking too many pills.”⁷¹

⁶⁵ 1997-03-12 memo from John Stewart, PDD1701785443.

⁶⁶ 2008-02-14 Board minutes, PKY183212622.

⁶⁷ 2007-10-26 Sales & Marketing presentation, pg. 2, PPLPC012000159022.

⁶⁸ 2008-02-07 email from Robert Kaiko, PPLPC013000244844.

⁶⁹ 2008-02-12 email from Mortimer Sackler, PPLPC013000244843-844.

⁷⁰ 2008-02-12 email from Richard Sackler, PPLPC013000244843 (“My sentiments exactly the first time I read it. But you should read it again. If you do and ask yourself what it means, I think you may come to a very different conclusion, as I now have ... We should talk about it. Give me a call at home.”); 2008-02-13 email from John Stewart, PPLPC013000244843.

⁷¹ 2008-02-22 email from John Stewart, PPLPC012000172201. Five years later, Purdue published two studies about the crush-proof formulation. Neither concluded the crush-proof tablets lowered the risks of addiction, overdose and death associated with OxyContin use. One was a single-session research study conducted by three full-time Purdue employees and a paid Purdue consultant to assess “the attractiveness” of the crush-proof tablets to recreational drug users. Thirty recreational opioid users were interviewed by

145. Meanwhile, staff gave Jonathan, Kathe, Mortimer and Richard Sackler projections indicating that OxyContin sales could plateau.⁷² Mortimer demanded answers to a series of questions about why sales would not grow.⁷³ Richard chimed in at 8:30 p.m. to instruct the staff to find answers “before tomorrow.”⁷⁴ Staff emailed among themselves about how the Sacklers’ demands were unrealistic and harmful and then decided it was safer to discuss the problem by phone.⁷⁵

146. **In March**, Richard Sackler dug into Purdue’s strategy for selling more OxyContin. He directed sales and marketing staff to turn over thousands of pieces of data about sales trends, including data to distinguish the kilograms of active drug from the number of prescriptions, so he could analyze higher doses.⁷⁶ Staff delivered the data early Sunday morning; Richard responded with detailed instructions for new data that he wanted that same day.⁷⁷ An employee sent Richard the additional data only a few hours later and pleaded with Richard: “I have done as much as I can.” The employee explained that he needed to attend to family visiting from out of town.⁷⁸ Richard responded by calling him at home, insisting that the sales forecast was too low, and

two researchers. “This study did not include safety, pharmacokinetic, or efficacy evaluations, and no drugs were administered.” Participants’ answers to “open-ended questions” indicated that the crush-proof tablets “might be less attractive to recreational opioid abusers” than original OxyContin. The study concluded that “among the available opioid products that we included in this study, recreational opioid users judged [crush-proof OxyContin tablets] to be the least attractive, the least valuable and the least desirable, with the least likelihood for tampering and the lowest street value.” PTN000002031-2034. In the second study, by the same Purdue authors, 29 volunteers snorted OxyContin (original and crush-proof), oxycodone, and a placebo over a seven-day treatment phase and rated the drugs. The study concluded that “reformulated OxyContin has a reduced abuse potential compared to the original formulation upon intranasal administration.” PTN000002031, -2044. Purdue amended its OxyContin label to reference these studies in 2013.

⁷² 2008-02-26 email from Edward Mahony, PPLPC012000172585; attachment PPLPC012000172587.

⁷³ 2008-02-26 email from Mortimer Sackler, PPLPC12000172674.

⁷⁴ 2008-02-26 email from Richard Sackler, PPLPC12000172674.

⁷⁵ 2008-02-26 email from John Stewart, PPLPC012000172677.

⁷⁶ 2008-03-09 email from David Rosen, PPLPC012000174478.

⁷⁷ 2008-03-09 email from Richard Sackler, PPLPC012000174477.

⁷⁸ 2008-03-09 email from David Rosen, PPLPC012000174204.

threatening that he would have the Board reject it.⁷⁹ On Monday, staff emailed among themselves to prepare for meeting with Richard, highlighting that Richard was looking for results that could only be achieved by hiring more sales reps. Meanwhile, Richard met with John Stewart to discuss his analysis of the weekend's data and new graphs Richard had made.⁸⁰

147. Sales VP Russell Gasdia was struggling to handle the pressure. When Richard Sackler sent Gasdia a list of seven sales questions to answer on a Saturday (and copied Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler), Gasdia wrote to John Stewart:

“John, I know it is tricky, but Dr. Richard has to back off somewhat. He is pulling people in all directions, creating a lot of extra work and increasing pressure and stress. I will draft a response but he is not realistic in his expectations and it is very difficult to get him to understand.”⁸¹

148. Richard Sackler did not back off. Instead, he pushed staff to sell more of the highest doses of opioids and get more pills in each prescription. That same Saturday night, Richard sent Gasdia yet another set of instructions, directing him to identify tactics for “exceeding 2007 Rx numbers on an adjusted basis (adjusted for strength and average number of tablets per Rx).”⁸² The very next day, Gasdia was writing up plans for how adding sales reps, opioid savings cards, and promoting more intermediate doses of OxyContin could help increase sales.⁸³

149. Richard Sackler followed through on his weekend threat that he would have the Board reject the sales plan. Two days later, Richard circulated his own sales analysis to the Board,

⁷⁹ 2008-03-09 email from David Rosen, PPLPC012000174202. A month earlier, when an employee did not answer a call from Richard Sackler during a Sunday morning church service, Richard immediately contacted the CEO to complain. 2008-02-17 email from Mike Innaurato, PPLPC012000171496. Richard then wrote that he expected answers from four different sales staff members the next day (President's Day) even though Purdue was closed. 2008-02-17 email from Richard Sackler, PPLPC012000171511. *See also* 2008-11-02 email from Mike Innaurato, PPLPC019000241631.

⁸⁰ 2008-03-10 emails from David Rosen and John Stewart, PPLPC012000174476.

⁸¹ 2008-03-08 email from Russell Gasdia, PPLPC012000174127.

⁸² 2008-03-08 email from Richard Sackler, PPLPC012000175157.

⁸³ 2008-03-09 email from Russell Gasdia, PPLPC012000174161.

ordered the Secretary to “put this high in the Board agenda,” and proposed that he and Mortimer Sackler oversee a redo of the annual plan as well as the 5-year plan for Purdue’s opioids.⁸⁴

150. At the same time, Jonathan, Kathe, and Mortimer Sackler were also pushing staff about sales. Staff told those three Sacklers that they would use opioid savings cards to meet the challenge of keeping OxyContin scripts at the same level in 2008 as in 2007, “in spite of all the pressures.”⁸⁵ Kathe demanded that staff identify the “pressures” and provide “quantification of their negative impact on projected sales.”⁸⁶

151. **In April**, staff told the Sacklers that Purdue employed 304 sales reps. Staff reported to the Sacklers that the reps had obtained data showing which pharmacies stocked higher strengths of OxyContin, which helped them convince area doctors to prescribe the highest doses. Staff also told the Sacklers that Purdue received 853 Reports of Concern about abuse and diversion of Purdue opioids in Q1 2008, and they had conducted only 17 field inquiries in response. Staff also reported to the Sacklers that they received 83 tips to Purdue’s compliance hotline during the quarter, but did not report any of them to the authorities.⁸⁷

152. On April 18, Richard Sackler sent Kathe, Ilene, David, Jonathan, and Mortimer Sackler a secret memo about how to keep money flowing to their family. Richard wrote that Purdue’s business posed a “dangerous concentration of risk.” After the criminal investigations that almost reached the Sacklers, Richard wrote that it was crucial to install a CEO who would be loyal to the family: “People who will shift their loyalties rapidly under stress and temptation can become a liability from the owners’ viewpoint.” Richard recommended John Stewart for CEO because of his loyalty. Richard also proposed that the family should either sell Purdue in 2008 or,

⁸⁴ 2008-03-10 email from Richard Sackler, PPLPC023000164605.

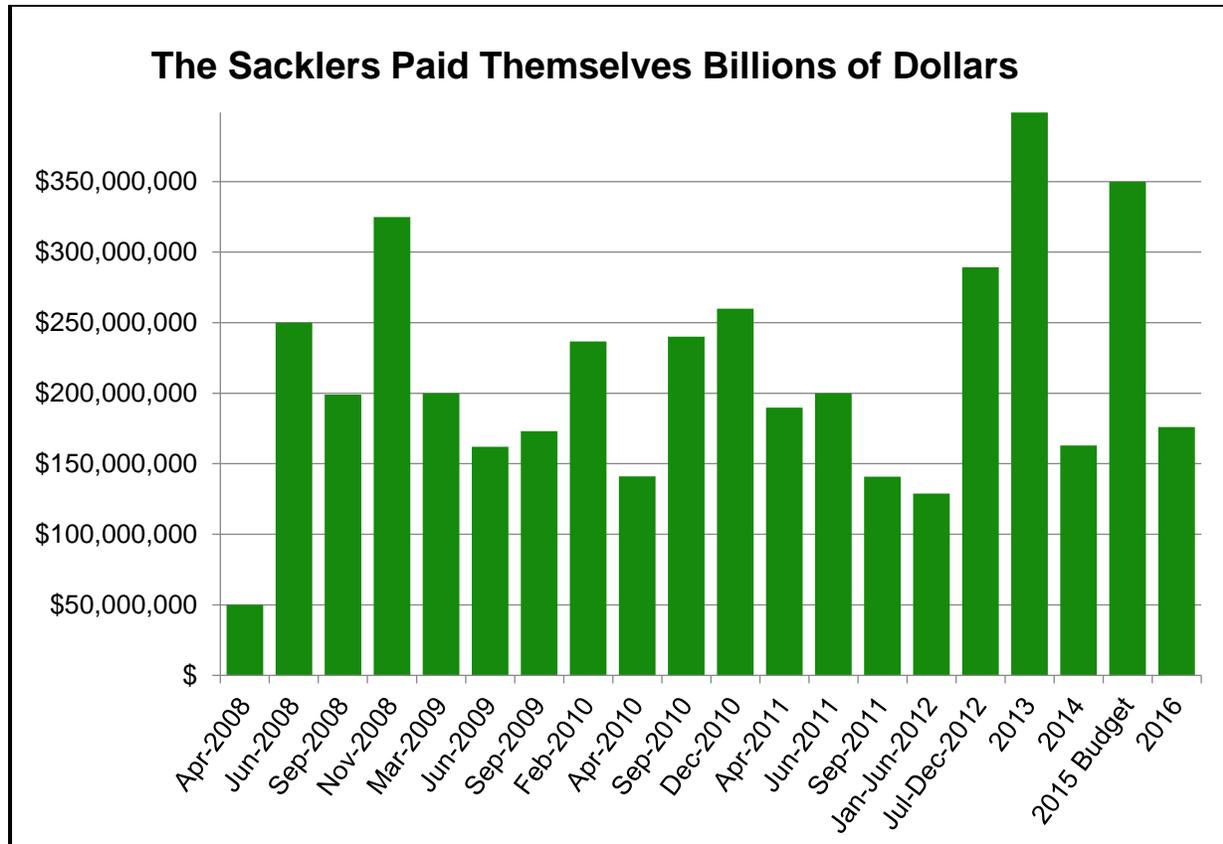
⁸⁵ 2008-03-09 email from Edward Mahony, PPLPC012000175155-156.

⁸⁶ 2008-03-11 email from Kathe Sackler, PPLPC012000175155.

⁸⁷ 2008-03-15 Board report, pgs. 17, 23, 24, 27, PDD8901724450, -456, -457, -460.

if they could not find a buyer, milk the profits out of the business and “distribute more free cash flow” to themselves.⁸⁸

153. That month, the Sacklers voted to have Purdue pay their family \$50,000,000. From the 2007 convictions until 2018, the Sacklers voted dozens of times to pay out Purdue’s opioid profits to their family — in total *more than four billion dollars*.⁸⁹



Graphic based on Purdue’s internal Board documents

⁸⁸ 2008-04-18 email and attached memo from Richard Sackler, PDD9316300629-631.

⁸⁹ 2008-04-18 Board minutes, PKY183212631-633; 2008-06-27 Board minutes, PKY183212647; 2008-09-25 Board minutes, PKY183212654; 2008-11-06 Board minutes, PKY183212662; 2009-03-05 Board minutes, PKY183212705; 2009-06-26 Board minutes, PKY183212742; 2009-09-23 Board minutes, PKY183212772; 2010-02-04 Board minutes, PKY183212818; 2010-04-01 Board minutes, PKY183212829; 2010-09-10 Board minutes, PKY183212844; 2010-12-02 Board minutes, PKY183212869-70; 2011-04-06 Board minutes, PKY183212896-97; 2011-06-24 Board minutes, PKY183212924-25; 2011-09-01 Board minutes, PKY183212927-28; 2012-07-27 Board report, pg. 44, PPLP004367403; 2012-03-05 email from Edward Mahony, PPLPC012000368627; 2013-11-01 Board report, pg. 3, PPLPC002000186913; 2014-12-03 November flash report, slide 8, PPLPC016000266403; 2015-06-05 mid-year strategic review, slide 55, PPLPC011000036000; 2017-09-14 10 year plan spreadsheet, page “CF – Internal,” PPLPC021000904588.

154. On April 18, the Sacklers voted to increase the 2008 budget for Sales and Promotion to \$155,802,000.⁹⁰ Then, Richard Sackler sent Sales VP Russell Gasdia a series of questions about Purdue's efforts to get patients to take higher doses and stay on opioids for longer times. Richard wanted to know: how many Purdue patients had insurance that would let them take unlimited quantities of Purdue opioids; how many patients were limited to 60 tablets per month; and how many patients had any limit on the number of tablets or dose or number of tablets per day. He demanded that sales staff be assigned to answer his questions "by tomorrow morning."⁹¹ When the sales staff pleaded for a few more hours to collect the data, Richard agreed to give them until the end of the day.⁹²

155. **In May**, staff sent the Sacklers more ideas about ways to promote Purdue's opioids. The proposal matched the Sacklers' own plan, which Richard had written out as CEO: deflect blame from Purdue's addictive drugs by stigmatizing people who become addicted. "KEY MESSAGES THAT WORK" included this dangerous lie: "It's not addiction, it's abuse. It's about personal responsibility."⁹³

156. **In June**, the Sacklers voted to appoint John Stewart as President and CEO of Purdue Pharma Inc. and Purdue Pharma LP. The appointment followed through on Richard Sackler's suggestion in his secret memo that the Sacklers should put a premium on loyalty to the family. On the same day, the Sacklers voted to pay their family \$250,000,000.⁹⁴ The payment followed Richard Sackler's suggestion in the memo to "distribute more free cash flow" to themselves.

⁹⁰ 2008-04-18 Board minutes, PKY183212634-37.

⁹¹ 2008-04-22 email from Richard Sackler, PPLPC012000179497.

⁹² 2008-04-22 email from Richard Sackler, PPLPC012000179679.

⁹³ 2008-05-16 email from Pamela Taylor, PPLPC012000183254; 2008-04-16 Executive Committee notes, PPLPC012000183256; 2008-04-16 presentation by Luntz, Maslansky Strategic Research, PPLPC012000183259.

⁹⁴ 2008-06-27 Board minutes, PKY183212646-647.

157. Meanwhile, Richard Sackler asked sales staff for more information about Purdue's opioid savings cards.⁹⁵ Staff reported to Richard, Jonathan, Kathe, and Mortimer Sackler that 67,951 patients had used Purdue's opioid savings cards, and that the cards provided a discount on a patient's first five prescriptions.⁹⁶

158. After five prescriptions, many patients would face significant withdrawal symptoms if they tried to stop taking opioids. Staff told Richard, Jonathan, Kathe, and Mortimer Sackler that 27% of patients (more than 18,000 people) had used the cards for all five prescriptions.⁹⁷

159. **In July**, Purdue's Fleet Department reported to the Sacklers that Purdue had bought one hundred new Pontiac Vibes for the expanded sales force. Staff also told the Sacklers that Purdue received 890 Reports of Concern regarding abuse and diversion of Purdue's opioids in Q2 2008 and had conducted only 25 field inquiries in response. Staff reported to the Sacklers that they received 93 tips to Purdue's compliance hotline during the quarter, but did not report any of them to the authorities.⁹⁸

160. **In September**, the Sacklers voted to pay their family \$199,012,182.⁹⁹

161. **In October**, staff told the Sacklers that surveillance data monitored by Purdue indicated a "wide geographic dispersion" of abuse and diversion of OxyContin "throughout the United States." Staff told the Sacklers that "availability of the product" and "prescribing practices" were key factors driving abuse and diversion of OxyContin." On the same day, staff told the Sacklers that Purdue had begun a new "Toppers Club sales contest" for sales reps to win bonuses, based on how much a rep increased OxyContin use in her territory and how much the rep increased

⁹⁵ 2008-06-14 email from Richard Sackler, PPLPC012000186396.

⁹⁶ 2008-06-16 email from Russell Gasdia, PPLPC012000186394-395.

⁹⁷ 2008-06-16 email from Russell Gasdia, PPLPC012000186395.

⁹⁸ 2008-07-15 Board report, pgs. 21, 28, 30, PPLP004367317, -324, -326.

⁹⁹ 2008-09-25 Board minutes, PKY183212654.

the broader prescribing of opioids — the same “availability of product” and “prescribing practices” factors that worsen the risk of diversion and abuse. In the same report, staff told the Sacklers that they received 163 tips to Purdue’s compliance hotline during Q3 2008, but did not report any of them to the authorities.¹⁰⁰

162. Staff also told the Sacklers that the Board-ordered sales force expansion had been implemented and Purdue now employed 414 sales reps.¹⁰¹ The Sacklers’ decision to expand the sales force caused the effect they intended in each of the Plaintiffs’ jurisdictions.

163. **In November**, the Sacklers turned to expanding the sales force again. Purdue’s 2009 budget identified expanding the sales force as the #1 sales and marketing objective.¹⁰² The Sacklers voted to spend \$112,400,000 on sales reps.¹⁰³ Staff told the Sacklers that their decision would pay an average sales rep salary of \$89,708 and bonus of \$43,470, and the sales reps would visit prescribers 518,359 times.¹⁰⁴

164. That same month, the Sacklers voted to pay their family \$325,000,000.¹⁰⁵ They also voted to pay \$5,000,000 to Howard Udell—their lawyer and convicted criminal.¹⁰⁶ Like their Valentine’s Day payment to Friedman, the Sacklers spent millions to keep the loyalty of people who knew the truth.

c. 2009

165. **In March**, the Sacklers voted to pay Purdue sales reps and sales managers bonuses of 103 percent of Purdue’s target because they sold so many opioids in 2008. The Sacklers also

¹⁰⁰ 2008-10-15 Board report, pgs. 19, 24, 28, PDD9316101020, -025, 029.

¹⁰¹ 2008-10-15 Board report, pg. 26, PDD9316101027.

¹⁰² 2008-11 budget submission, pg. 10, PPLP004401590.

¹⁰³ 2008-11-06 Board minutes, PKY183212663, 66; 2008-11 budget submission, PDD9273201117 (Field Operations \$112.4M).

¹⁰⁴ 2008-11 budget submission, pg. 104-106, PDD9273201186-88.

¹⁰⁵ 2008-11-06 Board minutes, PKY183212662.

¹⁰⁶ 2008-11-21 Board minutes, PKY183212680.

voted to increase the base pay of sales staff for 2009. On the same day, the Sacklers voted to pay their family \$200,000,000.¹⁰⁷

166. **In April**, staff told the Sacklers that Purdue employed 412 sales reps and had made dramatic progress promoting higher doses: “for the first time since January 2008, OxyContin 80mg strength tablets exceeded the 40mg strength.”¹⁰⁸ The Sacklers had a detailed conversation with Sales VP Russell Gasdia about the staffing of the sales force, how many sales reps the company should employ, and how many prescribers each rep would visit each year.¹⁰⁹ The Sacklers told sales executives to hire a new staff member who would contact prescribers electronically and would promote Purdue opioids through the deceptive website *Partners Against Pain*.¹¹⁰

167. Staff told the Sacklers that they received 122 tips to Purdue’s compliance hotline during Q1 2009, and revealed one of them to an outside monitor. Staff reported to the Sacklers that the compliance problems included improper use of OxyContin marketing materials and opioid savings cards.¹¹¹

168. **In May**, staff told the Sacklers that Purdue had violated its Corporate Integrity Agreement with the U.S. government by failing to supervise its sales reps.¹¹² Because sales reps lobbying doctors poses a high risk of misconduct (no witnesses, and the rep is paid to increase opioid sales), the United States required that Purdue managers supervise sales reps in person at least 5 days each year.¹¹³ Purdue management disregarded that obligation and did not even set up a system to track it.¹¹⁴ Even though Purdue executives had ignored the requirement and not

¹⁰⁷ 2009-03-05 Board minutes, PKY183212703-711.

¹⁰⁸ 2009-04-16 Board report, pgs. 5, 28, PDD9316100601, -624.

¹⁰⁹ 2009-04-21 email from Russell Gasdia, PPLPC012000220948.

¹¹⁰ 2009-04-30 email from Russell Gasdia, PPLPC012000221936.

¹¹¹ 2009-04-16 Board report, pgs. 24-25, PDD9316304336-337.

¹¹² 2009-05-08 corporate compliance quarterly report to the Board 1Q09, slide 6, PPLPC029000274906.

¹¹³ Purdue Corporate Integrity Agreement section III.K.

¹¹⁴ 2009-05-08 corporate compliance quarterly report to the Board 1Q09, slide 6, PPLPC029000274906 (“Compliance was not monitoring against the ‘five full days’ requirement”).

monitored it, they responded to the violation by firing three employees in the field and letting all the executives at headquarters keep their jobs.¹¹⁵

169. **In June**, Richard Sackler asked sales staff how a competing drug company had increased sales: “What is happening???”¹¹⁶ Staff replied that it was all about sales reps:

“They have 500 reps actively promoting to top decile MDs ... Their messaging is ‘we are not OxyContin,’ alluding to not having the ‘baggage’ that comes with OxyContin.

Interestingly, their share is highest with MDs we have not called on due to our downsizing and up until last year, having half as many reps. Where we are competing head to head, we decrease their share by about 50%.”¹¹⁷

170. A few days later, staff reported to the Sacklers that Purdue had expanded its sales force at the Board’s direction: “As approved in the 2009 Budget, 50 New Sales Territories have been created.” Staff told the Sacklers the expansion was focused on the most prolific opioid prescribers, because “there are a significant number of the top prescribers” that Purdue had not been able to visit with its smaller force of sales reps.¹¹⁸ Later that month, the Sacklers voted to pay their family \$162,000,000.¹¹⁹

171. **In July**, staff told the Sacklers that Purdue employed 429 sales reps.¹²⁰ Richard Sackler told staff that he was not satisfied with OxyContin sales and demanded a plan to “boost” them. He asked for the topic to be added to the agenda for the Board.¹²¹

172. **In August**, Richard Sackler convened a meeting of Board members and staff about “all the efforts Sales and Marketing is doing and planning to do to reverse the decline in OxyContin

¹¹⁵ 2009-07-30 Board report, pg. 16, PPLPC012000233246.

¹¹⁶ 2009-06-12 email from Richard Sackler, PPLPC021000235124.

¹¹⁷ 2009-06-13 email from Russell Gasdia, PPLPC021000235124.

¹¹⁸ 2009-06-16 email from Pamela Taylor, PPLPC012000226604; 2009-05-20 Executive Committee notes, PPLPC012000226606.

¹¹⁹ 2009-06-26 Board minutes, PKY183212742.

¹²⁰ 2009-07-30 Board report, pg. 19, PPLPC012000233249.

¹²¹ 2009-07-20 email from Richard Sackler, PPLPC012000232016.

tablets market.” He emphasized that \$200,000,000 in profit was at stake.¹²² At the meeting, staff told the Sacklers that the 80mg OxyContin pill was far-and-away Purdue’s best performing drug. Purdue sold many more kilograms of active ingredient in the 80mg dose than any other dose (about 1,000 kilograms: literally a ton of oxycodone).¹²³

173. Staff also reported to the Sacklers about their newest OxyContin sales campaign, with the slogan: *Options*.¹²⁴ The *Options* campaign set the pattern that Purdue would follow for years: pushing doctors and patients up the ladder to higher doses. To make it easy for sales reps to promote higher doses, the campaign materials emphasized the “range of tablet strengths,” provided a picture of each dose, and said: “You can adjust your patient’s dose every 1 to 2 days.” Staff told the Sacklers that they would advertise the *Options* campaign in medical journals reaching 245,000 doctors.¹²⁵

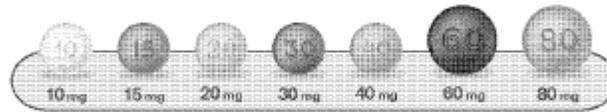
¹²² 2009-08-12 email from Richard Sackler, PPLPC012000234970-971; *see also* 2009-08-10 email from John Stewart, PPLPC012000234801 (“Richard has asked me about this at least 5 times over the past few weeks”).

¹²³ 2009-08-19 Board slides, slide 7, PPLPC012000235543.

¹²⁴ 2009-08-12 email from Russell Gasdia, PPLPC012000235039.

¹²⁵ 2009-08-19 Board slides, slides 12, 16, PPLPC012000235543; *Options* marketing materials, PMA000189015.

Options



TABLETS NOT ACTUAL SIZE

Through a wide range of tablet strengths, OxyContin® provides options to meet the individual therapeutic needs of your appropriate patient

- Q12h dosing with as few as 2 tablets per day
- When converting from other opioids, the 7 OxyContin® Tablet strengths enable you to closely approximate the calculated conversion dose
- OxyContin® is a single-entity opioid
- You can adjust your patient's dose every 1 to 2 days, if needed, because steady-state plasma concentrations are approximated within 24 to 36 hours

Purdue's 2009 marketing campaign 'Options'

174. Staff also reported to the Sacklers that more than 160,000 patients had used Purdue's opioid savings cards, more than doubling the result reported to the Sacklers the summer before.¹²⁶ Staff also told the Sacklers that they would advertise OxyContin using a special television network: thousands of doctors would be given free digital video recorders for their home televisions, in exchange for watching advertisements for drugs.¹²⁷

¹²⁶ 2009-08-19 Board slides, slide 12, PPLPC012000235543. Compare with 67,951 in June 2008. 2008-06-16 email from Russell Gasdia, PPLPC012000186394.

¹²⁷ 2009-08-19 Board slides, slide 19, PPLPC012000235543. Purdue spent approximately \$100 for each doctor who watched the advertisement, but it made the money back when the doctors prescribed Purdue's opioids. 2009-04-27 email from Lindsay Wolf, PPLPC012000221091.

175. Immediately after meeting with sales staff, Richard Sackler asked for the raw data underlying their presentation. When staff had not responded within five minutes, he asked again.¹²⁸

176. **In September**, the Sacklers voted to pay their family \$173,000,000.¹²⁹ But Mortimer Sackler was concerned that staff were not selling Purdue's opioids aggressively enough. He demanded to know why staff predicted a decline in OxyContin sales when he believed the market should grow.¹³⁰

177. **In October**, staff told the Sacklers that Purdue had expanded its sales force by 50 territories and now employed 475 sales reps.¹³¹ Richard Sackler directed staff to send him weekly reports on OxyContin sales.¹³² No one in the company received reports that often, so staff were not sure how to reply.¹³³ Staff considered telling Richard that there were no weekly reports, but they decided to make a new report just for him instead.¹³⁴ The CEO also instructed the Sales Department to report to the Sacklers with more explanation about its activities.¹³⁵

178. That same month, the Sacklers and staff discussed federal sunshine legislation that would create a public database to disclose drug companies' payments to doctors. Purdue was

¹²⁸ 2009-08-19 emails from Richard Sackler, PPLPC023000236021-022.

¹²⁹ 2009-09-23 Board minutes, PKY183212770-772.

¹³⁰ 2009-09-28 email from Mortimer Sackler, PPLPC012000240032

¹³¹ 2009-10-22 Board report, pgs. 4, 21, PPLPC016000007322, -339.

¹³² 2009-10-08 email from Richard Sackler, PPLPC012000241516; *see also* PDD9316309168.

¹³³ 2009-10-08 email from Robert Barmore, PPLPC012000241515; *see also* PPLPC022000283453.

¹³⁴ 2009-10-08 email from David Rosen, PPLPC012000241515 ("Hi, guys ... Someone needs to alert Dr. Richard that we no longer do a weekly report. Can either one of you help ..."); 2009-10-08 email from Dipti Jinwala, PPLPC012000241526 ("we have not been providing the OxyContin weekly report since May 09"); 2009-10-08 email from Richard Sackler, PPLPC012000241586 ("I'd like to have the weekly updates."); 2009-10-08 email from David Rosen, PPLPC012000241586 ("If we do as dr. richard requests, we will be adding work and providing him near worthless data"); 2009-10-08 email from Russell Gasdia, PPLPC012000241586 ("Tell her not to respond."); 2009-10-08 email from John Stewart, PPLPC012000241647; 2009-10-09 email from Rob Barmore, PPLPC022000283690 ("For the record, my concerns regarding workload and being able to meet demands of all the reporting, primary research, ad hocs while maintaining quality and reasonable levels of group morale remain.").

¹³⁵ 2009-10-20 email from John Stewart, PPLPC012000242813.

paying many doctors to promote its opioids, but the payments could often be kept secret. Some of the Sacklers were concerned that doctors would be “much less willing” to work for Purdue if the payments were disclosed.¹³⁶

179. **In November**, the Sacklers voted to spend \$121,628,000 to employ sales reps in 2010. Kathe and Richard Sackler were designated to review the sales projections.¹³⁷ They also voted to pay disgraced former employee Howard Udell up to another \$1,000,000, and to pay \$2,700,000 to settle personal injury claims by people harmed by Purdue’s opioids.¹³⁸

180. At the Board meeting that month, Kathe and Richard Sackler asked staff to “identify specific programs that Sales and Marketing will implement to profitably grow the OER [extended-release oxycodone] market and OxyContin in light of competition; provide analytics around why/how the proposed increase in share-of-voice translates into sales and profitability growth; clarify the situation with respect to OxyContin being used by 35% of new patients, but only retaining 30% of ongoing patients;” and give the Sacklers a copy of a report from McKinsey on tactics to increase OxyContin sales.¹³⁹ The McKinsey report instructed sales reps to maximize profits by “emphasizing [the] broad range of doses” — which was code for pushing the doses that were highest and most profitable.¹⁴⁰

181. At the same meeting, Richard Sackler also asked staff, “What are OxyContin’s clinical advantages vs. Opana ER, MS Contin, Kadian, Exalgo, Avinza, Nucynta and Duragesic? How are these differences communicated?” In response, staff reported to all the Sacklers a list of purported advantages of OxyContin over competing products, including that OxyContin

¹³⁶ 2009-10-19 email from John Stewart, PPLPC032000114702.

¹³⁷ 2009-11-03 Board minutes, PKY183212802-804; 2009-11 budget submission, pg. 12, PDD9273201222.

¹³⁸ 2009-11-20 Board minutes, PKY183212814; 2009-11-25 Board minutes, PKY183212815.

¹³⁹ 2009-11-02 budget presentation, PPLPC012000249328; 2009-12-22 email from Edward Mahony, PPLPC012000249327 (“a list of questions raised at the November Board meeting and answers or actions on each”).

¹⁴⁰ 2009-10-26 steering committee meeting presentation by McKinsey, slide 19, PPLPC018000346294.

purportedly reduces pain faster, has less variability in blood levels, and works for more pain conditions than competing drugs.¹⁴¹ These were all improper, unfair, and deceptive claims that Purdue had admitted were prohibited.

182. Richard Sackler also asked staff why Purdue's operating margin in 2010 was less than in 2009. Staff responded to all the Sacklers that one of the biggest reasons for the reduced margin was the cost of the expanded sales force that Sacklers had ordered.¹⁴²

183. **In December**, Kathe and Richard Sackler met with sales staff to review plans for 2010. Staff warned the two Sacklers that, although OxyContin sales were at record-breaking levels (nearly \$3 billion per year), the decade-long rise in the total kilograms of oxycodone prescribed in America was beginning to flatten.¹⁴³ Higher doses contain more of that active ingredient and are more profitable to Purdue.

d. 2010

184. **In January 2010**, Richard Sackler started the year by asking sales staff for new customized reports.¹⁴⁴ Staff complained to each other until Sales VP Russell Gasdia asked CEO John Stewart to intervene: "Can you help with this? It seems like every week we get one off requests from Dr. Richard."¹⁴⁵ Neither Stewart nor anyone else could keep Richard out of sales.¹⁴⁶ Days later, Richard was writing to the sales employee on Saturday morning, ordering that his need to review the sales plan was "urgent" and should be satisfied "this weekend."¹⁴⁷

185. **In February**, Purdue's Sales and Marketing Department told the Sacklers that a key objective for 2010 would be to "Meet or exceed total prescriber call targets of 545,000" visits

¹⁴¹ 2009-11-02 budget presentation, PPLPC012000249329.

¹⁴² 2009-11-02 budget presentation, PPLPC012000249336.

¹⁴³ 2009-12-03 email from Mike Innaurato, PPLPC012000247640, attachment PPLPC012000247642.

¹⁴⁴ 2010-01-05 email from Richard Sackler, PPLPC023000259671.

¹⁴⁵ 2010-01-05 email from Russell Gasdia, PPLPC023000259670.

¹⁴⁶ 2010-01-08 email from John Stewart, PPLPC023000259669 ("PS You are not alone in receiving requests for extraordinary analyses and reports.").

¹⁴⁷ 2010-01-16, email from Richard Sackler, PPLPC023000260293.

to prescribers to promote Purdue opioids. For the next four years or more, a key objective for the sales employees was to meet a quota of sales visits, and the Sacklers tracked their performance. The target rose from 545,000 prescriber visits in 2010, to 712,000 visits in 2011, 752,417 visits in 2012, and 744,777 visits in 2013.¹⁴⁸

186. To achieve the target for sales visits, staff told the Sacklers that another sales force expansion ordered by the Board had been implemented and Purdue employed 490 sales reps.¹⁴⁹

187. Staff also told the Sacklers that McKinsey estimated that new tactics by Purdue sales reps would generate \$200,000,000 to \$400,000,000 more sales of OxyContin, and that sales reps had been practicing the new tactics in front of management.¹⁵⁰ McKinsey had reported to Purdue on opportunities to increase prescriptions by convincing doctors that opioids provide “freedom” and “peace of mind” and give patients “the best possible chance to live a full and active life.” McKinsey also suggested sales “drivers” based on the ideas that opioids reduce stress and make patients more optimistic and less isolated.¹⁵¹ In fact, becoming addicted to opioids makes patients more stressed, more isolated, and less likely to survive.

188. The Sacklers voted to spend \$226,000,000 on Sales and Promotion in 2010, and to pay their family \$236,650,000.¹⁵²

189. **In March**, Richard Sackler instructed sales staff to send him monthly reports on sales of OxyContin and its competitors. They complied within ten minutes.¹⁵³ The report showed

¹⁴⁸ 2010-02-01 Board report, pg. 23, PPLPC012000252797; 2011-05-02 Board report, pg. 3, PPLPC012000322428; 2012-04-30 Board report, pg. 3, PPLPC012000374793; 2013-05-13 Board report, pg. 7, PPLP004367546.

¹⁴⁹ 2010-02-01 Board report, pgs. 4, 19, PPLPC012000252778, -793.

¹⁵⁰ 2010-02-09 email from Pamela Taylor, PPLPC012000257443; 2010-01-20 Executive Committee notes, PPLPC012000257446.

¹⁵¹ 2009-09-11 McKinsey presentation, PPLPC023000239858, slide 22.

¹⁵² 2010-02-04 Board minutes, PKY183212818-820.

¹⁵³ 2010-03-15 emails from Richard Sackler and Mike Innaurato, PPLPC012000262889.

that Purdue was selling more pills of its 80mg OxyContin (the highest dose) than any other dose, and that the highest dose pills were responsible for the greatest share of Purdue's revenue by far.¹⁵⁴

190. Staff also told the Sacklers that a key selling point for OxyContin compared to a competitor's product was that OxyContin could be used by patients who had not taken opioids before.¹⁵⁵ Deceptively promoting opioids for opioid-naive patients who had not taken them before was one of the ways Purdue put patients at risk.

191. **In April**, the Sacklers voted to pay their family another \$141,000,000.¹⁵⁶ Meanwhile, staff told the Sacklers that they were pushing back against the "threat" of public health rules that would limit high doses of opioids. They told the Sacklers that Purdue would oppose precautions that asked doctors to consult with specialists before prescribing the highest doses.¹⁵⁷

(1) The Sacklers' Control of Sales Visits

192. That same month (April 2010), staff gave the Sacklers one of many detailed reports on sales reps' visits to prescribers. As with every reference to "the Sacklers" before July 2012, that includes Beverly, Ilene, Jonathan, Kathe, Mortimer, Richard, and Theresa Sackler.

193. The Sacklers required each rep to visit an average of 7.5 prescribers per day. In April 2010, staff reported that they were falling short. During Q1 2010, reps had averaged only 7.0 visits per day.¹⁵⁸ Staff promised to try harder. The Sacklers continued to set a target for daily sales visits for every sales rep, and they tracked the results, quarter by quarter, for at least the next four years. The results were always close to 7 visits per day.

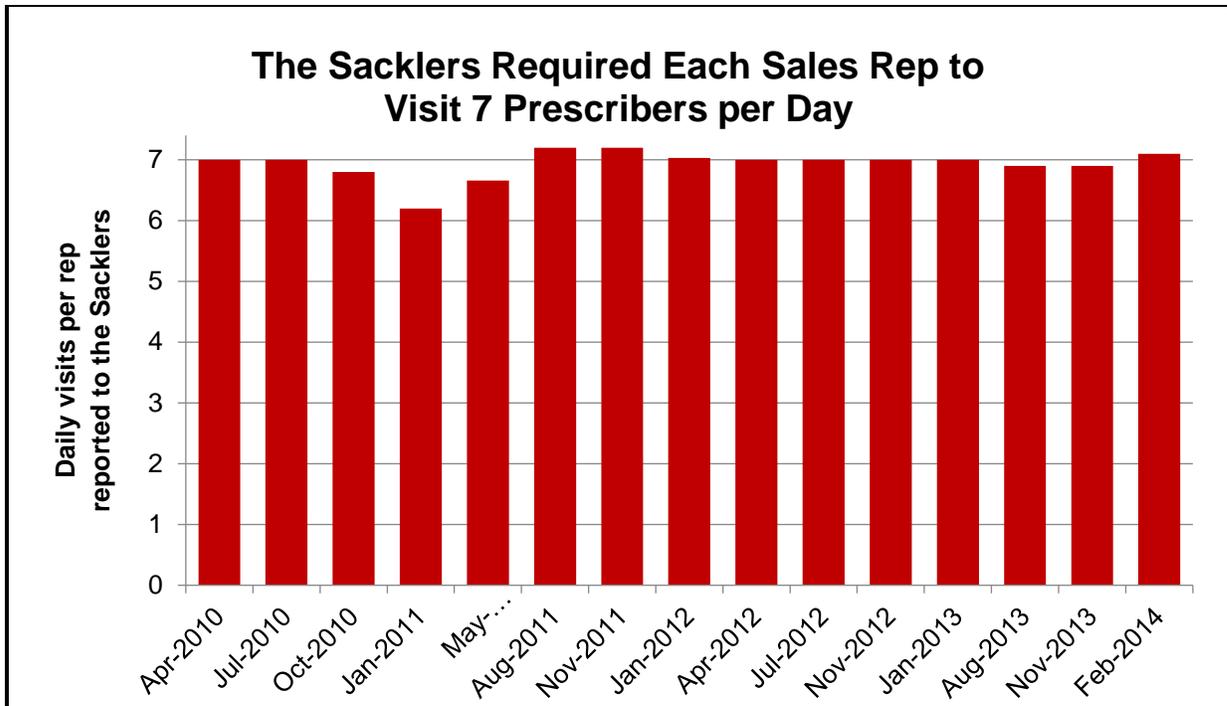
¹⁵⁴ 2010-03-11 January 2010 OxyContin monthly report, slides 10, 15, PPLPC012000262892.

¹⁵⁵ 2010-03-17 Executive Committee notes, PPLPC012000267960.

¹⁵⁶ 2010-04-01 Board minutes, PKY183212829.

¹⁵⁷ 2010-04-21 Board report, pg. 16, PWG000423155.

¹⁵⁸ 2010-04-21 Board report, pg. 4, PWG000423143.

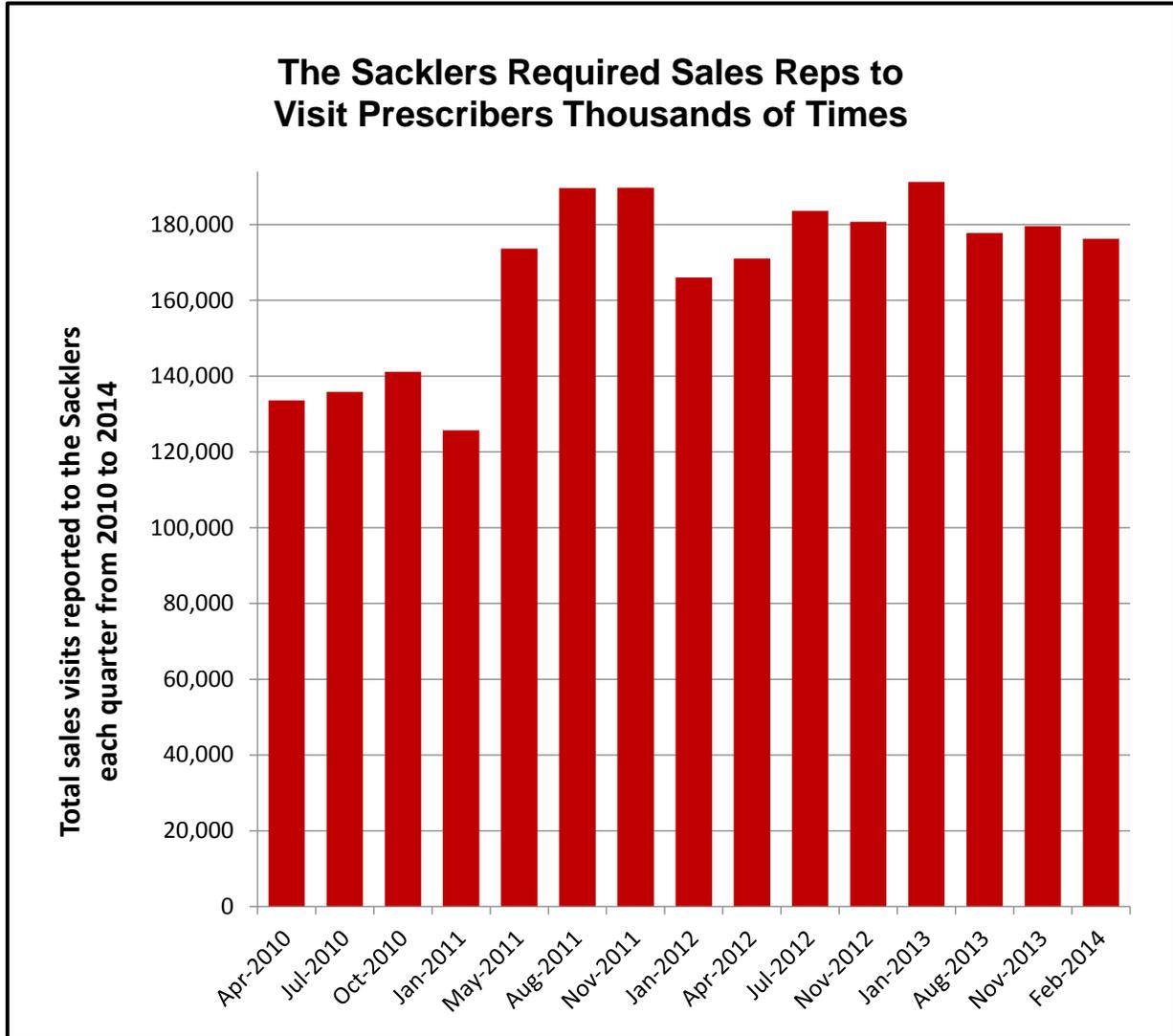


Graphic based on Purdue's internal Board documents

194. The Sacklers also set targets for the total number of sales visits by the entire sales force per quarter—huge numbers that were always more than a hundred thousand visits. Meeting those targets was a top priority for the entire company. For Q1 2010, the target was to visit prescribers 127,376 times. Staff told the Sacklers that Purdue employed 489 sales reps and that, during Q1 2010, they achieved the goal.¹⁵⁹ As with the daily visits per rep, the Sacklers tracked the total number of sales visits per quarter, every quarter, for at least the next four years.

¹⁵⁹ 2010-04-21 Board report, pgs. 4, 20, PWG000423143, -159. They exceeded the goal and visited prescribers 133,561 times.

195. The Sacklers also tracked the cost of the sales visits. In April 2010, staff reported to the Sacklers that each visit to a prescriber cost Purdue \$219, and they were working to lower the cost to a target of \$201.¹⁶⁰



Graphic based on Purdue's internal Board documents

196. **In June 2010**, staff gave the Sacklers an updated 10-year plan for growing Purdue's opioid sales. According to the plan, the Sacklers expected Purdue to pay their family at least \$700,000,000 each year from 2010 through 2020. Beginning on page one, staff emphasized that selling as many opioids as the Sacklers wanted "will require significant salesforce support" so the

¹⁶⁰ 2010-04-21 Board report, pg. 4, PWG000423143.

plan detailed the “optimization” of sales visits and the number of reps they would require. Sales VP Gasdia wrote to the Sacklers that they planned for each rep to visit prescribers 1,540 times per year, so that 500 reps could make 770,000 visits at a cost of \$212 per visit. He proposed to grow the sales force to 1,050 sales reps by 2015. To reach the Sacklers’ expectations, Gasdia projected that Purdue would convince doctors to switch patients from Tylenol to Purdue’s soon-to-be-released Butrans opioid, and Butrans would become a billion-dollar drug.¹⁶¹

197. **In July 2010**, Richard Sackler emailed staff just before the July 4th holiday weekend to demand more details about sales and marketing. Richard directed them to send to the Board plans for “the marketing program” and “the sales program,” with instructions to “get this out before the weekend.”¹⁶² A despondent staff member wrote to the CEO: “Are you expecting us to provide the marketing plan by tomorrow?”¹⁶³ Staff came close to telling Richard Sackler no. Instead, they negotiated an extension and promised to provide full details about sales and marketing at the July Board meeting in Bermuda.¹⁶⁴ To enforce the deal, Kathe Sackler ordered staff to circulate materials before the meeting.¹⁶⁵

198. By the Sacklers’ choice, sitting on the Board of Purdue Pharma Inc. was a globe-trotting endeavor. The Sacklers held Board meetings for their U.S. drug company in a castle in Ireland, and in Bermuda, London, Portugal, Switzerland, New York, and Connecticut.¹⁶⁶

199. In Bermuda, the Sacklers focused on sales tactics again. Staff presented plans for selling Purdue’s new Butrans opioid. Staff reported that sales reps would try to switch patients to

¹⁶¹ 2010-06-24 Purdue Pharma 2010 10-Year Plan, pgs. 1-15, Key Assumptions pg. 6, PPLPC012000277155-169, -217.

¹⁶² 2010-07-01 email from Richard Sackler, PPLPC012000277480.

¹⁶³ 2010-07-01 email from Russell Gasdia, PPLPC012000277480.

¹⁶⁴ 2010-07-06 email from John Stewart, PPLPC012000277864.

¹⁶⁵ 2010-07-09 email from Kathe Sackler, PPLPC012000278272.

¹⁶⁶ #618541.1 (Ireland 1998-06-25); PPLPC012000277864 (Bermuda 2010-07-22); #618564.1 (London 1998-11-20); PDD1715108129 (Portugal 1995-06-24); #2938358.1 (New York 2003-03-04); #618062.1 (Switzerland 1996-06-28); PKY183307494 (Connecticut 2007-05-03).

opioids from NSAIDs like ibuprofen and explained tactics for convincing doctors that patients needed the new drug. Staff told the Sacklers that they had identified 82,092 prescribers to target with the Butrans sales campaign. Staff reported that they planned to add 125 sales reps and increase the number of prescriber visits by 30%.¹⁶⁷

200. Emails between staff and the Sacklers show that “the Board” (the Sacklers and at that point three other directors) responded with dozens of questions and orders about the sales campaign. The Board asked staff to determine whether sales would increase if they gave doctors free samples of opioids. The Board ordered staff to provide forecasts focused on higher doses of opioids.¹⁶⁸ The Board demanded details about tactics Purdue sales staff used to influence doctors that Purdue viewed as “key opinion leaders,” who could influence other doctors to prescribe more opioids: “Provide the Board with more information on the strategy/tactics with respect to [Key Opinion Leaders], how they are identified, how do we plan to interact with them, how do we see them helping build appropriate utilization of Butrans - and any other relevant information that will/could influence the prescribing of the product.”¹⁶⁹

201. The Board pushed staff about whether they were describing the benefits of opioids aggressively enough. Purdue was not legally allowed to say that Butrans was effective for 7 days, because the evidence did not show that, but the Board wanted to know why Purdue didn’t claim 7 days of effectiveness in its marketing.¹⁷⁰

¹⁶⁷ 2010-07-22 Butrans Commercial Strategy Plan Board Presentation, slides 17, 66, 81, PPLPC018000404193; 2010-06-01 email from William Mallin, PPLPC012000273600.

¹⁶⁸ 2010-07-22 questions during Board meeting, PPLPC012000283164 (“month by month sales forecast, decompose by strengths, show price and units as well by strength, show kg of Buprenorphine by strength”).

¹⁶⁹ 2010-07-22 questions during Board meeting, PPLPC012000283165.

¹⁷⁰ 2010-07-22 questions during Board meeting, PPLPC012000283167 (“Why is there no reference to efficacy data in the marketing materials? ... a specific reference or statement to Butrans providing efficacy for 7 days seems to be the desired statement ... we may not have data that supports efficacy at that specific time point.”).

202. Purdue was not legally allowed to say that Butrans was effective for osteoarthritis (“OA”), because the clinical trials testing Butrans for patients with osteoarthritis had failed, but the Board wanted to know if sales reps could sell more by remaining silent about the failed trial: “What can be said in response to a prescriber who asks directly or indirectly, ‘can this product be prescribed for my patient with OA?’ In responding are we required to specifically mention the failed trials in OA?”¹⁷¹

(2) “Region Zero”

203. At the July 2010 Board meeting in Bermuda, the Sacklers and other Board members asked staff about opioid sales generated by doctors who were suspected of diversion and abuse, which Purdue had collected on a list code-named *Region Zero*. Staff assured the Board that Purdue tracked prescriptions by *Region Zero* doctors, including the exact prescriptions, units, and dollars from each prescriber.¹⁷² Staff then sent the data on those prescriptions to the Board. Staff gave the Board a list of the specific problem prescribers by name, along with the exact number of prescriptions and dollars of revenue each provided to Purdue.¹⁷³ The reports of inappropriate prescribing that staff reported to the Board were accurate. No one knew more about prescribing of Purdue opioids than Purdue.

204. At that same Board meeting in Bermuda, the Sacklers voted to expand the sales force by 125 more sales reps. They ordered that the hiring begin in September 2010 and be completed before the National Sales Meeting in January 2011. They also directed Purdue to hire 18 more managers to supervise the reps.¹⁷⁴

¹⁷¹ 2010-07-22 questions during Board meeting, PPLPC012000283167.

¹⁷² 2010-07-22 questions during Board meeting, PPLPC012000283169, -170.

¹⁷³ 2010-08-16 email from William Mallin, PPLPC012000283162; 2010-08-11 *Region Zero* prescribers, PPLPC012000283175.

¹⁷⁴ 2010-07-22 Board minutes, PKY183212838 (“After discussion, and on motion duly made and seconded, it was unanimously decided ... that the Partnership be and it is hereby authorized and directed to approve the following sales force expansion ...”).

205. At the same meeting, the Sacklers voted to pay \$10,000,000 to settle lawsuits by people injured by OxyContin.¹⁷⁵

206. Later that month, staff told the Sacklers that Purdue employed 491 sales reps and that, during Q2 2010, they visited prescribers 135,824 times.¹⁷⁶ Meanwhile, staff told the Sacklers that Purdue had paid their family \$389,000,000 in the first six months of 2010.¹⁷⁷

207. **In August**, the Sacklers continued to focus on the sales force. That month, they decided not to acquire a new insomnia drug because of the risk that promoting it could distract sales reps from selling Purdue's opioids. Richard Sackler concluded that "loss of focus" in sales reps' meetings with prescribers was too great a risk, and the Sacklers decided not to go through with the deal.¹⁷⁸

208. A few days later, the Sacklers discussed abuse of OxyContin. Staff told them that the most common way of abusing oxycodone, by far, was swallowing it — which a crush-proof coating on OxyContin did not affect. Staff also reported to the Sacklers that data from a prescription monitoring program showed far higher rates of "doctor-shopping" for OxyContin prescriptions than for any other opioid.¹⁷⁹ The prescription monitoring program identifies "doctor-shopping" when a patient gets opioids from multiple prescribers—an indication that the patient is at risk of addiction, overdose, and death.

209. **In September**, staff reported to the Sacklers about the Board's July 2010 decision to hire more sales reps. Staff said they were working to implement the decision, adding 125 sales

¹⁷⁵ 2010-07-22 Board minutes, PKY183212838.

¹⁷⁶ 2010-07-27 Board report, pgs. 5, 27, PWG000422481, -503. Staff told the Sacklers that the target for visits was 142,657; that reps visited 7.0 prescribers per day, on average, compared to the target of 7.5; that the average cost of a visit was \$219; and that they were still working to lower the cost to \$201.

¹⁷⁷ 2010-07-27 Board report, pg. 18, PWG000422494.

¹⁷⁸ 2010-08-14 email from Richard Sackler, PPLPC012000283047.

¹⁷⁹ 2010-08-16 email from Stuart Baker, PPLPC012000283342-43; 2010-08-19 presentation by Paul Coplan, slides 7, 31, PPLPC012000283469.

territories.¹⁸⁰ Staff also told the Sacklers that 82% of prescriptions for OxyContin were to patients who were already on the drug — a key ingredient in Purdue’s plans to keep patients on opioids longer.¹⁸¹ The Sacklers voted to pay their family \$240,000,000.¹⁸²

210. **In October**, staff told the Sacklers that Purdue employed 506 sales reps and, during Q3 2010, they visited prescribers 141,116 times.¹⁸³

211. Meanwhile, staff told the Sacklers that Purdue had paid their family \$629,000,000 in the first nine months of 2010.¹⁸⁴ The Sacklers voted to pay another \$12,000,000 to settle claims of more patients injured by OxyContin.¹⁸⁵

212. **In November**, staff warned the Sacklers that doctors were not prescribing Purdue’s highest dose and most profitable opioids as much as the company had expected, so it might be necessary to cut the family’s quarter-end payout from \$320,000,000 to \$260,000,000 and distribute it in two parts: one in early December and one closer to the end of the month.¹⁸⁶ Mortimer Sackler objected to the decrease and the division into two payments, and he demanded answers from staff: “Why are you BOTH reducing the amount of the distribution and delaying it and splitting it in two?” “Just a few weeks ago you agreed to distribute the full 320 [million dollars] in November.”¹⁸⁷

¹⁸⁰ 2010-09-15 Executive Committee notes, PPLPC012000290686.

¹⁸¹ 2010-09-15 presentation by Russell Gasdia, slide 10, PPLPC012000290691.

¹⁸² 2010-09-10 Board minutes, PKY183212844.

¹⁸³ 2010-10-25 Board report, pgs. 3, 26, PWG000421967, -990. Staff told the Sacklers the target was 144,414; reps visited 6.8 prescribers per day, on average, compared to the target of 7.5; each sales rep visit to a prescriber cost Purdue \$219; and they were working to lower the cost to \$201.

¹⁸⁴ 2010-10-25 Board report, pg. 15, PWG000421979.

¹⁸⁵ 2010-04-01 Board minutes, PKY183212854; draft meeting materials, PPLPC012000294206.

¹⁸⁶ 2010-11-23 email from Edward Mahony, PPLPC012000302682-683.

¹⁸⁷ 2010-11-23 and 2010-11-24 emails from Mortimer Sackler, PPLPC012000299869-870.

213. Staff also told the Sacklers that the expansion of the sales force that the Sacklers had ordered was being implemented, including 125 new sales territories.¹⁸⁸ The Sacklers voted to spend \$158,086,000 to employ sales reps in 2011.¹⁸⁹

214. Staff also reported to the Sacklers that drug company leaders can be punished for breaking the law and “owners, officers, and managers will especially face even more serious scrutiny in the future.”¹⁹⁰

215. **In December**, the Sacklers voted to pay their family \$260,000,000.¹⁹¹

e. 2011

216. **In January 2011**, Richard Sackler met with sales reps for several days at the Butrans Launch Meeting and discussed how they would promote Purdue’s newest opioid.¹⁹² Richard quickly followed up with sales management to demand a briefing on how the sales visits were going in the field:

“I’d like a briefing on the field experience and intelligence regarding Butrans. How are we doing, are we encountering the resistance that we expected and how well are we overcoming it, and are the responses similar to, better, or worse than when we marketed OxyContin® tablets?”¹⁹³

217. Richard’s interventions into sales tactics made employees nervous. When Richard followed up to ask for information “tomorrow,” CEO John Stewart tried to slow things down, warning staff that Richard’s requests would be “never-ending.”¹⁹⁴ Stewart was right about Richard, but wrong to think he could stand in the way.

¹⁸⁸ 2010-11-10 Executive Committee notes, PPLPC012000299854.

¹⁸⁹ 2010-11-03 Board minutes, 2011 budget, PKY183212865; 2010-11 budget submission, pg. 18, PDD9273201306.

¹⁹⁰ 2010-11-10 Executive Committee notes, PPLPC012000299855; 2010-11-10 Slideshow presentation by Bert Weinstein, slide 7, PPLPC012000299866.

¹⁹¹ 2010-12-02 Board minutes, PKY183212869-70.

¹⁹² 2011-01-21 email from Russell Gasdia, PPLPC012000308393.

¹⁹³ 2011-01-30 email from Richard Sackler, PPLPC021000352206.

¹⁹⁴ 2011-01-31 email from John Stewart, PPLPC021000352205.

218. Two hours after sending his request, Richard ordered Sales VP Russell Gasdia to call him, on a Sunday morning, on his cell phone.¹⁹⁵ Richard wanted to discuss “the resistance” and how Purdue’s sales reps were “overcoming” it right away.

219. Richard Sackler kept pushing for more sales. After one week of prescriptions doubled Purdue’s forecast, Richard wrote to the sales staff: “I had hoped for better results.”¹⁹⁶ In a follow-up message, Richard asked staff to tell him the ratio of prescriptions per sales representative visit to a prescriber, divided out by the prescribers’ specialties. He asked for a Board discussion of the barriers that sales reps were encountering during promotion.¹⁹⁷ After trying to answer Richard’s questions and getting another dissatisfied response, sales staff wrote to the CEO to ask him to intervene.¹⁹⁸ In a later message, Richard wrote to the staff again: “What do I have to do to get a weekly report on Butrans sales without having to ask for it?”¹⁹⁹ One exasperated staff member begged another to respond.²⁰⁰ The CEO announced that, from then on, staff would send a sales report to the Sacklers every week.²⁰¹ When staff sent the first weekly report, Richard responded immediately: “What else more can we do to energize the sales and grow at a faster rate?”²⁰² The next week, Richard wrote to the sales staff to ask about the performance of a specific sales rep.²⁰³

¹⁹⁵ 2011-01-30 email from Richard Sackler, PPLPC012000308371.

¹⁹⁶ 2011-02-15 email from Richard Sackler, PPLPC012000311654.

¹⁹⁷ 2011-02-25 email from Richard Sackler, PPLPC012000313544.

¹⁹⁸ 2011-02-28 email from Russell Gasdia, PPLPC012000313542.

¹⁹⁹ 2011-03-08 email from Richard Sackler, PPLPC012000314972.

²⁰⁰ 2011-03-09 email from Mike Innaurato, PPLPC012000314972.

²⁰¹ 2011-03-09 email from John Stewart, PPLPC012000314985; PPLPC022000412102.

²⁰² 2011-03-16 email from Richard Sackler, PPLPC012000316128.

²⁰³ 2011-03-22 email from Richard Sackler, PPLPC012000317190.

220. Mortimer Sackler jumped in, asking staff for more information about sales. When two days passed without an answer, Mortimer insisted: “Any answer to this yet?”²⁰⁴ Staff rushed to prepare answers to share with all the Sacklers.²⁰⁵

221. The people who worked for the Sacklers knew their appetite for sales was extreme. When the launch of Purdue’s Butrans opioid was on track to beat every drug in its class, Richard Sackler asked sales staff: “Do you share my disappointment?”²⁰⁶ Sales VP Russell Gasdia replied privately to the CEO: “As far as his disappointment, I do not share that.”²⁰⁷

222. Throughout that spring of 2011, the Sacklers kept up a drumbeat of aggressive sales tactics, multi-million-dollar payouts, and disregard for the law. In January, the Sacklers voted to pay the legal expenses of specific individuals if they were defendants or witnesses in investigations of Purdue, including several sales executives and John Crowley, Executive Director of Controlled Substances Act Compliance.²⁰⁸ The Sacklers knew these employees were aware of misconduct because they had directed it. In September 2009, a Purdue sales manager had emailed Crowley that Purdue was promoting opioids to an illegal pill mill: “I feel very certain this is an organized drug ring,” and “Shouldn’t the DEA be contacted about this?” Purdue sat on the information and did not report it to the authorities *for more than two years*, until after the pill mill doctor had already been arrested and the Sacklers had arranged for lawyers in case Crowley was questioned.²⁰⁹

²⁰⁴ 2011-04-05 and 2011-04-08 emails from Mortimer Sackler, PPLPC012000320102-103.

²⁰⁵ 2011-04-08 email from Russell Gasdia, PPLPC012000320101.

²⁰⁶ 2011-03-09 email from Richard Sackler, PPLPC012000315176.

²⁰⁷ 2001-03-10 email from Russell Gasdia, PPLPC012000315176.

²⁰⁸ 2011-01-20 Board minutes, PKY183212882-892.

²⁰⁹ 2016-07-10 “More than 1 Million OxyContin Pills Ended up in the Hands of Criminals and Addicts. What the Drugmaker Knew,” by Harriet Ryan, Lisa Girion, and Scott Glover, *Los Angeles Times*.

223. In January 2011, staff reported to the Sacklers that a key initiative in Q4 2010 had been the expansion of the sales force. Staff told the Sacklers that Purdue employed 590 sales reps and, during Q4 2010, they visited prescribers 125,712 times.²¹⁰

224. Staff told the Sacklers that Purdue paid their family \$889,000,000 in 2010. But staff reported that Purdue's revenue was still hundreds of millions of dollars less than expected because doctors were prescribing less of Purdue's highest dose opioids.²¹¹ Staff told the Sacklers that sales of the highest doses continued to fall below expectations, and the gap had cost the company \$120,000,000 in the month of December 2010 alone.²¹² The Sacklers faced the prospect that, if doctors did not prescribe more of the highest doses, their payouts would shrink.

225. **In February**, staff reported to the Sacklers that law enforcement was increasingly concerned about lawbreaking by drug companies and the resulting "danger to public safety."²¹³ Staff also told the Sacklers that Purdue was receiving a rising volume of hotline calls and other compliance matters, reaching an all-time high during Q4 2010. Staff reported to the Sacklers that sales reps had engaged in improper promotion of Purdue opioids, but the company had decided not to report the violations to the government. Staff also reported to the Sacklers about the risks of OxyContin, including that 83% of patients in substance abuse treatment centers began abusing opioids by swallowing pills, and that it took, on average, 20 months for a patient to get treatment. Staff reported to the Sacklers that Purdue tracked to individual zip codes the correlation between

²¹⁰ 2011-01-24 Board report, pgs. 4, 5, 35, PWG000421551, -552, -582. Staff told the Sacklers that, at the Board's direction, Purdue had hired 74 more sales reps and planned to hire 51 more. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 125,553 visits; and that reps visited 6.2 prescribers per day, on average, compared to a target of 7.5; and that each visit cost Purdue \$219. They were still working to lower the cost to \$201.

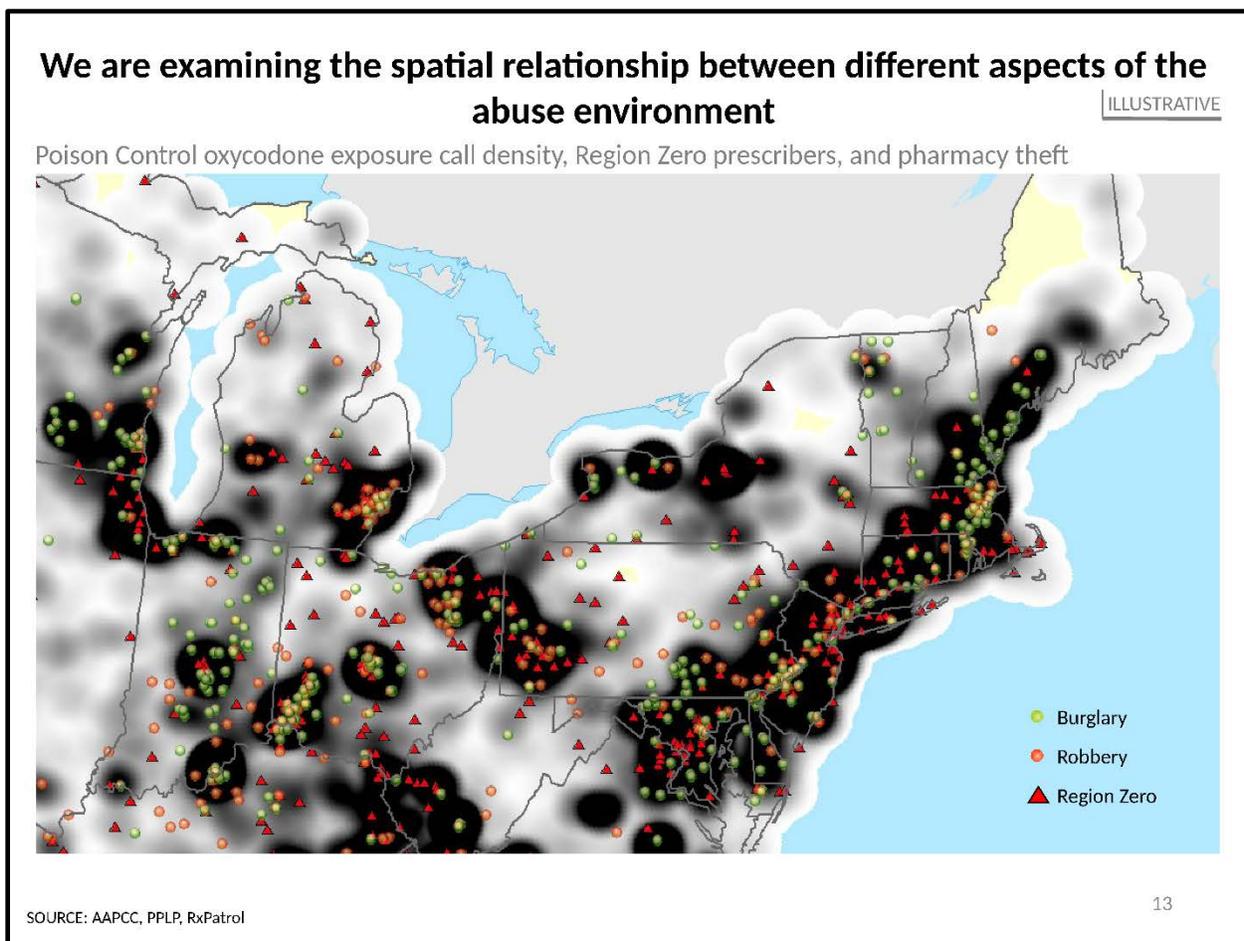
²¹¹ 2011-01-24 Board report, pg. 22, PWG000421569.

²¹² 2011-01-21 email from Sharon Salwan, PPLPC012000307015.

²¹³ 2001-02-03 Board meeting materials, slide 48, PDD8901468062.

poison control calls for OxyContin overdose, pharmacy thefts, and prescribers Purdue suspected of abuse and diversion in *Region Zero*.²¹⁴

226. Staff even gave the Sacklers a map correlating dangerous prescribers with reports of oxycodone poisonings, burglaries, and robberies.²¹⁵



Map presented to the Purdue Board in 2011

227. **In March**, staff reported to the Sacklers on OxyContin sales and again focused on revenue from doctors in *Region Zero* — prescribers that Purdue suspected of improper prescribing

²¹⁴ 2011-02-03 presentation by Bert Weinstein, slides 22-24, 86, 94-95, PDD8901468036-038, -100, -108-109.

²¹⁵ 2011-02-03 presentation by Bert Weinstein, slide 95, PDD8901468109.

but that Purdue had not reported to the authorities. Staff told the Sacklers that if *Region Zero* doctors stopped prescribing opioids, Purdue would lose almost 10% of its sales.²¹⁶

228. **In April**, the Sacklers met with Sales VP Russell Gasdia to talk about sales. He told them that OxyContin was the best-selling painkiller in America, with more than three billion dollars in annual sales —almost double the second-place drug.²¹⁷ The Sacklers voted to pay their family \$189,700,000.²¹⁸

229. **In May**, in response to the Sacklers’ repeated requests, staff sent Richard, Jonathan, Kathe, Mortimer, and Theresa Sackler a report on the sales tactics reps were using to push Butrans. The first tactic reported to these Sacklers was focusing on a select “core” of physicians that Purdue calculated would be most susceptible to sales reps lobbying to prescribe more opioids.²¹⁹ Purdue sales reps repeatedly reported concerns that these doctors wrote inappropriate prescriptions, but Purdue ordered the reps to keep promoting opioids to these doctors anyway. Dozens of their patients overdosed and died.

230. The second tactic staff reported to Richard, Jonathan, Kathe, Mortimer, and Theresa Sackler in the May 25, 2011 email was “positioning of Butrans for specific patient types.”²²⁰ Promotion for “specific patient types” included pushing opioids for elderly patients with arthritis. Sales reps recorded in their notes that they urged doctors to prescribe opioids for elderly patients more than a thousand times in 2011. The reps even went to pharmacies to ask pharmacists to encourage doctors to prescribe opioids for the elderly.

231. A third tactic reported to these five Sacklers was getting prescribers to commit to put specific patients on opioids.²²¹ Sales reps recorded in their notes that they asked doctors to

²¹⁶ 2011-03-01 2011 OxyContin Tablets Sales Trends and Projections, PPLP004405801, -809.

²¹⁷ 2011-04-14 Board presentation, PPLP004405866-880.

²¹⁸ 2011-04-06 Board minutes, PKY183212896-897.

²¹⁹ 2011-05-25 email from Russell Gasdia, PPLPC012000326017.

²²⁰ 2011-05-25 email from Russell Gasdia, PPLPC012000326017.

²²¹ 2011-05-25 email from Russell Gasdia, PPLPC012000326017.

commit to prescribe opioids more than a thousand times in 2011. Sales reps repeatedly asked prescribers to commit to prescribe opioids without disclosing significant risks.

232. Jonathan Sackler was not satisfied that these tactics would be enough to boost sales. He wrote to John Stewart: “this is starting to look ugly. Let’s talk.”²²² Stewart and the sales team scrambled to put together a response and set up a meeting with Jonathan for the following week.²²³

233. That same month, staff reported to the Sacklers that Purdue had hired 47 more sales reps according to the Sacklers’ orders. Staff told the Sacklers that Purdue employed 639 sales reps and, during Q1 2011, they visited prescribers 173,647 times.²²⁴

234. Meanwhile, the Sacklers voted to pay \$10,000,000 to try to settle a lawsuit by the Attorney General of Kentucky regarding Purdue’s marketing of OxyContin.²²⁵ The Sacklers were on notice that Purdue’s unfair and deceptive marketing raised serious concerns. Staff also told the Sacklers that they had received another 88 calls to Purdue’s compliance hotline, but not reported any of them to the authorities.²²⁶

235. **In June**, staff reported to the Sacklers that Purdue’s opioid sales were hundreds of millions of dollars less than expected and that a prime reason was that doctors were not prescribing enough of the highest doses.²²⁷ The headline presented at the Board meeting read: “40 and 80mg tablet prescriptions have decreased significantly. The 10mg and 20mg tablet prescriptions initially increased, but given their lower value not enough to offset the higher strength decline.” Staff told the Sacklers: “As a result of the change in prescriptions by strength, OxyContin brand Kgs dispensed are below mid 2010 levels.” Staff reported to the Sacklers that Purdue would rely on

²²² 2011-05-25 email from Jonathan Sackler, PPLPC012000326194.

²²³ 2011-05-25 email from John Stewart, PPLPC012000326193.

²²⁴ 2011-05-02 Board report, pgs. 5, 6, 36, PPLPC012000322430, -431, -461. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 168,210 visits; and that reps visited 6.66 prescribers per day, on average, compared to a target of 7.0.

²²⁵ 2011-05-20 Board minutes, PKY183212910.

²²⁶ 2011-05-20 compliance report, PPLP004406033.

²²⁷ 2011-05-12 Executive Committee notes, PPLPC012000327303.

sales rep visits and paid physician spokespersons to maintain demand. For a “Super Core” of “Very High Potential” opioid prescribers, Purdue would order its sales reps to make sales visits *every week*.²²⁸

236. The Sacklers immediately pushed to find ways to increase sales. Richard Sackler asked Sales VP Russell Gasdia to include him in a meeting with District Managers who were the day-to-day supervisors of the sales reps. Then, having missed the meeting, he engaged Gasdia again by email. Gasdia told Richard that Purdue had hired 147 new sales reps at the Board’s direction. Gasdia told Richard that Purdue instructed the sales reps to focus on converting patients who had never been on opioids or patients taking “low dose Vicodin, Percocet, or tramadol”—all patients for whom Purdue’s opioids posed an increase in risk.²²⁹

237. Sales reps reported to Purdue that they encouraged doctors to prescribe opioids to opioid-naive patients more than a thousand times in 2011.

238. Gasdia told Richard Sackler (again) that Purdue instructed sales reps to focus on the few highest-prescribing doctors in their territory and visit them over and over. Gasdia also told Richard that staff had initiated performance enhancement plans for sales reps who were not generating enough opioid prescriptions.²³⁰

239. In response to Gasdia’s message about the sales reps, Richard Sackler wrote back six minutes later and asked to meet with Gasdia without delay.²³¹ Gasdia scrambled to schedule a meeting about sales tactics with Richard for first thing the next morning.²³² Richard would not wait until the morning and instructed Gasdia to call him that same day.²³³

²²⁸ 2011-06-21 Mid-Year Update, PPLP004406102-123.

²²⁹ 2011-06-16 email from Russell Gasdia, PPLPC012000329609.

²³⁰ 2011-06-16 email from Russell Gasdia, PPLPC012000329609.

²³¹ 2011-06-16 email from Richard Sackler, PPLPC012000329608.

²³² 2011-06-16 email from Russell Gasdia, PPLPC012000329607.

²³³ 2011-06-16 email from Richard Sackler, PPLPC012000329621.

240. Richard Sackler continued the correspondence that day, criticizing Purdue's managers for allowing sales reps to target "non-high potential prescribers." "How can our managers have allowed this to happen?"²³⁴ Richard insisted that sales reps push the doctors who prescribed the most drugs.

241. To make sure his orders were followed, Richard Sackler demanded to be sent into the field with the sales reps.²³⁵ Richard wanted a week shadowing Purdue sales reps, two reps per day. In horror, Gasdia appealed to Purdue's Chief Compliance Officer, warning that Richard Sackler promoting opioids was "a potential compliance risk."²³⁶ Compliance replied: "LOL."²³⁷ To make sure the Sacklers' involvement in marketing stayed secret, staff instructed: "Richard needs to be mum and be anonymous."

²³⁴ 2011-06-16 email from Richard Sackler, PPLPC012000329706.

²³⁵ 2011-06-16 email from Richard Sackler, PPLPC012000329706.

²³⁶ 2011-06-16 email from Russell Gasdia, PPLPC012000329494 ("Based on our discussions, perhaps you could sit down with JS on your thoughts. Also, I haven't spoken to him about RS going to field with reps. Perhaps you could also say something to JS and indicate I came to you for counsel as I saw this as a potential compliance risk?").

²³⁷ 2011-06-16 email from Bert Weinstein, PPLPC012000329722.

To: Gasdia, Russell[Russell.Gasdia@pharma.com]
From: Weinstein, Bert
Sent: Thur 6/16/2011 7:47:14 PM
Subject: Re: Feedback from District Manager Advisory Council - FYI

LOL - I told him you raised concerns with me. We agreed Richard needs to be mum and be anonymous

From: Gasdia, Russell
To: Weinstein, Bert
Sent: Thu Jun 16 17:08:15 2011
Subject: Fw: Feedback from District Manager Advisory Council - FYI

I spoke to John and he said Stuart cleared Dr Richard observing calls with reps. I told him I spoke with you and you have concerns...he said he'd speak with you.

From: Sackler, Dr Richard
To: Gasdia, Russell
Cc: JHS (US)
Sent: Thu Jun 16 16:45:56 2011
Subject: Re: Feedback from District Manager Advisory Council - FYI

Russ,
One more thing. Who have you chosen for me to go to the field with the week after the budget meetings? Where are they? Can we conveniently do two reps each day especially if I travel to get to the right place as I probably should do.

Purdue internal emails

242. A slew of executives, including the CEO, got involved in planning Richard Sackler's sales visits. All of them were worried. One wrote:

“About 5 last night, John [Stewart, the CEO] was walking by my office – I yelled out to stop him – and said that you had mentioned to me that Richard wanted to go into the field, and that you had raised concerns with me. John seemed angry, and asked if I had concerns. I told him could be issues and Richard could be out on a limb if he spoke about product at all or got into conversations with HCPs, or identified himself, especially with FDA Bad Ad possibilities. John agreed Richard would have to be mum throughout, and not identify himself other than as a home office person.”²³⁸

243. Richard Sackler indeed went into the field to promote opioids to doctors alongside a sales rep. When he returned, Richard argued to the Vice President of Sales that a legally-required

²³⁸ 2011-07-17 email from Bert Weinstein, PPLPC012000329783.

warning about Purdue's opioids wasn't needed. He asserted that the warning "implies a danger of untoward reactions and hazards that simply aren't there." Richard insisted there should be "less threatening" ways to describe Purdue opioids.²³⁹

244. Meanwhile, the Sacklers voted to pay their family \$200,000,000.²⁴⁰

245. A few days later, sales and marketing staff scrambled to prepare responses to questions from the Sacklers. Mortimer Sackler asked about launching a generic version of OxyContin to "capture more cost sensitive patients." Kathe Sackler recommended looking at the characteristics of patients who had switched to OxyContin to see if Purdue could identify more patients to convert. Jonathan Sackler wanted to study changes in market share for opioids, focusing on dose strength.²⁴¹

246. At the same time, sales staff were organizing more ways for Richard Sackler to oversee their work in the field. Gasdia proposed to Richard:

"In addition to field contacts with representatives, you may want to consider attending one of the upcoming conventions where we will be attending. At each of the ones listed below, we will have a promotional booth for OxyContin & Butrans. In addition, we are sponsoring educational programs for Butrans and OxyContin in the form of a 'Product Theater.'

This would provide you the opportunity to be on the convention floor, observing numerous presentations being provided by our representatives and see a wide range of interactions over the course of a day. In addition, we can arrange for one-on-one meetings with key opinion leaders who are attending, many of them are approved consultants/advisors for us and you can have some open conversations regarding the market, perceptions around Butrans and OxyContin. Finally, you could observe the Product Theaters we are implementing."²⁴²

247. **In July**, staff assured the Sacklers that Purdue prohibited sales reps from writing their sales pitches to prescribers in email.²⁴³

²³⁹ 2011-07-20 email from Richard Sackler, PPLPC001000091102.

²⁴⁰ 2011-06-24 Board minutes, PKY183212924-925.

²⁴¹ 2011-06-28 email from Edward Mahony, PPLPC012000331343; attachment PPLPC012000331345.

²⁴² 2011-07-26 email from Russell Gasdia, PPLPC012000336250.

²⁴³ 2011-07-21 Board meeting presentation, PPLP004406488-490.

248. **In August**, staff told the Sacklers that Purdue employed 640 sales reps and, during Q2 2011, they visited prescribers 189,650 times.²⁴⁴

249. Meanwhile, staff reported to the Sacklers that, in the first seven months of 2011, Purdue paid the family \$411,000,000.²⁴⁵

250. **In September**, Richard Sackler directed staff to study a savings card program for a widely-used cholesterol medication (not an addictive narcotic) to learn how Purdue could use it for opioids.²⁴⁶ That same month, the Sacklers voted to pay their family \$140,800,000 more.²⁴⁷

251. **In November**, staff told the Sacklers that Purdue still employed 640 sales reps and, during Q3 2011, they visited prescribers 189,698 times.²⁴⁸ Looking ahead, the Sacklers voted to spend \$162,682,000 to employ sales reps in 2012.²⁴⁹

252. Meanwhile, staff told the Sacklers that, in the first nine months of 2011, Purdue paid their family \$551,000,000.²⁵⁰

f. 2012

253. **In January 2012**, Jonathan Sackler started the year pressing Sales VP Russell Gasdia for weekly updates on sales.²⁵¹ A few days later, Richard Sackler jumped into the weeds with the sales staff, this time about advertising. Richard noticed that online ads appeared indiscriminately on webpages with content associated with the ad — regardless of whether the

²⁴⁴ 2011-08-03 Board report, pgs. 6, 42, PWG000420318, -354. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 187,950 visits; and that reps visited 7.2 prescribers per day, on average, compared to a target of 7.0.

²⁴⁵ 2011-08-03 Board report, pg. 29, PWG000420341.

²⁴⁶ 2001-09-28 email from Richard Sackler, PPLPC012000345892.

²⁴⁷ 2011-09-01 Board minutes, PKY183212927-928.

²⁴⁸ 2011-11-09 Board report, pgs. 5, 41, PWG000419307, -343. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 189,525 visits; and that reps visited 7.2 prescribers per day, on average, compared to a target of 7.0.

²⁴⁹ 2011-11-18 Board minutes, 2012 budget, PKY183212941-942; 2012 budget submission, pg. 22, PDD9273201436.

²⁵⁰ 2011-11-09 Board report, pg. 26, PWG000419328.

²⁵¹ 2012-01-09 email from Jonathan Sackler, PPLPC012000358983.

association was positive or negative.²⁵² Staff assured Richard that, when Purdue bought online advertising for opioids, it specified that the ads appear only on pages expressing positive views toward opioids, and would not appear with articles “about how useless or damaging or dangerous is our product that we are trying to promote.”²⁵³

254. That same month, staff told the Sacklers that Purdue employed 632 sales reps and, during Q4 2011, they visited prescribers 165,994 times.²⁵⁴

255. The Sacklers were not satisfied with the sales effort. **In February**, staff reported to the Sacklers that prescriptions had dropped, and that a decrease in sales rep visits to prescribers was a major driver of the decline. Staff asked the Sacklers to be patient, because reps had missed work for December holidays and the company’s mandatory National Sales Meeting in January.²⁵⁵ Mortimer Sackler was not pleased. He suggested that, “in future years we should not plan the national sales meeting so close following the winter break as it extends the period of time since the doctor last saw our rep.” Mortimer wrote: “Wouldn’t it be better to have the reps get back to work for January and back in front of doctors.”²⁵⁶ Mortimer was agitated by the thought of doctors going too many days without a sales rep visiting to promote Purdue opioids. If Purdue rescheduled its meeting, “At least then the doctors will have gotten at least one reminder visit from our reps in the last month whereas now they might go two months without seeing one of our reps??” Staff replied to Mortimer, arguing for “balance.”²⁵⁷ Richard Sackler replied within minutes that, since the National Sales Meeting prevented sales reps from visiting doctors, “Maybe the thing to have

²⁵² 2012-01-22 email from Richard Sackler, PPLPC012000361065-066.

²⁵³ 2012-01-26 email from Russell Gasdia, PPLPC012000361064.

²⁵⁴ 2012-01-25 Board report, pgs. 7, 48, PPLPC012000362250, -291. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 166,315 visits; and that reps visited 7.03 prescribers per day, on average, achieving the target of 7.0.

²⁵⁵ 2012-02-07 email from Russell Gasdia, PPLPC026000095656.

²⁵⁶ 2012-02-07 email from Mortimer Sackler, PPLPC026000095656.

²⁵⁷ 2012-02-08 email from Russell Gasdia, PPLPC026000095655.

done was not have the meeting at all.”²⁵⁸ Purdue’s compliance officer forwarded the exchange to his staff, commenting: “Oh dear.”²⁵⁹

256. Meanwhile, Richard Sackler interrupted sales staff many times a day, often in a hurry: “I had hoped you would have updated this,” “Will I have it by noon?” “get to this ASAP.”²⁶⁰ Staff advised each other: “avoid as much e mail with dr. r as you can.”²⁶¹ Sales VP Gasdia wrote to the CEO in exasperation: “I’m not sure what we can do about Dr. Richard.”²⁶²

257. Throughout the spring, the Sacklers pressed staff to promote Purdue’s opioids more aggressively. In February, Gasdia wrote to sales staff that the Board of Directors (“BOD”) was not satisfied with the money coming in: “Things are not good at the BOD level.”²⁶³ When sales dropped for one week on account of the Presidents’ Day holiday, Richard Sackler wrote to sales management: “This is bad.”²⁶⁴ Gasdia forwarded Richard’s message to his colleagues, asking how they could “create a greater sense of urgency at the regional management and district management level.”²⁶⁵

258. The sales manager who reported to Gasdia had an immediate answer. That same night, he drafted a message to the leader of one of Purdue’s sales districts. He wrote that the district “is failing.” Then the sales manager went person by person through a list of sales reps and criticized them for not increasing opioid prescriptions enough. He emphasized that the pressure was coming from Richard Sackler himself:

“Russ, as well as Mike and myself are constantly defending the launch of Butrans to BOD members. Just today, Dr. Richard sent another email ‘This is bad,’

²⁵⁸ 2012-02-08 email from Richard Sackler, PPLPC026000095655.

²⁵⁹ 2012-02-08 email from Bert Weinstein, PPLPC026000095655.

²⁶⁰ 2012-02-02 and 2012-02-03 emails from Richard Sackler, PPLPC021000439058, PPLPC021000439090; *see also* 2012-02-22 emails from Richard Sackler, PPLPC021000443801.

²⁶¹ 2012-01-09 email from William Mallin, PPLPC028000396626.

²⁶² 2012-02-01 email from Russell Gasdia, PPLPC012000361862.

²⁶³ 2012-02-07 email from Russell Gasdia, PPLPC012000364017.

²⁶⁴ 2012-02-07 email from Richard Sackler, PPLPC012000368430.

²⁶⁵ 2012-02-07 email from Russell Gasdia, PPLPC012000368430.

referring to current Butrans trends. I am quite sure that Dr. Richard would not be sympathetic to the plight of the Boston District.”

The manager ended his email by threatening to fire every sales rep in the district:

“I must tell you that I am much closer to dismissing the entire district than agreeing that they deserve a pass for poor market conditions.”²⁶⁶

The manager sent his draft to Gasdia, who asked him to run it by someone in marketing. Gasdia agreed that they should consider firing the sales reps, because “that will send a message.”²⁶⁷

259. Meanwhile, Gasdia pleaded with the CEO to defend him against Richard Sackler’s micromanagement of sales: “Anything you can do to reduce the direct contact of Richard into the organization is appreciated.”²⁶⁸ A week later, Richard wrote to sales management again to criticize them for U.S. sales being “among the worst” in the world.²⁶⁹

260. **In March**, staff sent the Sacklers a revised 2012 budget that cut the proposed payout to their family from \$472,500,000 to \$418,200,000.²⁷⁰

261. On one Saturday morning, Richard Sackler wrote to marketing staff, demanding monthly data for all extended release pain medications for the past twelve years and an immediate meeting that Monday night.²⁷¹ Gasdia and Stewart stood by helpless, writing: “Do let us know how this goes.”²⁷² Later that month, staff created for Richard a historical summary of key events determining OxyContin sales. Eleven of the key events in sales history were changes in the size of the Purdue sales force — all known to Richard because the Sacklers had ordered them.²⁷³

262. A few days later, staff sent Richard Sackler an assessment of recently-improved opioid sales. Staff told Richard that the increase in prescriptions was caused by tactics that Purdue

²⁶⁶ 2012-02-07 email from Windell Fisher, PPLPC012000368509.

²⁶⁷ 2012-02-08 email from Russell Gasdia, PPLPC012000368509.

²⁶⁸ 2012-02-07 email from Russell Gasdia, PPLPC012000368569.

²⁶⁹ 2012-02-10 email from Richard Sackler, PPLPC012000368823.

²⁷⁰ 2012-03-05 email from Edward Mahony, PPLPC012000368627.

²⁷¹ 2012-03-17 email from Richard Sackler, PPLPC012000369328.

²⁷² 2012-03-18 email from Russell Gasdia, PPLPC012000369328.

²⁷³ 2012-03-28 presentation, PPLPC012000371063.

taught sales reps: pushing opioids for elderly patients with arthritis (“proper patient selection”) and encouraging doctors to use higher doses of opioids (“quick titration”).²⁷⁴ In the coming months, Purdue would study, document, and expand the use of higher doses to increase sales.

263. Richard Sackler wrote that he was not satisfied with a report on sales and instructed Gasdia to discuss it with him within a day.²⁷⁵ Gasdia scrambled to schedule the meeting.²⁷⁶ Then Richard raised the stakes and asked Gasdia to address both Butrans sales tactics and a decline in OxyContin sales and propose corrective actions.²⁷⁷ John Stewart suggested that Richard’s frustrations could be linked to dosing: he encouraged Gasdia to tell Richard that patients on lower doses seemed to stop taking opioids sooner, and that much of the profit that Purdue had lost had been from doctors backing off the highest dose of OxyContin (80mg).²⁷⁸

264. Richard Sackler was not satisfied. Days later, after sales did not increase, staff told him that they were starting quantitative research to determine why patients stay on opioids, so they could find ways to sell more opioids at higher doses for longer.²⁷⁹

265. **In April**, staff told the Sacklers that Purdue employed 630 sales reps and, during Q1 2012, they visited prescribers 179,554 times.²⁸⁰

266. Meanwhile, Richard Sackler kept pushing the staff to increase sales. When the mandatory weekly report to the Sacklers showed that sales reps achieved 9,021 prescriptions in a week, Richard asked Sales VP Russell Gasdia for a commitment that the reps would get weekly prescriptions to 10,000: “Are you committed to breaking 10K/wk Rx’s this month?”²⁸¹ A

²⁷⁴ 2012-03-28 email from David Rosen, PPLPC012000371301.

²⁷⁵ 2012-04-12 email from Richard Sackler, PPLPC012000372338-339.

²⁷⁶ 2012-04-12 email from Russell Gasdia, PPLPC012000372338.

²⁷⁷ 2012-04-15 email from Richard Sackler, PPLPC012000372585.

²⁷⁸ 2012-04-16 email from John Stewart, PPLPC012000372620.

²⁷⁹ 2012-04-20 email from David Rosen, PPLPC012000374532.

²⁸⁰ 2012-04-30 Board report, pgs. 6, 33, PPLPC012000374796, -823. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 171,024 visits; and that reps visited 7.0 prescribers per day, on average, compared to a target of 7.1.

²⁸¹ 2012-04-11 email from Richard Sackler, PPLPC012000372336.

colleague replied incredulously to Gasdia: “Is there any question of your commitment?”²⁸² Even for people who worked in sales, Richard’s conviction that sales reps should just make doctors prescribe opioids seemed crazy.

267. Gasdia tried to assure Richard Sackler that they were selling opioids aggressively: “Windell and the sales force, as well as Mike and the marketing team (initiatives being implemented) are focused and committed to accelerating the growth trend ... everyone in the commercial organization is focused on exceeding the annual forecast.”²⁸³ Richard wanted more. Richard wanted to know what tactics sales staff would use to get more prescriptions, and he wanted to talk about it right away. First he wrote: “give me the table of weekly Rx plan and the actual. Then show how you plan to make up the current shortfall.”²⁸⁴ Then he asked for a meeting within 24 hours.²⁸⁵ Then Richard didn’t want to wait that long: “Can we meet in person today?”²⁸⁶ On Friday the 13th, sales and marketing staff met with Richard to review how they would sell more opioids.²⁸⁷

268. **In May**, executives emphasized to the managers overseeing sales reps that the Sacklers were tracking their efforts, and that Richard Sackler required weekly reports.²⁸⁸ Staff gave the only reply that was acceptable at Purdue: “All our efforts are focused on attaining the objective” of increased opioid prescriptions that the Sacklers set.²⁸⁹

²⁸² 2012-04-11 email from David Rosen, PPLPC012000372240.

²⁸³ 2012-04-12 email from Russell Gasdia, PPLPC012000372336.

²⁸⁴ 2012-04-12 email from Richard Sackler, PPLPC012000372335-336.

²⁸⁵ 2012-04-12 email from Richard Sackler, PPLPC012000372336.

²⁸⁶ 2012-04-12 email from Richard Sackler, PPLPC012000372335.

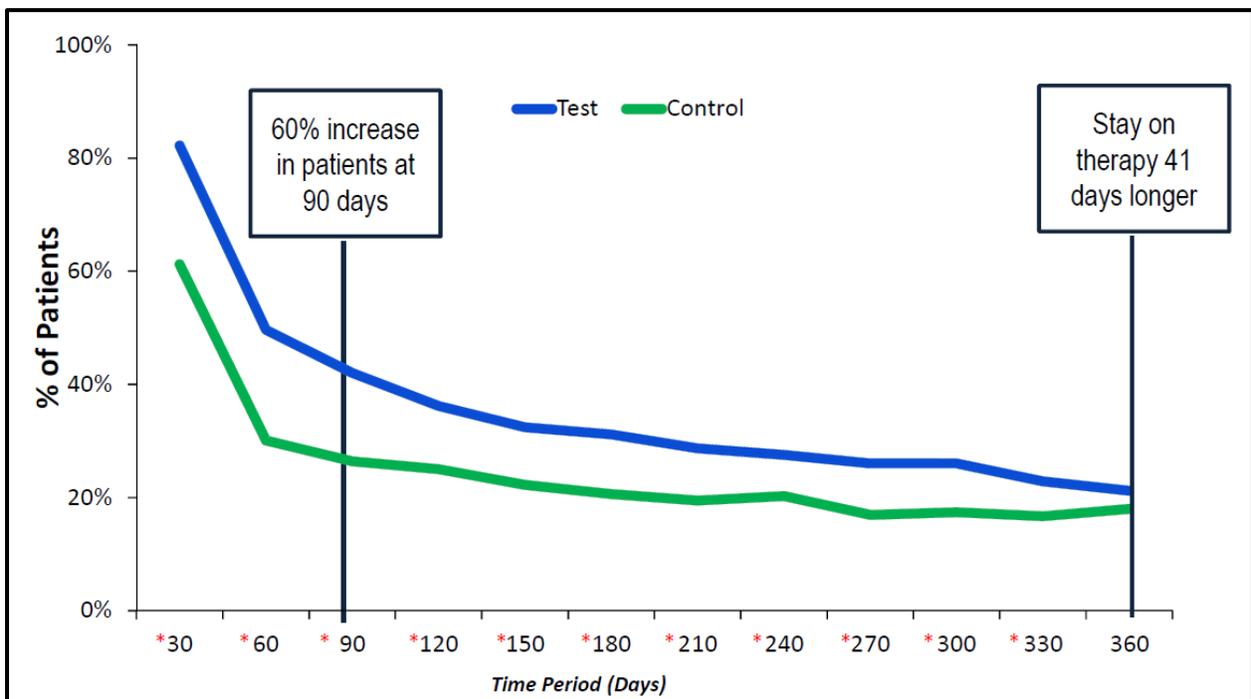
²⁸⁷ 2012-04-12 email from Russell Gasdia, PPLPC012000372335; 2012-04-13 invitation from Donna Condon, PPLPC012000372332.

²⁸⁸ 2012-05-15 email from Mike Innaurato, PPLPC023000468013.

²⁸⁹ 2012-05-15 email from Gary Lewandowski, PPLPC023000468016.

269. **In June**, the Sacklers discussed sales and marketing again.²⁹⁰ Staff reported to the Sacklers that they had added 120,000 sales visits to drive sales of OxyContin.²⁹¹

270. Staff also told the Sacklers that they expanded the opioid savings cards, because Purdue's latest data showed opioid savings cards led to 60% more patients remaining on OxyContin longer than 90 days. The Sacklers reviewed the results of Purdue's confidential studies showing that opioid savings cards kept more patients on opioids for 90 day, 120 days, 150 days, 180 days, 210 days, 240 days — even an entire year.²⁹²



Purdue internal analysis about keeping patients on opioids longer

Keeping patients on opioids for these lengths of time was especially dangerous for the patients and especially profitable for Purdue.

271. Staff also told the Sacklers that (as they had in 2009) they were again targeting prescribers for OxyContin promotion through a special television network.²⁹³ The video featured

²⁹⁰ 2012-05-29 email from John Stewart, PPLPC012000377890; attachment PPLPC012000377892.

²⁹¹ 2012-06-18 Mid Year Sales and Marketing Board Update, slide 10, PPLPC012000382119.

²⁹² 2012-06-18 Mid Year Sales and Marketing Board Update, slides 11-12, PPLPC012000382119.

²⁹³ 2012-06-18 Mid Year Sales and Marketing Board Update, slide 10, PPLPC012000382119.

a doctor paid by Purdue to promote opioids, and encouraged prescribers to use opioid savings cards.²⁹⁴

272. **In July**, David Sackler (Richard Sackler’s son) took a seat on the Board. For events after July 2012, this Complaint includes David in “the Sacklers.”

273. Staff calculated that Purdue was spending more than \$9,000,000 per year to buy food for doctors who prescribe opioids.²⁹⁵ Staff also told the Sacklers that Purdue employed 633 sales reps and, during Q2 2012, they visited prescribers 183,636 times.²⁹⁶

274. **In August**, the Sacklers voted to direct Purdue to recruit an additional marketing executive and make candidates available to meet with members of the Board.²⁹⁷

275. **In November**, staff told the Sacklers the confidential results of a study of 57,000 patients that Purdue performed explicitly to determine how opioid dose “influences patient length of therapy.” The results showed that patients on the highest doses “are the most persistent.” The “Recommended Actions” presented to the Sacklers included “additional workshops for the sales force” and “specific direction” to the sales representatives about using higher doses to keep patients on drugs longer. Staff told the Sacklers that encouraging higher doses “is a focal point of our promotion,” and that sales reps would “emphasize the importance” of increasing patients’ opioid doses, as soon as 3 days after starting treatment.²⁹⁸

²⁹⁴ Video: “A Treatment Plan for Moderate to Severe Low Back Pain That Includes Converting to an Extended-Release Opioid Analgesic,” PPLP003276093.

²⁹⁵ 2014-06-16 budget information, PPLPC031001202294 (\$9,119,250; food budget for each sales rep: \$18,000).

²⁹⁶ 2012-07-23 Board report, pgs. 6, 44, PPLPC012000387074, -112; 2012-07 Marketing and Sales report, PPLP004149354. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 190,662 visits; and that reps visited 7.0 prescribers per day, on average, compared to a target of 7.1.

²⁹⁷ 2012-08-16 Board minutes, PKY183212960.

²⁹⁸ 2012-11-01 Board report, pgs. 18, 30, PPLPC012000396634, -646.

276. That same month, the Sacklers voted to set Purdue's budget for Sales and Promotion for 2013 at \$312,563,000.²⁹⁹ Staff told the Sacklers that Purdue employed 622 sales reps and, during Q3 2012, they visited prescribers 180,723 times.³⁰⁰

g. 2013

277. **In January 2013**, in what was becoming a yearly ritual, Richard Sackler questioned staff about the drop in opioid prescriptions caused by Purdue sales reps taking time off for the holidays. Richard wasn't satisfied: "Really don't understand why this happens. What about refills last week? Was our share up or down?"³⁰¹ Staff assured Richard that doctors were "sensitive" to sales rep visits and, as soon as the reps got back into action, they would "boost" opioid prescriptions again.³⁰²

278. Staff told the Sacklers that they continued to reinforce the *Individualize The Dose* campaign, which the Sacklers knew and intended would promote higher doses. Staff also told the Sacklers that sales reps would place greater emphasis on the opioid savings cards, which the Sacklers knew and intended would keep patients on opioids longer. Staff reported to the Sacklers that Purdue had conducted a sensitivity analysis on the opioid savings cards to maximize their impact and, as a result, had increased the dollar value and set the program period to be *15 months* long. Staff also reported to the Sacklers that Purdue had created promotional materials to support these tactics and had distributed them to the sales force. Staff also told the Sacklers that Purdue showed an opioid promotional video to 5,250 physicians on the Physician's Television Network.³⁰³ The video urged doctors to give patients Purdue's opioid savings cards.³⁰⁴

²⁹⁹ 2012-11-16 Board minutes, 2013 budget, PKY183212995-998.

³⁰⁰ 2012-11-01 Board report, pgs. 15, 54, PWG000414901, -940. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 199,466 visits; and that reps visited 7.0 prescribers per day, on average, compared to a target of 7.1.

³⁰¹ 2013-01-07 email from Richard Sackler, PPLPC022000584388.

³⁰² 2013-01-07 email from David Rosen, PPLPC022000584388.

³⁰³ 2013-01-28 Board report, pgs. 12-14, PPLPC012000407138-140.

³⁰⁴ Butrans promotional video, PPLP003297185.

279. That same month, staff told the Sacklers that Purdue employed 609 sales reps and, during Q4 2012, they visited prescribers 153,890 times.³⁰⁵

280. **In February**, the Sacklers met with staff about tactics for promoting Purdue's opioids. They discussed research on what influences prescriptions, how doctors had responded to Purdue's increased promotion, and sales force promotion themes.³⁰⁶ On the same day, the Sacklers voted to award bonuses and salary increases to executives, including those involved in marketing Purdue's opioids.³⁰⁷

281. **In March**, staff reported to the Sacklers on the devastation caused by prescription opioids. Staff told the Sacklers that drug overdose deaths had more than tripled since 1990 — the period during which Purdue had made OxyContin the best-selling painkiller. Staff told the Sacklers that tens of thousands of deaths were only the “tip of the iceberg.” Staff reported that, for every death, there were more than a hundred people suffering from prescription opioid dependence or abuse.³⁰⁸

282. **In May**, staff reported to the Sacklers again that they were successfully using opioid savings cards to get patients to “remain on therapy longer.” Staff told the Sacklers that they were using direct mail and email, as well as sales visits, to push the opioid savings cards.³⁰⁹

283. Staff reported to the Sacklers that, despite these sales efforts, they were not achieving the goals of getting enough patients on higher doses of opioids and getting doctors to prescribe more pills in each prescription. Staff told them that “there is an ‘unfavorable’ mix of prescriptions across strengths,” and Purdue was losing tens of millions of dollars in revenue

³⁰⁵ 2013-01-28 Board report, pgs. 10, 56, PPLPC012000407136, -182. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 191,264 visits; and that reps visited 7.0 prescribers per day, on average, compared to a target of 7.1.

³⁰⁶ 2013-01-30 email from William Mallin, PPLPC012000406335.

³⁰⁷ 2013-02-13 Board minutes, PKY183213007.

³⁰⁸ 2013-03-21 Board presentation, PPLP004409513-514.

³⁰⁹ 2013-05-13 Board report, pg. 18, PPLP004367557.

because sales of the highest doses (60mg and 80mg) were too low. Staff told the Sacklers that there was also a second problem: “lower average tablet counts per prescription.” Because doctors were not prescribing enough pills during each patient visit, Purdue was losing tens of millions of dollars in revenue. Staff promised the Sacklers: “A deeper analysis is underway to determine the cause of the decline in the 30mg, 60mg, and 80mg tablet strengths, as well as the lower than budgeted average tablets per prescription. Once the analysis is complete, we will have a better sense of what tactics to implement to address both issues.”³¹⁰

284. The Sacklers met with Sales VP Russell Gasdia about the strategy for selling high doses. Gasdia told the Sacklers that “Titration up to higher strengths, especially the 40mg and 80mg strengths is declining.” He analyzed the “Causes of OxyContin’s Decline in Higher Strengths,” and how Purdue would reverse that decline. He told the Sacklers that Purdue’s #1 tactic to sell higher doses was sending sales reps to visit prescribers. The #2 tactic was a marketing campaign designed to promote high doses—Purdue’s *Individualize The Dose* campaign. After that, Gasdia told the Sacklers, came opioid savings cards. After that, special focus on the most prolific opioid prescribers.³¹¹

285. Gasdia told the Sacklers that the staff would develop even more tactics to sell higher doses. They were using Purdue’s data on thousands of doctors and patients to learn what made people willing to use high doses of opioids. They had started a study of physician characteristics and a “patient level analysis to determine what patient characteristics” were associated with “higher dose volume.”³¹²

³¹⁰ 2013-05-13 Board report, pg. 8, PPLP004367547.

³¹¹ 2013-05 Board presentation by Russell Gasdia, PPLP004409727-728.

³¹² 2013-05 Board presentation by Russell Gasdia, PPLP004409729.

286. That same month, staff told the Sacklers that Purdue employed 637 sales reps and, during Q1 2013, they visited prescribers 155,354 times.³¹³

287. **In July**, the Sacklers discussed “threats” to their business from data on long-term opioid use, as public health authorities reacted to the danger of keeping patients on opioids for longer periods of time.³¹⁴ Meanwhile, staff sent the Sacklers a “Flash Report” that OxyContin sales had dropped \$96,400,000 from the year before. Staff explained to the Sacklers that insufficient volume of sales rep visits to promote OxyContin to prescribers was an important reason for the dropping sales. Staff told the Sacklers that they would increase the number of sales visits and had hired McKinsey to study how to get doctors to prescribe more OxyContin.³¹⁵

288. Staff also reported to the Sacklers that key priorities were to reverse “the decline in higher strengths” of Purdue opioids, and the decline in “tablets per Rx,” which were reducing Purdue’s profit. They told the Sacklers that Purdue staff were studying ways to fight these trends, and McKinsey would analyze the data down to the level of individual physicians.³¹⁶

289. Mortimer Sackler asked for more detail on what was being done to increase sales.³¹⁷ Staff told the Sacklers that McKinsey would analyze whether sales reps were targeting the prescribers who were most susceptible to increasing opioid use. Staff told the Sacklers that McKinsey would study whether Purdue could use incentive compensation to push reps to generate more prescriptions. Making the sales reps’ income depend on increasing prescriptions could be a powerful lever. Staff told the Sacklers that McKinsey would study using “patient pushback” to get doctors to prescribe more opioids: when doctors hesitated to prescribe Purdue opioids, Purdue

³¹³ 2013-05-13 Board report, pgs. 12, 62, PPLP004367551, -601. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 172,788 visits; and that reps visited 6.8 prescribers per day, on average, compared to a target of 7.1. Staff assured the Sacklers that “call productivity is expected to increase towards the targeted goal throughout 2013.”

³¹⁴ 2013-07-24 Communications and External Affairs Committee minutes, PPLPC012000433553.

³¹⁵ 2013-07-05 email from Edward Mahony, PPLPC012000431312-313.

³¹⁶ 2013-07-23 Board report, pg. 25, PPLPC012000433412.

³¹⁷ 2013-07-06 email from Mortimer Sackler, PPLPC012000431311.

could get patients to lobby for the drugs. Staff told the Sacklers that McKinsey would also study techniques for keeping patients on opioids longer, including the need for sales reps “to make a lot of calls on physicians with a high number of continuing patients.”³¹⁸

290. Staff also reported to the Sacklers that they had trained Purdue’s sales reps to use new sales materials designed to get patients on higher doses of opioids for longer periods. Staff told the Sacklers that Purdue employed 634 sales reps and, during Q2 2013, they visited prescribers 177,773 times.³¹⁹ Staff assured the Sacklers that they were trying to achieve even more sales visits by monitoring the reps.³²⁰

291. Before the month ended, the Sacklers met to discuss a report on sales tactics that McKinsey had prepared for them: *Identifying Granular Growth Opportunities for OxyContin: First Board Update*. McKinsey confirmed that Purdue’s sales visits generated opioid prescriptions. They urged the Sacklers to demand more sales visits from sales reps, increasing each rep’s annual quota from 1,400 towards 1,700. McKinsey also advised the Sacklers to control the sales reps’ target lists more strictly, to make reps visit doctors who give the biggest payoff. Based on a review of data, McKinsey also suggested that the Sacklers should have staff emphasize opioid savings cards in neighborhoods with high concentration of Walgreens pharmacies. To allow even more targeted promotion of high doses, McKinsey asked the Sacklers to obtain “prescriber level milligram dosing data” so they could analyze the doses prescribed by individual doctors.³²¹

292. Days later, staff told the Sacklers that Purdue paid their family \$42,000,000.³²²

³¹⁸ 2013-07-07 email from John Stewart, PPLPC012000431262; attachment PPLPC012000431266-278.

³¹⁹ 2013-07-23 Board report, pgs. 11, 12, 59, PPLPC012000433398, -399, -446. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 191,184 visits; and that reps visited 6.9 prescribers per day, on average, compared to a target of 7.1.

³²⁰ 2013-07-23 Board report, pgs. 10-11, PPLPC012000433397-398.

³²¹ 2013-07-18 *Identifying Granular Growth Opportunities for OxyContin: First Board Update*, PPLP004409871.

³²² 2013-08-06 email from Edward Mahony, PPLPC012000435338.

293. **In August**, the Sacklers met to discuss a new McKinsey report on sales tactics: *Identifying Granular Growth Opportunities for OxyContin: Addendum to July 18th and August 5th Updates*. McKinsey recommended that the Sacklers immediately order a series of actions to increase sales. McKinsey urged the Sacklers to direct sales reps to the most prolific opioid prescribers. The consultants told the Sacklers that prescribers in the more prolific group write “25 times as many OxyContin scripts” as less prolific prescribers. They also reported to the Sacklers that sales rep visits to these prolific prescribers cause them to prescribe even more opioids: if Purdue ordered reps to focus on the most prolific prescribers, it could increase sales.³²³

294. Second, McKinsey recommended that the Sacklers fight back against steps that the DEA, the U.S. Department of Justice, and others were taking to stop illegal drug sales. Two months earlier, the Walgreens pharmacy company admitted that it broke the law by filling illegitimate prescriptions, and it agreed to new safeguards to stop illegal prescribing.³²⁴ McKinsey told the Sacklers that “deep examination of Purdue’s available pharmacy purchasing data shows that Walgreens has reduced its units by 18%.” Even worse for the Sacklers, the new safeguards were hurting sales of the highest doses: “the Walgreens data also shows a significant impact on higher OxyContin dosages” — specifically the 80mg dose. McKinsey urged the Sacklers to lobby Walgreens’ leaders to loosen up. For the longer term, McKinsey advised the Sacklers to develop a “direct-to-patient mail order” business for Purdue opioids, so they could sell the high doses without pharmacies getting in the way.³²⁵

295. Third, McKinsey advised the Sacklers that they should use their power on the Board to insist on increasing sales, with monthly accountability: “Establish a revenue growth goal (*e.g.*,

³²³ 2013-08-08 Identifying Granular Growth Opportunities for OxyContin: Addendum to July 18th and August 5th Updates, PPLP004409892.

³²⁴ 2013 Walgreens agreement, <https://www.justice.gov/sites/default/files/usao-sdfl/legacy/2013/06/19/130611-01.WalgreensMOA%26Addendum.pdf>.

³²⁵ 2013-08-08 Identifying Granular Growth Opportunities for OxyContin: Addendum to July 18th and August 5th Updates, PPLP004409896-897.

\$150M incremental stretch goal by July 2014) and set monthly progress reviews with CEO and Board.” McKinsey knew what the Sacklers were looking for: they reported that “the value at stake is significant — hundreds of millions, not tens of millions.” The consultants urged the Sacklers to make “a clear go-no go decision to ‘Turbocharge the Sales Engine.’”³²⁶

296. **In September and October**, the Sacklers met again to discuss implementation of the sales tactics McKinsey had recommended. The Sacklers discussed DEA efforts to stop illegal dispensing of opioids at CVS and Walgreens and how Purdue could get around the new safeguards by shifting to mail-order pharmacies, specialty pharmacies, or Purdue distributing opioids to patients directly.³²⁷

297. Meanwhile, McKinsey kept reporting to Purdue on tactics to get more patients on higher doses of opioids.³²⁸ McKinsey found that Purdue could drive opioid prescriptions higher by targeting the highest-prescribing doctors and sending sales reps to visit each prolific prescriber dozens of times per year. McKinsey pointed to a “true physician example” in Wareham, Massachusetts, who wrote 167 more OxyContin prescriptions after Purdue sales reps visited him.³²⁹

298. **In October**, Mortimer Sackler pressed for more information on dosing and “the breakdown of OxyContin market share by strength.”³³⁰ Staff told the Sacklers that “the high dose prescriptions are declining,” and “there are fewer patients titrating to the higher strengths from the lower ones.”³³¹ In response to the Sacklers’ insistent questions, staff explained that sales of the highest doses were not keeping up with the Sacklers’ expectations because some pharmacies had

³²⁶ 2013-08-08 Identifying Granular Growth Opportunities for OxyContin: Addendum to July 18th and August 5th Updates, PPLP004409897-898.

³²⁷ 2013-09-12 Board agenda, PPLP004409919; 2013-10-03 Board agenda, PPLP004409965-972.

³²⁸ 2013-08-22 email from Russell Gasdia, PPLPC012000437344 (McKinsey interim report).

³²⁹ 2013-08-22 McKinsey presentation, slide 10, PPLPC012000437356.

³³⁰ 2013-10-28 email from Mortimer Sackler, PPLPC012000448835.

³³¹ 2013-10-28 email from David Rosen, PPLPC012000448832-833.

implemented “good faith dispensing” policies to double-check prescriptions that looked illegal and some prescribers were under pressure from the DEA.³³² Staff promised to increase the budget for promoting OxyContin by \$50,000,000, and get sales reps to generate more prescriptions with a new initiative to be presented to the Sacklers the following week.³³³

299. At the end of the month, the Sacklers met to discuss Purdue’s budget for sales and marketing for 2014.³³⁴ Looking back at sales tactics used in 2013, staff told the Sacklers that a relationship marketing program targeting Boston had increased opioid prescriptions by 959%.³³⁵ Staff told the Sacklers (again) that Purdue’s opioid savings cards kept patients on opioids longer.³³⁶ Looking ahead at 2014, staff reported to the Sacklers that doctors shifting away from high doses and towards fewer pills per prescription could cost Purdue hundreds of millions of dollars in lost sales.³³⁷ To fight against that threat, staff told the Sacklers that they would increase the sales visits by each rep to 7.3 visits per day and visit prescribers 758,164 times in the year.³³⁸

300. **In November**, Richard Sackler complained that he was getting too much information about the dangers of Purdue opioids. Richard had set up a Google alert to send him news about OxyContin, and he objected to a Purdue Vice President: “Why are all the alerts about negatives and not one about the positives of OxyContin tablets?”³³⁹ Staff immediately offered to replace Richard’s alert with a service that provided more flattering stories.³⁴⁰

³³² 2013-10-28 email from David Rosen, PPLPC012000448833.

³³³ 2013-10-23 email from Edward Mahony, PPLPC012000448840.

³³⁴ 2013-10-28 email from Russell Gasdia, PPLPC012000448832; Sales & Marketing Board presentation, PPLP004409987.

³³⁵ 2013-10-29 Analgesic Market Update presentation to the Board, PPLP004410015.

³³⁶ 2013-10-29 OxyContin 2014 Budget Proposal to the Board, PPLP004410062.

³³⁷ 2013-10-29 Sales & Marketing presentation to the Board, PPLP004409989.

³³⁸ 2013-10-29 Sales Force 2014 Objectives presented to the Board, PPLP004409999.

³³⁹ 2013-11-18 email from Richard Sackler, PPLPC023000633066.

³⁴⁰ 2013-11-18 email from Raul Damas, PPLPC023000633066.

301. Staff reported to the Sacklers that a key initiative during Q3 2013 was for sales reps to encourage doctors to prescribe OxyContin to elderly patients on Medicare.³⁴¹ Staff also reported to the Sacklers that another key initiative during Q3 2013 was for sales reps to promote OxyContin for patients who had never taken opioids before.³⁴²

302. Staff also told the Sacklers that analysis conducted in July 2013 showed that opioid savings cards earned the Sacklers more money by keeping patients on opioids longer; specifically, more patients stayed on OxyContin longer than 60 days. Staff reported to the Sacklers that Purdue was pushing opioid savings cards in sales rep visits, through email to tens of thousands of health care providers, and online.³⁴³ The sales reps did not tell doctors that savings cards led patients to stay on opioids longer than 60 days, or that staying on opioids longer increased the risk of addiction and death.

303. Staff reported to the Sacklers that Purdue paid their family \$399,920,000 during January-September 2013. But staff told the Sacklers that, from January to September 2013, Purdue lost hundreds of millions of dollars in profits because some prescribers were shifting away from higher doses of Purdue opioids.³⁴⁴

304. Staff told the Sacklers that, in Q4 2013, sales reps would increase the number of visits to prescribers.³⁴⁵

305. Staff also reported to the Sacklers that a key initiative in 2013 was to train sales reps to keep patients on Butrans opioids longer. They told the Sacklers that, at the same time as the initiative to keep patients on opioids longer, Purdue launched a new high dose of its Butrans opioid; sales reps began promoting the new high dose to physicians using new sales materials; and

³⁴¹ 2013-11-01 Board report, pg. 15, PPLPC002000186925.

³⁴² 2013-11-01 Board report, pg. 14, PPLPC002000186924.

³⁴³ 2013-11-01 Board report, pgs. 15-16, 24-25, PPLPC002000186925-926, -933-934.

³⁴⁴ 2013-11-01 Board report, pgs. 3, 6, PPLPC002000186913, -916.

³⁴⁵ 2013-11-01 Board report, pg. 11, PPLPC002000186921.

initial orders were double the company's forecasts. Staff reported to the Sacklers that marketing and sales activities generated 266,842 additional prescriptions and highlighted that opioid savings cards generate especially "high returns" by keeping patients on opioids longer.³⁴⁶

306. Staff reported to the Sacklers that Purdue had sent more than 880,000 emails to health care professionals to promote its Butrans opioid, and posted online advertising seen more than 5 million times for Butrans and nearly 4 million times for OxyContin. They told the Sacklers that hundreds of thousands of communications to prescribers nationwide presented the same "key selling messages" designed to get more patients on OxyContin at higher doses for longer periods of time, and specifically promoted Purdue's opioid savings cards.³⁴⁷

307. Staff reported to the Sacklers that they were working with McKinsey to study ways to sell more OxyContin. Staff also reported that they had direct access to physician level data to analyze prescriptions by individual doctors. Staff gave the Sacklers the latest results regarding how opioid savings cards led to patients staying on OxyContin longer.³⁴⁸

308. Staff also reported results from Purdue's marketing through the "OxyContin Physicians Television Network."³⁴⁹ Staff told the Sacklers that it increased opioid prescriptions.³⁵⁰

309. Staff also told the Sacklers that they would begin reviews of sales reps according to their sales ranking, with a focus on the bottom ten percent. Staff reported to the Sacklers that Purdue employed 637 sales reps and, during Q3 2013, they visited prescribers 179,640 times.³⁵¹

³⁴⁶ 2013-11-01 Board report, pgs. 11-13, 27, PPLPC002000186921-923, -937.

³⁴⁷ 2013-11-01 Board report, pgs. 14, 16, PPLPC002000186924, -926.

³⁴⁸ 2013-11-01 Board report, pgs. 20-23, PPLPC002000186930-933.

³⁴⁹ 2013-11-01 Board report, pgs. 23-24, PPLPC002000186933-34.

³⁵⁰ 2013-11-01 Board report, pgs. 23-24, PPLPC002000186933-34.

³⁵¹ 2013-11-01 Board report, pgs. 11, 52, 55, PPLPC002000186921, -962, -965. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 196,845 visits; and that reps visited 6.9 prescribers per day, on average, compared to a target of 7.1.

310. **In December**, staff told Richard Sackler that Butrans sales were increasing, and they suspected the increase was caused by Purdue's improved targeting, in which sales reps visited the most susceptible prolific prescribers.³⁵²

311. Meanwhile, staff contacted Richard Sackler because they were concerned that the company's "internal documents" could cause problems if investigations of the opioid crisis expanded.³⁵³ Early the next year, staff told Jonathan Sackler about the same concern. Jonathan studied collections of news reports and asked staff to assure him that journalists covering the opioid epidemic were not focused on the Sacklers.³⁵⁴

h. 2014

312. **In January 2014**, staff reported to the Sacklers on how Purdue's program for complying with state and federal law compared to recent agreements between other drug companies and the government. Other companies had agreed that sales reps should not be paid bonuses based on increasing doctors' prescriptions, but Purdue still paid reps for generating sales. Other companies disclosed to the public the money they spent to influence continuing medical education, but Purdue did not. Other companies had adopted "claw-back" policies so that executives would forfeit bonuses they earned from misconduct; but Purdue had not. The Boards of other companies passed resolutions each quarter certifying their oversight of the companies' compliance with the law; but the Sacklers did not.³⁵⁵

313. **In February**, staff sent the Sacklers the final results from 2013.³⁵⁶ Staff told the Sacklers that net sales were hundreds of millions of dollars below budget because doctors were not prescribing enough of the highest doses of opioids and were including too few pills with each

³⁵² 2013-12-04 email from David Rosen, PPLPC012000454676.

³⁵³ 2014-01-03 email from Burt Rosen, PPLPC020000748356 ("I spoke to Richard just before the year end and raised concerns over our internal documents.").

³⁵⁴ 2014-01-02 email from Jonathan Sackler, PPLPC020000748356.

³⁵⁵ 2014-01-16 quarterly compliance report to the Board, PPLP004410797.

³⁵⁶ 2014-02-03 email from Edward Mahony, PPLPC020000756510.

prescription, and sales reps were not visiting doctors enough.³⁵⁷ Sales VP Russell Gasdia wrote privately to a friend: “Our myopic focus on extended release opioids with abuse deterrent properties has not yielded the results people thought it would in the market. It’s been hard to convince colleagues and the board that our success in this market is over.”³⁵⁸

314. To get higher sales, staff told the Sacklers that they had tightened the requirements for sales reps’ pay: from now on, sales reps would lose bonus pay if they did not visit “high value” prescribers often enough.³⁵⁹

315. A few days later, staff told the Sacklers that Purdue’s marketing had an immense effect in driving opioid prescriptions: according to Purdue’s analysis, its sales and marketing tactics generated an additional 560,036 prescriptions of OxyContin in 2012 and 2013. Nevertheless, staff reported to the Sacklers that net sales for 2013 had been \$377,000,000 less than budgeted. Staff again reported that Purdue was losing hundreds of millions of dollars in expected profits because prescribers were shifting away from higher doses of Purdue opioids and including fewer pills per prescription. Staff told the Sacklers that a “Key Initiative” was to get patients to “stay on therapy longer.”³⁶⁰

316. Staff also told the Sacklers that key sales priorities were again to encourage doctors to prescribe Purdue opioids for elderly patients and patients who had not taken opioids before. Staff reported to Sacklers again that sales reps were continuing the *Individualize The Dose* campaign.³⁶¹ As the Sacklers knew, Purdue designed that campaign to encourage higher doses.³⁶² Staff also told the Sacklers that Purdue’s eMarketing campaign for OxyContin reached 84,250 health care providers during Q4 2013. Staff told the Sacklers that they found increasing

³⁵⁷ 2014-01-30 memo from Edward Mahony, PPLPC020000756512.

³⁵⁸ 2014-02-27 email from Russell Gasdia, PPLPC012000466164.

³⁵⁹ 2014-01-30 memo from Edward Mahony, PPLPC020000756513.

³⁶⁰ 2014-02-04 Board report, pgs. 3, 5, 9, 22, PPLPC002000181037, -039, -043, 056.

³⁶¹ 2014-02-04 Board report pgs. 13-14, PPLPC002000181047-048.

³⁶² 2013-05-22 mid-year sales update, slides 4, 14, PPLPC012000424611, 21. See paragraph 670 below.

compliance concerns with Purdue's speaker programs, in which the company paid doctors to promote Purdue opioids to other doctors.³⁶³

317. Staff told the Sacklers that Purdue employed 632 sales reps and, during Q4 2013, they visited prescribers 176,227 times.³⁶⁴

318. That February report was the last of its kind. After Q4 2013, Purdue abolished the detailed Quarterly Reports that had created a paper trail of targets for sales visits and been emailed among the Board and staff. In 2013, the City of Chicago served Purdue with a subpoena seeking internal documents about Purdue's marketing of opioids.³⁶⁵ That provoked a flurry of activity, including discussion among the Sacklers.³⁶⁶ Purdue fought the subpoena, and it was withdrawn.³⁶⁷ For 2014, Purdue decided to limit many of its official Board reports to numbers and graphs, and relay other information orally. But the Sacklers continued to demand information about sales tactics, and their control of Purdue's deceptive marketing did not change.

319. **In March and April**, staff told the Sacklers that Purdue was achieving its goals of selling higher doses of OxyContin and more pills of OxyContin per prescription, but weekly prescriptions of Purdue's Butrans opioid were below expectations because of a reduced number of sales rep visits promoting that opioid.³⁶⁸ The Sacklers had assumed prescriptions would fall, but staff were concerned that the effect could be greater than anticipated.³⁶⁹

³⁶³ 2014-02-04 Board report pgs. 15, 39-40, PPLPC002000181049, -073-074.

³⁶⁴ 2014-02-04 Board report, pgs. 9, 47, PPLPC002000181043, -081. Staff told the Sacklers that the sales rep visits compared to a target for the quarter of 183,960 visits; and that reps hit the target of visiting 7.1 prescribers per day, because managers reduced the target for visiting pharmacies to allow more visits to prescribers.

³⁶⁵ 2015-11-20 email from Robert Josephson, PPLP004153099; 2013-04-24 email from Burt Rosen, PPLPC012000419813.

³⁶⁶ 2013-05-07 Executive Committee agenda, PPLPC012000421973; 2013-05-03 Board agenda, PPLPC016000181375.

³⁶⁷ 2015-11-20 email from Robert Josephson, PPLP004153099.

³⁶⁸ 2014-03-07 email from Edward Mahony, PPLPC012000467494-495; 2014-04-06 email from Edward Mahony, PPLPC012000471641.

³⁶⁹ 2014-04-14 Q1 summary of results, slide 7, PPLPC012000473131. Staff told the Sacklers that Purdue employed 643 sales reps. 2014-04-14 headcount summary, PPLPC012000473138.

320. **In May**, Richard and Jonathan’s father, Raymond Sackler, sent David, Jonathan, and Richard Sackler a confidential memo about Purdue’s strategy, including specifically putting patients on high doses of opioids for long periods of time. The memo recounted that some physicians had argued that patients should not be given high doses of Purdue opioids, or kept on Purdue opioids for long periods of time, but Purdue had defeated efforts to impose a maximum dose limit or a maximum duration of use. Raymond asked David, Jonathan, and Richard to talk with him about the report.³⁷⁰

321. **In June**, the Sacklers removed Russell Gasdia as Vice President of Sales and Marketing, and began pushing his replacement to sell more opioids faster.³⁷¹ Gasdia warned his replacement that Richard managed the sales operation intensely — “there are times this becomes a tennis match with Dr. Richard.”³⁷² Sure enough, Richard told Gasdia’s replacement that he would be given little time to show that he could increase opioid sales: “it is very late in the day to rescue the failed launch” of Butrans, which was not making as much money as Richard desired.³⁷³ CEO Mark Timney tried to caution Richard that it was “a little early” to be attacking the new sales leader, since he’d been at Purdue only two weeks.³⁷⁴

322. That same month, staff sent the Sacklers an “Update on L.A. Times mitigation effort” about tactics to discourage scrutiny of Purdue’s misconduct.³⁷⁵ Staff wrote to the Sacklers:

As you may recall, one of our efforts to mitigate the impact of a potential negative *Los Angeles Times* (LAT) story involved assisting a competing outlet in marginalizing the LAT’s unbalanced coverage by reporting the facts before the LAT story ran. The following *Orange County Register* story, developed in close coordination with Purdue, achieved this goal. This fact-based narrative robs the

³⁷⁰ 2014-05-05 email from Raymond Sackler, PWG000412141; 2014-05-04 attached memo from Burt Rosen, PWG000412143.

³⁷¹ 2014-06-10 email from Richard Sackler, PPLPC012000483200.

³⁷² 2014-06-10 email from Russell Gasdia, PPLPC012000483223.

³⁷³ 2014-06-10 email from Richard Sackler, PPLPC012000483235.

³⁷⁴ 2014-06-10 email from Mark Timney, PPLPC012000483235.

³⁷⁵ 2014-06-30 email from Raul Damas, PPLPC022000741863. A few weeks after receiving the mitigation update, Richard Sackler demanded that the *L.A. Times* send him all the paper’s correspondence with Purdue. 2014-08-14 email from Scott Glover, PPLPC024000872837.

LAT account of its newsworthiness and contradicts many of the claims we expected that paper to make.³⁷⁶

In 2012, the *Los Angeles Times* had studied coroner's records and revealed that overdoses killed thousands of patients who were taking opioids prescribed by their doctors, refuting the Sacklers' lie that patients who are prescribed opioids don't get addicted and die.³⁷⁷ The next year, the *Los Angeles Times* revealed that Purdue tracked illegal sales of OxyContin with a secret list of 1,800 doctors code-named *Region Zero*, but did not report them to the authorities.³⁷⁸ The "mitigation effort" that the Sacklers ordered was not designed to protect patients from overdoses or from illegal prescribers, but instead to protect the Sacklers from reporters revealing the truth.

323. **In July**, Richard Sackler called staff to complain about studies that the FDA required for opioids and how they might undermine Purdue's sales. He emphasized that Purdue Board members felt the requirements to conduct studies were unfair. Staff tried to reassure Richard that the studies would take "several years to complete, thereby keeping our critics somewhat at-bay during this time."³⁷⁹

324. **In July** and again in **August, September, and October**, staff warned the Sacklers that two of the greatest risks to Purdue's business were "Continued pressure against higher doses of opioids," and "Continued pressure against long term use of opioids."³⁸⁰

RISKS

- i. Continued pressure against higher doses of opioids,
- ii. Continued pressure against long term use of opioids,

³⁷⁶ 2014-06-30 email from Raul Damas, PPLPC022000741863. Years earlier, the Sacklers had tried to influence the *New York Times* to be "less focused on OxyContin/Purdue." 2011-04-22 email from John Stewart, PPLPC019000517894.

³⁷⁷ 2012-11-11 "Legal drugs, deadly outcomes," by Scott Glover and Lisa Girion.

³⁷⁸ 2013-08-11 "OxyContin maker closely guards its list of suspect doctors," by Scott Glover and Lisa Girion.

³⁷⁹ 2014-07-22 email from Todd Baumgartner, PPLPC002000187479-480.

³⁸⁰ 2014-07-01 Board Flash Report, slide 5, PPLPC016000244173; 2014-08-05 Board Flash Report, slide 6, PPLPC016000250753; 2014-09-05 Board Flash Report, slide 6, PPLPC016000254916; 2014-10-15 Board Flash Report, slide 7, PPLPC016000259607.

Staff report to the Board on risks facing Purdue's business

Staff told the Sacklers that Purdue's #1 opportunity to resist that pressure was by sending sales reps to visit prescribers; and, specifically, by targeting the most susceptible doctors, who could be convinced to be prolific prescribers, and visiting them many times.³⁸¹

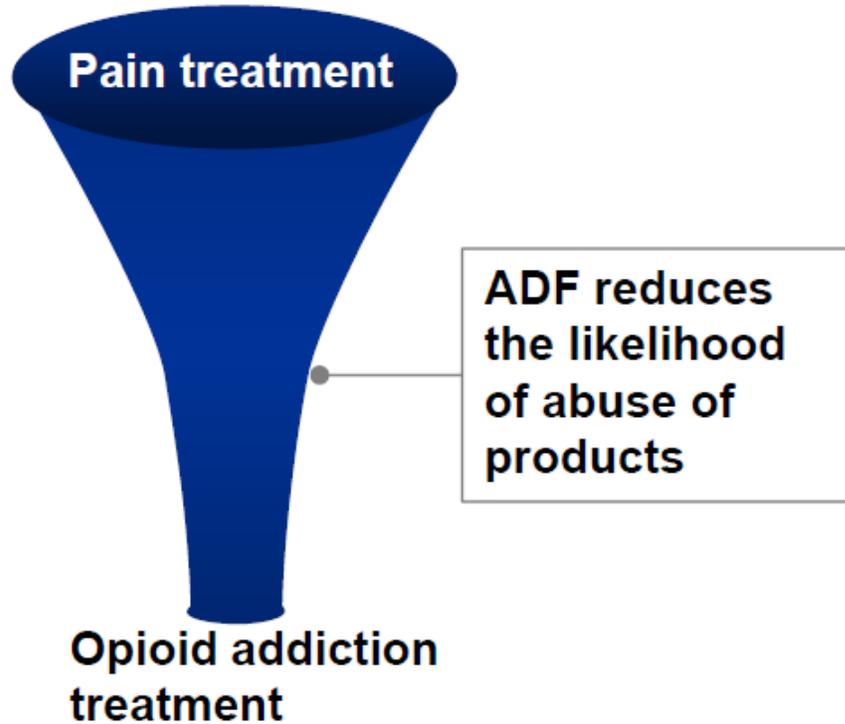
i. Project Tango

325. In September 2014, Kathe Sackler dialed in to a confidential call about *Project Tango*. *Project Tango* was a secret plan for Purdue to expand into the business of selling drugs to treat opioid addiction. In their internal documents, Kathe and staff wrote down what Purdue publicly denied for decades: that addictive opioids and opioid addiction are “naturally linked.” They determined that Purdue should expand across “the pain and addiction spectrum,” to become “an end-to-end pain provider.” Purdue illustrated the end-to-end business model with a picture of a dark hole labeled “Pain treatment” that a patient could fall into — and “Opioid addiction treatment” waiting at the bottom.

³⁸¹ 2014-07-01 Board Flash Report, slide 5, PPLPC016000244173; 2014-08-05 Board Flash Report, slide 6, PPLPC016000250753; 2014-09-05 Board Flash Report, slide 6, PPLPC016000254916.

Purdue should consider expansion across the pain and addiction spectrum

Pain treatment and addiction are naturally linked

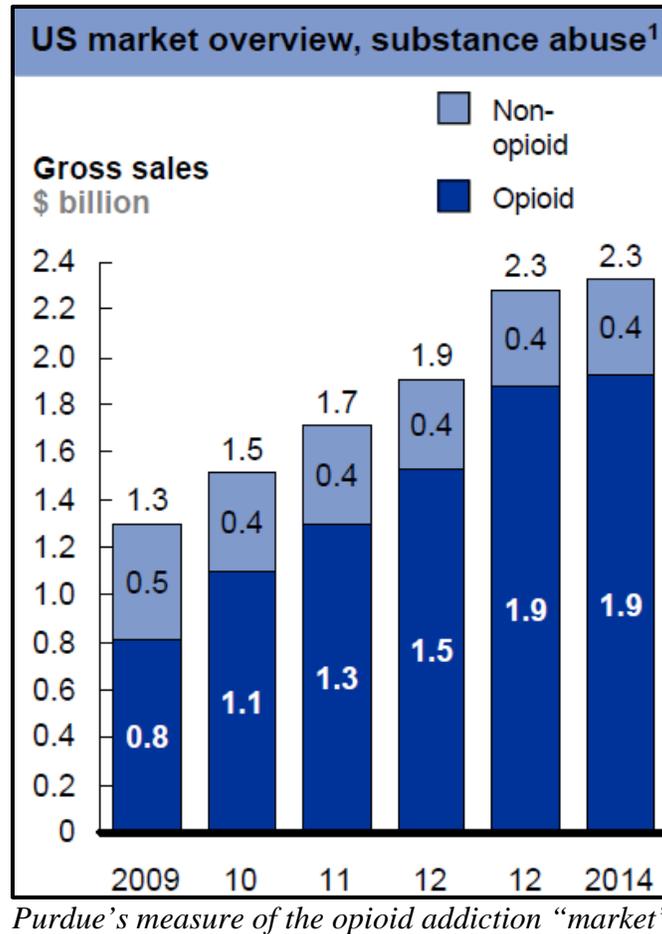


There is an opportunity to expand our offering as an end-to-end pain provider

*Purdue's secret "Project Tango"*³⁸²

³⁸² 2014-09-10 email from Brian Meltzer, PPLPC017000564600; 2014-09-12 presentation, PPLPC016000255303. "ADF" refers to Abuse-Deterrent Formulation, the crush-resistant version of OxyContin, which is no less addictive.

326. Kathe Sackler and the *Project Tango* team reviewed their findings that the “market” of people addicted to opioids, measured coldly in billions of dollars, had doubled from 2009 to 2014.



Kathe and the staff found that the catastrophe provided an excellent compound annual growth rate (“CAGR”): “Opioid addiction (other than heroin) has grown by ~20% CAGR from 2000 to 2010.”³⁸³

327. Kathe Sackler and the staff revealed in their internal documents that Purdue’s tactic of blaming addiction on untrustworthy patients was a lie. Instead, the truth is that opioid addiction can happen to anyone who is prescribed opioids:

³⁸³ 2014-09-10 presentation, slide 4, PPLPC017000564601. The Board discussed *Project Tango* in October 2014, but Purdue redacted all 32 pages of those Board materials. 2014-10-01 Board meeting materials, PPLP004411288.

- *“This can happen to any-one – from a 50 year old woman with chronic lower back pain to a 18 year old boy with a sports injury, from the very wealthy to the very poor”*

Purdue’s “Project Tango” patient and clinical rationale

Kathe and the staff concluded that millions of people who became addicted to opioids were the Sacklers’ next business opportunity. Staff wrote: “It is an attractive market. Large unmet need for vulnerable, underserved and stigmatized patient population suffering from substance abuse, dependence and addiction.” The team identified eight ways that Purdue’s experience getting patients *on* opioids could now be used to sell treatment for opioid addiction.³⁸⁴

328. Kathe Sackler instructed staff that *Project Tango* required their “immediate attention.” She pressed staff to look into reports of children requiring hospitalization after swallowing buprenorphine — the active ingredient in both Purdue’s Butrans opioid and the opioid addiction treatment that the Sacklers wanted to sell, through *Project Tango*, in a film that melts in your mouth.³⁸⁵ Staff assured Kathe that children were overdosing on pills, not films, “which is a positive for *Tango*.”³⁸⁶

329. In February 2015, staff presented Kathe Sackler’s work on *Project Tango* to the Board. The plan was for a Joint Venture controlled by the Sacklers to sell the addiction medication suboxone.³⁸⁷

330. The *Tango* team mapped how patients could get addicted to opioids through prescription opioid analgesics such as Purdue’s OxyContin or heroin, and then become consumers

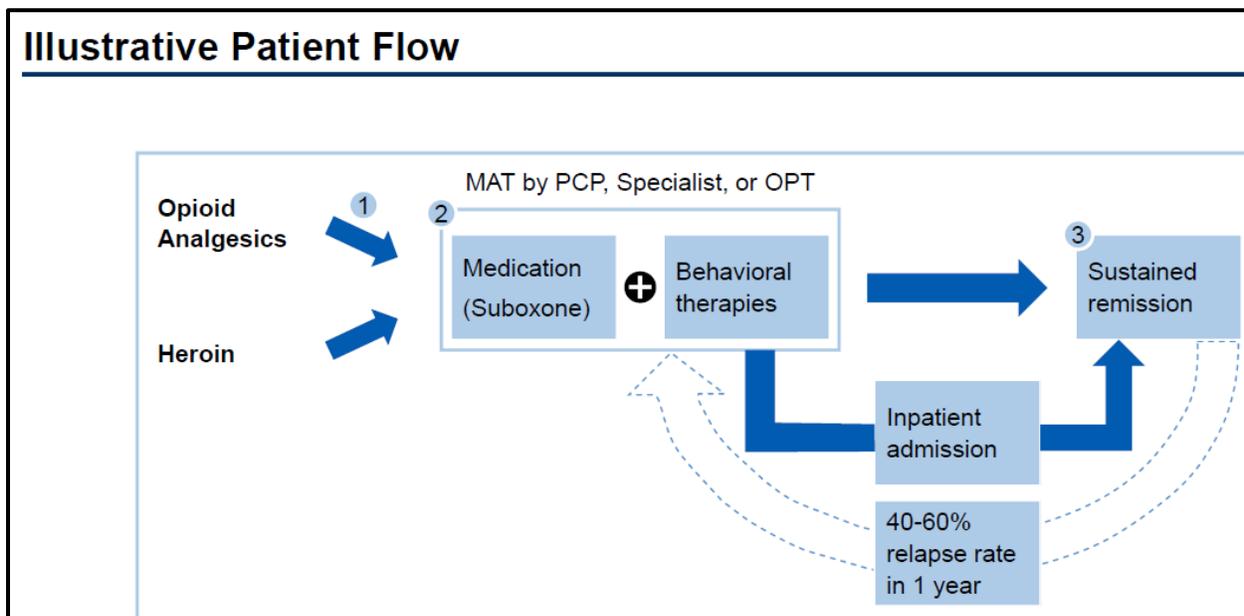
³⁸⁴ 2014-09-10 presentation, slides 2, 4, PPLPC017000564601.

³⁸⁵ 2014-09-16 email from Kathe Sackler, PPLPC020000834186.

³⁸⁶ 2014-09-17 email from Mark Timney, PPLPC020000834185-186.

³⁸⁷ 2015-02-20 email from Stuart Baker, PPLPC026000138391.

of the new company’s suboxone. The team noted the opportunity to capture customers: even after patients were done buying suboxone the first time, 40-60% would relapse and need it again.³⁸⁸



Purdue presentation explaining “Project Tango” patient flow

331. The next month, *Project Tango* came to an end. Kathe, David, Jonathan, and Mortimer Sackler discussed the discontinuation of the project at their Business Development Committee meeting.³⁸⁹ But the Sackler’s efforts to sell addictive opioids continued.

332. **In October 2014**, staff sent the Sacklers a Proposed Operating Plan and Budget to be approved by the Board for 2015.³⁹⁰ Staff told the Sacklers that a key tactic for 2015 would be to convert patients from short-acting opioids to OxyContin. Staff warned the Sacklers that prescribers were shifting away from the highest doses of Purdue’s opioids, and toward fewer pills per prescription, and those shifts would cost Purdue \$99,000,000 a year. Staff told the Sacklers that a key tactic to increase Butrans sales in 2015 would be for Purdue sales reps to push doctors to “titrate up” to higher doses. Staff likewise told the Sacklers that visits to doctors by sales reps

³⁸⁸ 2015-02-24 *Project Tango* presentation, PPLPC002000208957.

³⁸⁹ 2015-03-03 email from Stuart Baker, PPLPC011000016992.

³⁹⁰ 2014-10-24 email from Edward Mahoney, PPLPC016000260660.

would be a key tactic to launch Purdue's new Hysingla opioid: the company would: "Leverage Purdue's existing, experienced sales force to drive uptake with target HCPs" and "Add additional contract sales force capacity at launch to drive uptake."³⁹¹ Staff proposed that Purdue employ 519 sales reps, paid an average salary of \$81,300 plus a bonus of up to an additional \$124,600 based on sales.³⁹²

333. Meanwhile, sales staff exchanged news reports of a lawsuit accusing Purdue of deceptive marketing in Kentucky.³⁹³ They quoted Purdue's own attorney and Chief Financial Officer stating that the company faced claims of more than a billion dollars that "would have a crippling effect on Purdue's operations and jeopardize Purdue's long-term viability."³⁹⁴ Purdue's communications staff were delighted by the article, because it did not reveal the Sacklers' role in the misconduct. "I'm quite pleased with where we ended up. There's almost nothing on the Sacklers and what is there is minimal and buried in the back."³⁹⁵

334. **In November**, staff reported to the Sacklers that their sales tactics were working, and the shift away from higher doses of OxyContin had slowed.³⁹⁶

335. **In December**, staff told the Sacklers that Purdue would pay their family \$163,000,000 in 2014 and projected \$350,000,000 in 2015.³⁹⁷

³⁹¹ 2015 Commercial Budget Review, slides 31, 38, 51, 67, PPLPC016000260706, -713, -726, -742.

³⁹² 2015 Budget Submission, slides 13, 56, PPLPC016000260845, -888.

³⁹³ 2014-10-20 email from John Axelson, PPLPC014000279784.

³⁹⁴ 2014-10-20 Bloomberg Businessweek report, PPLPC014000279786.

³⁹⁵ 2014-10-20 email from Raul Damas, PPLPC017000579723.

³⁹⁶ 2014-11 OxyContin Brand Strategy and Forecast for 2015, PPLP004411419 ("Strength mix shifting toward lower strengths has slowed with 40-80mg share going from 29% in the 10 Year Plan to 33% in the Budget").

³⁹⁷ 2014-12-03 email from Edward Mahoney, PPLPC016000266402; attached report slide 8, PPLPC016000266403.

336. On New Year’s Eve, Richard Sackler told staff that he was starting a confidential sales and marketing project on opioid prices and instructed them to meet with him about it on January 2.³⁹⁸

j. 2015

337. Early in the morning of **January 2**, staff began scrambling to collect sales data for Richard Sackler.³⁹⁹ They didn’t move quickly enough. Days later, Richard demanded a meeting with sales staff to go over plans for selling the highest doses. Richard asked for an exhaustive examination to be completed within 5 days, including:

“unit projections by strength, mg by strength ... pricing expectations by strength ... individual strength’s market totals and our share going backward to 2011 or 12 and then forward to 2019 or 2020 ... the same information for Hysingla ... [and] the history of OxyContin tablets from launch to the present.”⁴⁰⁰

338. The CEO stepped in to say the work would take 3 weeks.⁴⁰¹ Richard let him know that wasn’t a great response — “That’s longer than I had hoped for” — and directed marketing staff to start sending him materials immediately.⁴⁰²

339. That same month, the Sacklers voted to evaluate employees’ 2014 performance on a scorecard that assigned the greatest value to the volume of Purdue opioid sales. Employees were expected to generate more than one-and-a-half billion dollars. The Sacklers also voted to establish the company’s scorecard for 2015: once again, the biggest factor determining employees’ payout would be the total amount of Purdue opioid sales.⁴⁰³

³⁹⁸ 2014-12-31 email from Richard Sackler, PPLPC021000713329-330.

³⁹⁹ 2015-01-02 email from Saeed Motahari, PPLPC021000713328.

⁴⁰⁰ 2015-01-07 email from Richard Sackler, PPLPC022000797067-068.

⁴⁰¹ 2015-01-08 email from Mark Timney, PPLPC022000797067.

⁴⁰² 2015-01-08 email from Richard Sackler, PPLPC022000797067. Mark Timney had started as CEO a year earlier with the idea that he could “separate Board interaction from the organization” so the Sacklers would stop directing sales staff. 2014-01-29 email from Mark Timney, PPLPC012000461846. That effort failed.

⁴⁰³ 2015-01-16 Board minutes, PPLP004416118-121.

340. **In April**, staff told the Sacklers that sales of Purdue’s highest dose 80mg OxyContin were down 20% and that the average prescription had declined by eight pills since 2011.

341. The Sacklers voted to expand the sales force by adding another 122 reps.⁴⁰⁴ As with every reference to “the Sacklers” after July 2012, that includes Beverly, David, Ilene, Jonathan, Kathe, Mortimer, Richard, and Theresa Sackler.

342. Staff told the Sacklers the additional reps would increase net sales of opioids by \$59,000,000.⁴⁰⁵

343. **In October**, Purdue executives identified avoiding investigations of Purdue’s opioid marketing as a “Key Activity” in the company’s Operational Plan.⁴⁰⁶

344. **In November**, the Sacklers voted on the budget for Purdue for 2016.⁴⁰⁷ Staff warned the Sacklers that public concern about opioids could get in the way of Purdue’s plans. Staff told the Sacklers that declining prescriptions of the highest doses and fewer pills per prescription would cost Purdue \$77,000,000.⁴⁰⁸

345. Staff proposed to the Sacklers that, for 2016, Purdue would plan for prescribers to average 60 pills of Purdue opioids per prescription. They told the Sacklers that they would aim to make enough of those pills be high doses to make the average per pill 33 milligrams of oxycodone.⁴⁰⁹ That way, Purdue could hit its target for the total kilograms of oxycodone it wanted to sell.

⁴⁰⁴ 2015-04-21 Board materials, PPLPC011000025707 (“It was decided to move forward with an expansion of the sales force by 122 reps”); 2015-05-04 Strategic Plan Update, slide 5, PPLPC017000623090; 2015-04-21 Board decision, PPLP004417512.

⁴⁰⁵ 2015-04-21 Board materials, PPLPC011000025703.

⁴⁰⁶ 2015-10-27 Executive Operating Committee presentation, slide 16, PPLPC011000065538.

⁴⁰⁷ 2015-11-21 email from Stuart Baker, PPLPC011000069947.

⁴⁰⁸ 2015-11 budget for 2016, slides 16, 28, 44, PPLPC011000069967, -979, -995.

⁴⁰⁹ 2015-11 budget for 2016, slide 41, PPLPC011000069992.

346. To make sure Purdue hit the targets, staff told the Sacklers that sales reps were visiting prescribers 21% more often than before. Staff told the Sacklers that they had aggressively reviewed and terminated reps who failed to generate prescriptions. Staff reported to the Sacklers that, in 2015 alone, Purdue replaced 14% of its sales reps and 20% of its District Managers for failing to create enough opioid sales.⁴¹⁰

347. Looking ahead, staff told the Sacklers that “the 2016 investment strategy focuses on expanding the Sales Force.” They reported that the proposed budget for sales and promotion was \$11,600,000 higher than 2015, “primarily due to the Sales Force expansion.” The top priority for the sales reps would be to visit the highest-prescribing doctors again and again. Staff proposed to the Sacklers that the #1 overall priority for 2016 would be to sell OxyContin through “disproportionate focus on key customers.” They told the Sacklers that sales reps would also target prescribers with the lowest levels of training, physician’s assistants and nurse practitioners, because they were “the only growing segment” in the opioid market.⁴¹¹ Purdue executives expected that, each quarter, the sales reps would visit prescribers more than 200,000 times and would get 40,000 new patients onto Purdue opioids.⁴¹²

348. **In December**, staff prepared to address wide-ranging concerns raised by the Sacklers. Kathe and Mortimer Sackler wanted staff to break out productivity data by indication versus prescriber specialty for each drug. Richard Sackler sought details on how staff was calculating 2016 mg/tablet trends. Jonathan Sackler sought a follow-up briefing on how public health efforts to prevent opioid addiction would affect OxyContin sales.⁴¹³

⁴¹⁰ 2015-11 budget for 2016, slides 7, 39, PPLPC011000069958, -990. Purdue fired 107 sales reps in 2015.

⁴¹¹ 2015-11 budget for 2016, slides 24, 26, 49, PPLPC011000069975, -69977, -70000.

⁴¹² 2015-11-03 email from Zach Perlman, Executive Committee materials, slide 36, PPLPC011000065030.

⁴¹³ 2015-12-09 email from Zach Perlman, PPLPC011000073228 attaching Executive Committee presentation, slides 12-13, PPLPC011000073230.

349. Before the year ended, the Sacklers were invited to a “Beneficiaries Meeting” where Purdue staff reported to Sackler family members about the company’s efforts to sell opioids.⁴¹⁴

k. 2016

350. **In 2016**, the Sacklers met with the Board in January, March, April, June, August, October, November, and December.⁴¹⁵

351. **In April**, the Sacklers considered exactly how much money was riding on their strategy of pushing higher doses of opioids. The month before, the U.S. Centers for Disease Control announced guidelines to try to slow the epidemic of opioid overdose and death. The CDC urged prescribers to avoid doses higher than 30mg of Purdue’s OxyContin twice per day. The CDC discouraged twice-a-day prescriptions of all three of Purdue’s most profitable strengths—40mg, 60mg, and 80mg. Staff studied how much money Purdue was making from its high dose strategy and told the Sacklers how much was at risk each year.⁴¹⁶

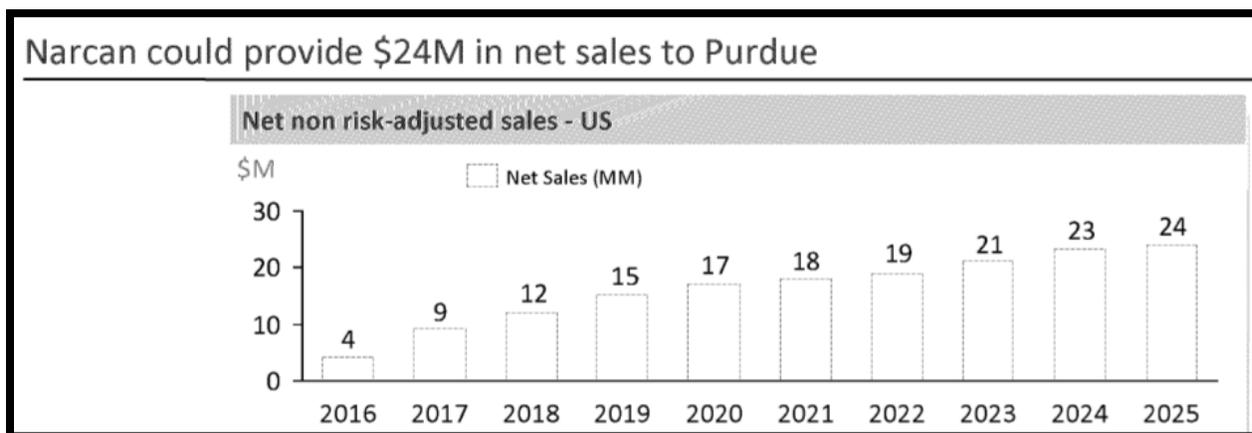
352. **In May**, Richard Sackler told staff to circulate a *New York Times* story reporting that opioid prescriptions were dropping for the first time since Purdue launched OxyContin twenty years earlier. The *Times* wrote: “Experts say the drop is an important early signal that the long-running prescription opioid epidemic may be peaking, that doctors have begun heeding a drumbeat of warnings about the highly addictive nature of the drugs.”

⁴¹⁴ 2015-10-28 email from Stuart Baker, PPLPC011000063897; *see also* November 2013 Beneficiaries Meeting, PPLP004410528.

⁴¹⁵ 2016-05-19 Executive Committee pre-read, PPLPC011000096794 (Board schedule for 2016).

⁴¹⁶ 2016-04-13 Q1 2016 Commercial Update, slide 74, PPLPC016000286167.

353. In June, the Sacklers met to discuss a revised version of *Project Tango*—another try at profiting from the opioid crisis. This time, they considered a scheme to sell the overdose antidote NARCAN. The need for NARCAN to reverse overdoses was rising so fast that the Sacklers calculated it could provide a growing source of revenue, tripling from 2016 to 2018.



Board presentation showing potential sales from acquiring NARCAN

Like *Tango*, Purdue’s analysis of the market for NARCAN confirmed that they saw the opioid epidemic as a money-making opportunity and that the Sacklers understood—in private, when no one was watching—how Purdue’s opioids put patients at risk. The Sacklers identified a “strategic fit” because NARCAN is a “complementary” product to Purdue opioids. They specifically identified patients on Purdue’s prescription opioids as the target market for NARCAN. Their plan called for studying “*long-term script users*” to “better understand target end-patients” for NARCAN. Likewise, they identified the same doctors who prescribed the most Purdue opioids as the best market for selling the overdose antidote; they planned to “leverage the current Purdue sales force” to “drive direct promotion to targeted opioid prescribers.” Finally, they noted that Purdue could profit from government efforts to use NARCAN to save lives.⁴¹⁷

⁴¹⁷ 2016-05-27 email from Stuart Baker, PPLPC011000099222; 2016-06 Board Book slides 46-49, 114, PPLPC011000099280-283, -348. They planned to “Segment opioid patients to better understand target end-patients (e.g., long-term script users).”

354. That same month, staff presented the 2016 Mid-Year Update. They warned the Sacklers that shifts in the national discussion of opioids threatened their plans. The deception that Purdue had used to conceal the risks of opioids was being exposed. Staff summarized the problems on a slide:⁴¹⁸

Critical Shifts in The National Discussion about Pain And Opioids

From	To
Undertreatment of Pain	Opioid Epidemic
Abuse	Addiction
Criminal	Victim
FDA	CDC
Benefits Outweigh Risks	Lack of Long-Term Evidence
ADFs as Part of Solution	ADF Value Unproven

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2016 Mid-Year Board Update

355. *First*, to convince doctors to prescribe dangerous opioids, Purdue promoted its drugs as the solution to “undertreatment of pain.” Richard Sackler made sure that Purdue bought the internet address 5thvitalsign.com so it could promote pain as the “fifth vital sign” (along with temperature, blood pressure, pulse, and breathing rate) to expand the market for opioids.⁴¹⁹ But

⁴¹⁸ 2016-06-08 Mid-Year Update, slide 18, PPLPC011000099783. “ADF” on the slide refers to abuse-deterrent formulations of opioids, such as Purdue’s crush-resistant OxyContin, which do not prevent addiction.

⁴¹⁹ 1999-06-14 email from Richard Sackler, PDD1706189908.

now, staff reported to the Sacklers, doctors and patients were starting to worry more about the epidemic of opioid addiction and death.⁴²⁰

356. *Second*, to conceal the danger of addiction, Purdue falsely blamed the terrible consequences of opioids on drug abuse. One of Purdue's key messages argued: "It's not addiction, it's abuse."⁴²¹ But now, staff reported to the Sacklers, doctors and patients were realizing that *addiction* was a true danger.⁴²²

357. *Third*, to avoid responsibility for Purdue's dangerous drugs, the Sacklers chose to stigmatize people who were hurt by opioids, calling them "junkies" and "criminals." Richard Sackler wrote that Purdue should "hammer" them in every way possible.⁴²³ But now, staff reported to the Sacklers, Americans were seeing through the stigma and recognizing that millions of families were victims of addictive drugs. Staff told the Sacklers that nearly half of Americans reported that they knew someone who had been addicted to prescription opioids.⁴²⁴

358. *Fourth*, the Sacklers had long sought to hide behind the approval of Purdue's drugs by the FDA. But FDA approval could not protect the Sacklers when their deceptive marketing led thousands of patients to become addicted and die. The U.S. Centers for Disease Control ("CDC") reported that opioids were, indeed, killing people. The CDC Director said: "We know of no other medication that's routinely used for a nonfatal condition that kills patients so frequently."⁴²⁵ The 2016 Mid-Year Update warned that the truth was threatening Purdue.

⁴²⁰ 2016-06-08 Mid-Year Update, slide 18, PPLPC011000099783.

⁴²¹ 2008-05-16 email from Pamela Taylor, PPLPC012000183254; 2008-04-16 Executive Committee notes, PPLPC012000183256; 2008-04-16 presentation by Luntz, Maslansky Strategic Research, slide 28, PPLPC012000183259.

⁴²² 2016-06-08 Mid-Year Update, slide 18, PPLPC011000099783.

⁴²³ 2001-02-01 email from Richard Sackler, PDD8801133516 ("we have to hammer on the abusers in every way possible. They are the culprits and the problem. They are reckless criminals.").

⁴²⁴ 2016-06-08 Mid-Year Update, slides 18, 20, PPLPC011000099783.

⁴²⁵ 2016-03-15 briefing by CDC Director Tom Frieden.

359. Staff also told the Sacklers that four states had passed laws limiting opioid prescriptions.⁴²⁶ In the face of this pressure, staff told the Sacklers that the sales team was focusing on the doctors who prescribe the most opioids.⁴²⁷ Upon information and belief, Jonathan Sackler requested and was sent the name of a doctor in New Mexico for that very purpose.

360. **In November**, staff prepared statements to the press denying the Sacklers' involvement in Purdue. Their draft claimed: "Sackler family members hold no leadership roles in the companies owned by the family trust."⁴²⁸ That was a lie. Sackler family members held the controlling majority of seats on the Board and, in fact, controlled the company. A staff member reviewing the draft knew what was up and commented with apparent sarcasm: "Love the ... statement."⁴²⁹ Staff eventually told the press: "Sackler family members hold no management positions."⁴³⁰

361. Some employees worried about the deception. When journalists asked follow-up questions about the Sacklers, communications staff deliberated about whether to repeat the "no management positions" claim. They double-checked that Purdue's top lawyers had ordered the statement. Then they arranged for one of the Sacklers' foreign companies to issue it, so U.S. employees would not be blamed: "The statement will come out of Singapore."⁴³¹

362. **In December**, Richard, Jonathan and Mortimer Sackler had a call with staff about another revised version of *Project Tango*. The new idea was to buy a company that treated opioid addiction with implantable drug pumps.⁴³² The business was a "strategic fit," because Purdue sold

⁴²⁶ 2016-06-08 Mid-Year Update, slide 21, PPLPC011000099783.

⁴²⁷ 2016-06-08 Mid-Year Update, slide 26, PPLPC011000099783 ("Protect OxyContin share among high decile HCPs").

⁴²⁸ 2016-11-03 email from Robert Josephson, PPLPC023000914978.

⁴²⁹ 2016-11-03 email from Raul Damas, PPLPC023000914978 ("Love the second statement" – it was the second of two statements in the draft).

⁴³⁰ 2016-11-28 email from Robert Josephson, PPLPC019001332704.

⁴³¹ 2016-12-01 emails from Robert Josephson and Raul Damas, PPLPC020001075830.

⁴³² 2016-12-22 email from Elliott Ruiz, PPLPC022000980230.

opioids and the new business treated the “strategically adjacent indication of opioid dependence.”⁴³³ The Sacklers kept searching for a way to expand their business by selling both addictive opioids and treatment for opioid addiction.

I. 2017

363. **In 2017**, the Sacklers met with the Board in February, March, April, June, July, August, October, November, and December.⁴³⁴

364. **In May 2017**, staff told the Sacklers that an independent nonprofit had concluded that Purdue’s reformulation of OxyContin was not a cost-effective way to prevent opioid abuse.⁴³⁵ Theresa Sackler asked staff what they were doing to fight back to convince doctors and patients to keep using the drug.⁴³⁶

365. That same month, the Sacklers were looking for a new CEO. Long-time employee Craig Landau wanted the job and prepared a business plan titled “SACKLER PHARMA ENTERPRISE.” Landau was careful to acknowledge their power: he acknowledged that Purdue operated with “the Board of Directors serving as the ‘de facto’ CEO.” He proposed that Purdue should take advantage of other companies’ concerns about the opioid epidemic through an “opioid consolidation strategy” and become an even more dominant opioid seller “as other companies abandon the space.”⁴³⁷ The Sacklers made him CEO a few weeks later.

366. **In June**, staff told the Sacklers that getting doctors to prescribe high doses of opioids and many pills per prescription were still key “drivers” of Purdue’s profit. Purdue’s

⁴³³ 2016-12-22 Braeburn Pharmaceuticals: Structuring Analysis, slide 3, PPLPC022000980233.

⁴³⁴ 2017 heavily redacted Board minutes, PPLP004416457-502; 2017-01-02 Governance Calendar, PPLPC011000131500.

⁴³⁵ 2017-05-06 email from Gail Cawkwell, PPLPC011000147096.

⁴³⁶ 2017-05-06 email from Theresa Sackler, PPLPC011000147096.

⁴³⁷ 2017-05-02 Landau presentation, PPLPC020001106306.

management was concerned that the CDC's efforts to save lives by reducing doses and pill counts would force the company "to adjust down our revenue expectations."⁴³⁸

367. Staff told the Sacklers that Purdue's opioid sales were being hurt by cultural trends such as the HBO documentary, "*Warning: This Drug May Kill You*."⁴³⁹ HBO's film was a problem for Purdue because it showed actual footage from Purdue's misleading advertisements next to video of people who overdosed and died.⁴⁴⁰

368. Staff felt the pressure of the opioid epidemic, even if the billionaire Sacklers did not. In one presentation, staff came close to insubordination and told the Sacklers: "Purdue Needs a New Approach." Their suggestion for a new direction was: "A New Narrative: Appropriate Use." The Sacklers led Purdue so far into the darkness that employees proposed "appropriate use" of drugs to reinvent the company. Staff also suggested that the Sacklers create a family foundation to help solve the opioid crisis.⁴⁴¹

369. The Sacklers did not redirect the company toward appropriate use or create the suggested family foundation. Instead, they decided to sell harder. For 2018, the Sacklers approved a target for sales reps to visit prescribers 1,050,000 times—almost double the number of sales visits they had ordered during the heyday of OxyContin in 2010.⁴⁴²

370. **In October**, Richard Sackler learned that insurance company Cigna had cut OxyContin from its list of covered drugs and replaced it with a drug from Purdue's competitor, Collegium. Richard read that Collegium had agreed to encourage doctors to prescribe lower doses of opioids, and Collegium's contract with Cigna was designed so Collegium would earn *less*

⁴³⁸ 2017-06 Board of Directors: Purdue Mid-Year Pre-Read, slides 2, 152, PPLPC011000151189.

⁴³⁹ 2017-06 Board of Directors: Purdue Mid-Year Pre-Read, slide 6, PPLPC011000151189.

⁴⁴⁰ 2017-05-01 "*Warning: This Drug May Kill You Offers a Close-Up of the Opioid Epidemic*," <https://www.theatlantic.com/entertainment/archive/2017/05/warning-this-drug-may-kill-you-opioid-epidemic-hbo/524982/>.

⁴⁴¹ 2017-06 Board of Directors: Purdue Mid-Year Pre-Read, slides 36-38, PPLPC011000151189.

⁴⁴² 2017-06 Board of Directors: Purdue Mid-Year Pre-Read, slide 147, PPLPC011000151189.

money if doctors prescribed high doses. Cigna announced that opioid companies influence dosing: “While drug companies don’t control prescriptions, they can help influence patient and doctor conversations by educating people about their medications.” Richard’s first thought was revenge. He immediately suggested that Purdue drop Cigna as the insurance provider for the company health plan.⁴⁴³

371. On October 17, Beverly Sackler served her last day on the Board.⁴⁴⁴ It was the beginning of the end for the Sackler family. A week later, the *New Yorker* published an article entitled “The Family That Built an Empire of Pain.”⁴⁴⁵ The story quoted a former FDA Commissioner: “the goal should have been to sell the least dose of the drug to the smallest number of patients.” The reporter concluded: “Purdue set out to do exactly the opposite.”⁴⁴⁶

372. **In November**, Jonathan Sackler suggested that Purdue launch yet another opioid.⁴⁴⁷ Staff promised to present a plan for additional opioids at the next meeting of the Board.⁴⁴⁸ At the Board meeting that month, the remaining Sackler Board members (Richard, David, Ilene, Jonathan, Kathe, Mortimer, and Theresa) voted to cut the sales force from 582 reps to 302 reps. Staff gave Richard, David, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler a map of where the remaining sales reps worked.⁴⁴⁹

⁴⁴³ 2017-10-07 email from Richard Sackler, PPLPC016000317635.

⁴⁴⁴ Declaration of Beverly Sackler dated September 5, 2018.

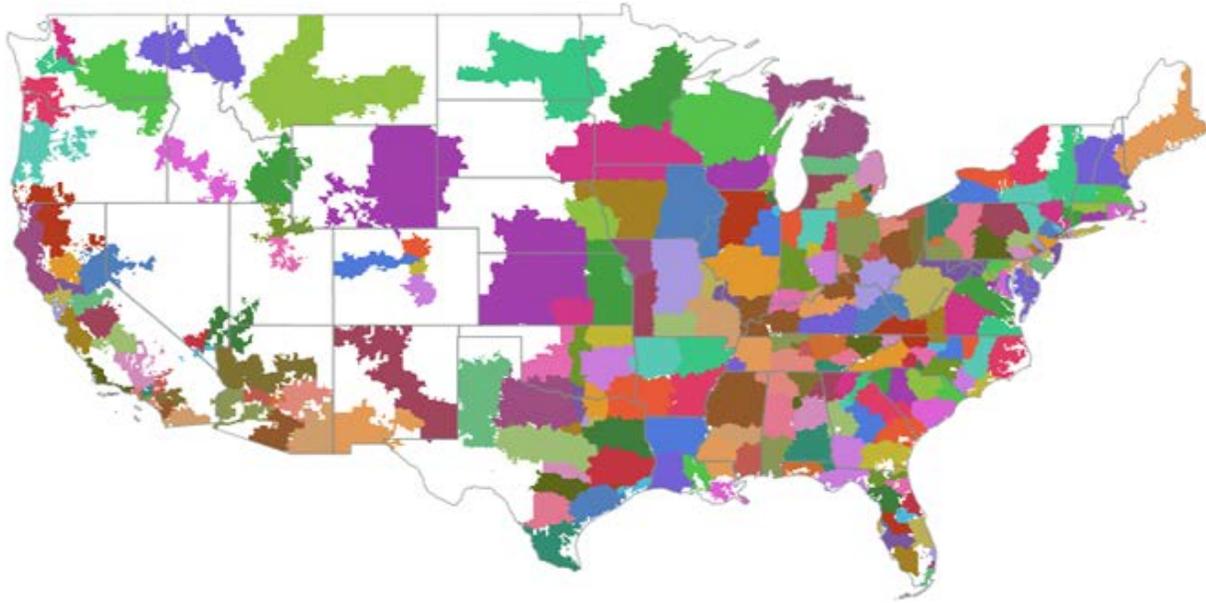
⁴⁴⁵ 2017-10-23 email from Robert Josephson, PPLPC016000318910.

⁴⁴⁶ 2017-10-23 email from Robert Josephson, PPLPC016000318910.

⁴⁴⁷ 2017-11-21 email from Jonathan Sackler, PPLPC016000321334.

⁴⁴⁸ 2017-11-21 email from Craig Landau, PPLPC016000321333.

⁴⁴⁹ 2017-11 Board budget, slides 47, 51, PPLPC016000323215.



Purdue internal map of planned sales rep territories for 2018

m. 2018

373. **In January 2018**, Richard Sackler received a patent for a drug to treat opioid addiction—his own version of *Project Tango*. Richard had applied for the patent in 2007. He assigned it to a different company controlled by the Sackler family (Rhodes Pharmaceuticals L.P.), instead of Purdue. Richard’s patent application says opioids *are* addictive. The application calls the people who become addicted to opioids “junkies” and asks for a monopoly on a method of treating addiction.⁴⁵⁰

374. In January, Richard Sackler also met with Purdue staff about the sales force again. They discussed plans to cut the force to 275 reps. In February, Richard, David, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler decided to lay off 300 sales reps.⁴⁵¹

⁴⁵⁰ 2018-01-09, U.S. Patent No. 9,861,628 (“a method of medication-assisted treatment for opioid addiction”); 2007-08-29, international patent publication no. WO 2008/025791 A1.

⁴⁵¹ 2018-01-18 email from Jon Lowne, PPLPC016000323973; 2018 budget, PPLPC016000323996; 2018-02-07 email from Craig Landau, PPLPC016000325614; 2018-02-01 entirely redacted Board minutes, PPLP004416509.

375. **By April**, staff were scared. Richard Sackler was again asking questions about sales. Staff prepared a presentation for the Board of Directors (“BoD”). One employee suggested that they add more information about the company’s problems. Another cautioned against that:

“I think we need to find a balance between being clear about what reality looks like - which I certainly support in [this] situation - and just giving so much bad news about the future that it just makes things look hopeless. Let’s not give the BoD a reason to just walk away.”⁴⁵²

376. **On May 3** and again on **June 6 and 8**, all seven remaining Sacklers attended meetings of the Board: Richard, David, Ilene, Jonathan, Kathe, Mortimer, and Theresa.⁴⁵³

377. **In June of 2018**, just as their employees predicted, the Sacklers tried to run. Richard Sackler was the first to go: he resigned from the Board in July. David Sackler quit in August. Theresa Sackler served her last day in September. As of the date of this filing, Ilene, Jonathan, Kathe, and Mortimer remain.⁴⁵⁴

E. Although they knew their conduct was deceptive and unfair, the Sacklers fraudulently concealed their conduct.

378. The Sacklers, both directly and indirectly, made, promoted, and profited from misrepresentations about the risks and benefits of opioids for chronic pain even though they knew that the misrepresentations were unfair and deceptive. Research and clinical experience over the last several decades clearly establishes that opioids are highly addictive and responsible for a long list of very serious adverse outcomes. The FDA and other regulators warned the Sacklers of this, and the Sacklers had access to scientific studies, detailed prescription data, and reports of adverse events, including reports of addiction, hospitalization, and deaths—all of which made clear the harms from long-term opioid use and that patients were (and are) suffering from addiction,

⁴⁵² 2018-04-10 email from Paul Medeiros, PPLPC023000979571.

⁴⁵³ 2018-05-03 heavily redacted Board minutes, PPLP004416514-520 (all present in person); 2018-06-06 heavily redacted Board minutes, PPLP004416521-524; 2018-06-08 heavily redacted Board minutes, PPLP004416525.

⁴⁵⁴ 2018-09-05 declaration of David Sackler; 2018-09-07 declaration of Theresa Sackler.

overdoses, and death in alarming numbers. Furthermore, the FDA and CDC have issued pronouncements based on the medical evidence that conclusively expose the known falsity of the misrepresentations, and Purdue entered into agreements explicitly prohibiting it from making the misrepresentations.

379. Moreover, the Sacklers took steps to avoid detection of and to fraudulently conceal their personal involvement in the deceptive marketing and fraudulent conduct. For example, the Sacklers never disclosed their role in shaping, editing, and approving the content of information and materials disseminated by Purdue to make it appear that these items were accurate, truthful, and supported by objective evidence when they were not. The Sacklers exerted considerable influence on these promotional and “educational” materials. The Sacklers distorted the meaning or import of studies they cited and offered them as evidence for propositions the studies did not support. The lack of support for the Sacklers’ deceptive messages was not apparent to medical professionals who relied upon them in making treatment decisions. The Sacklers purposefully hid behind Purdue to conceal their own misconduct.

COUNT I
VIOLATION OF NEW MEXICO UNFAIR PRACTICES ACT
(NMSA 1978, §§ 57-12-1 to -26)

380. Plaintiff incorporates by reference and realleges all prior paragraphs of this Complaint as if set forth fully herein.

381. At all times relevant herein, the Defendants violated the New Mexico Unfair Practices Act, Sections 57-12-1 to -26, by repeatedly and willfully committing unfair, and/or deceptive acts or practices, and unconscionable trade practices, in the conduct of commerce, both of which are violations of the Act.

382. The Attorney General is authorized to bring an action in the name of the State to remedy violations of the Unfair Practices Act. NMSA 1978, §§ 57-12-8(A), 57-12-15. This action

is proper in this Court because Defendants are using, have used, and are about to use practices that are unlawful under the Act. NMSA 1978, § 57-12-8(A).

383. Because Defendants' irresponsibly marketed and distributed opioid drugs were diverted to non-medical purposes, these drugs had no value.

384. Defendants' actions and transactions are forbidden by the New Mexico Board of Pharmacy, which is a regulatory body, and therefore Defendants' actions and transactions fall outside any exemption to the Unfair Practices Act. NMSA 1978, § 57-12-7.

385. As alleged herein, Defendants, at all times relevant to this Complaint, were actual and primary participants in unfair or deceptive trade practices as defined in the Unfair Practices Act by representing that the opioid prescription pills "have ... characteristics, ... uses, [or] benefits ... that they do not have." NMSA 1978, § 57-12-2(D)(5).

386. Defendants were actual and primary participants in further unfair or deceptive trade practices by causing confusion or misunderstanding as to what their drugs were actually approved or certified to be used for. NMSA 1978, § 57-12-2(D)(2).

387. Defendants actually participated in the commission of further unfair or deceptive trade practices by creating and widely disseminating misleading research studies and marketing literature written to resemble research studies without disclosing that the creators of those materials were affiliated, connected with, or associated with the Defendants. NMSA 1978, § 57-12-2(D)(3).

388. Defendants actually participated in the commission of further unfair or deceptive trade practices by representing that the opioids were safe and effective when such representations were untrue, false, and misleading. NMSA 1978, § 57-12-2(D)(7).

389. Defendants actually participated in the commission of further unfair or deceptive trade practices by disparaging competing products like NSAIDs by misleading consumers into believing that opioids were a safer option. NMSA 1978, § 57-12-2(D)(8).

390. Defendants actually participated in the commission of further unfair or deceptive trade practices by using exaggeration and/or ambiguity as to material facts and omitting material facts, which had a tendency to deceive and/or did in fact deceive. NMSA 1978, § 57-12-2(D)(14).

391. Defendants actually participated in the commission of unconscionable trade practices by taking advantage of New Mexico patients and addicts to their detriment to a grossly unfair degree. NMSA 1978, § 57-12-2(E)(1).

392. Because of the dangerously addictive nature of these drugs, which Defendants actually participated in concealing and misrepresenting, they lacked medical value, and in fact caused addiction and overdose deaths; therefore, Defendants' actual participation in the sales and marketing of opioids constituted unconscionable trade practices under NMSA 1978, Section 57-12-2(E)(2), in that Defendants' practices resulted in a gross disparity between value received (i.e., none) and price paid.

393. Defendants made deceptive representations about the use of opioids to treat chronic non-cancer pain. Defendants also omitted or concealed material facts and failed to correct prior misrepresentations and omissions about the risks and benefits of opioids. Defendants' omissions rendered even their seemingly truthful statements about opioids deceptive.

394. On or after May 8, 2007, Defendants actually participated in the creation and/or dissemination of deceptive statements directed at New Mexico, including, but not limited to, the following:

- Creating, sponsoring, and assisting in the distribution of patient education materials distributed to New Mexico consumers that contained deceptive statements;
- Creating and disseminating advertisements nationally, and upon information and belief, within New Mexico, that contained deceptive statements concerning the ability of opioids to improve function long-term and concerning the evidence supporting the efficacy of opioids long-term for the treatment of chronic non-cancer pain;

- Disseminating misleading statements nationally that reached doctors and prescribers within New Mexico concealing the true risk of addiction and promoting the deceptive concept of pseudoaddiction through Purdue's own unbranded publications and on internet sites Purdue operated that were marketed to and accessible by consumers, including consumers in New Mexico;
- Distributing brochures to doctors, patients, and law enforcement officials nationally, and upon information and belief, in New Mexico, that included deceptive statements concerning the indicators of possible opioid abuse;
- Sponsoring, directly distributing, and assisting in the distribution of publications nationally that were available and distributed to doctors within New Mexico, that promoted the deceptive concept of pseudoaddiction, even for high-risk patients;
- Endorsing, directly distributing, and assisting in the distribution of publications nationally that were distributed, upon information and belief, to doctors within New Mexico, that presented an unbalanced treatment of the long-term and dose-dependent risks of opioids versus NSAIDs;
- Providing significant financial support to pro-opioid KOL doctors who made deceptive statements, available to doctors and patients in New Mexico, concerning the use of opioids to treat chronic non-cancer pain;
- Providing needed financial support to pro-opioid pain organizations that made deceptive statements, including in patient education materials available nationally, and upon information and belief, in New Mexico, concerning the use of opioids to treat chronic non-cancer pain;
- Assisting in the distribution of guidelines nationally and within New Mexico, that contained deceptive statements concerning the use of opioids to treat chronic non-cancer pain and misrepresented the risks of opioid addiction;
- Endorsing and assisting in the distribution of CMEs, attended by or made available to doctors licensed in New Mexico, containing deceptive statements concerning the use of opioids to treat chronic non-cancer pain;
- Developing and disseminating scientific studies nationally, and upon information and belief, within New Mexico that misleadingly concluded opioids are safe and effective for the long-term treatment of chronic non-cancer pain and that opioids improve quality of life, while concealing contrary data;
- Assisting in the dissemination of literature nationally and within New Mexico, written by pro-opioid KOLs that contained deceptive statements concerning the use of opioids to treat chronic noncancer pain;
- Creating, endorsing, and supporting the distribution of patient and prescriber education materials nationally, and upon information and belief, within New Mexico, that misrepresented the data regarding the safety and efficacy of opioids

for the long-term treatment of chronic non-cancer pain, including known rates of abuse and addiction and the lack of validation for long-term efficacy;

- Targeting veterans nationally, and upon information and belief, in New Mexico, by sponsoring and disseminating patient education marketing materials that contained deceptive statements concerning the use of opioids to treat chronic non-cancer pain;
- Targeting the elderly nationally, and upon information and belief, in New Mexico, by assisting in the distribution of guidelines that contained deceptive statements concerning the use of opioids to treat chronic non-cancer pain and misrepresented the risks of opioid addiction in this population;
- Exclusively disseminating misleading statements in education materials to New Mexico hospital doctors and staff while purportedly educating them on new pain standards;
- Making deceptive statements concerning the use of opioids to treat chronic noncancer pain to New Mexico prescribers through in-person detailing; and
- Withholding from New Mexico law enforcement the names of prescribers Purdue believed to be facilitating the diversion of its products, while simultaneously marketing opioids to these doctors by disseminating patient and prescriber education materials and advertisements and CMEs they knew would reach these same prescribers.

395. Defendants' unfair, deceptive, and unconscionable representations, concealments, and omissions were knowingly made in connection with the sale of opioids, were statements that may deceive or tend to deceive, and were willfully used to deceive or to attempt to deceive the State, New Mexico Board of Pharmacy, New Mexico healthcare providers, and New Mexico consumers.

396. As described more specifically above, Defendants' representations, concealments, and omissions constitute a willful course of conduct which continues to this day. Unless enjoined from doing so, Defendants will continue to violate the New Mexico Unfair Practices Act.

397. Defendants' use of methods, acts, or practices declared unlawful by the Unfair Practices Act is willful, and subject to \$5,000 civil penalty for each and every violation per each Defendant. NMSA 1978, § 57-12-11.

398. Each exposure of a New Mexico resident to opioids resulting from the aforementioned conduct of each and all Defendants constitutes a separate violation of the Unfair Practices Act.

399. Each exposure of a state employee or contractor, New Mexico health care professional, New Mexico patient, or New Mexico consumer to the Defendants' misleading and deceptive information regarding opioids, including *inter alia* through print information, websites, presentations, brochures, or packaging, constitutes a separate violation pursuant to the Unfair Act.

400. Plaintiff, State of New Mexico, seeks all legal and equitable relief as allowed by law, including *inter alia* injunctive relief, abatement, reimbursement of all monies paid for prescription opioids by the State of New Mexico, restitution for all monies paid for opioids in connection with State of New Mexico programs and/or by state agencies and/or departments, damages as allowed by law, all recoverable penalties under Section 57-12-11 including a civil penalty of \$5,000 per each violation per each Defendant named in this Count, attorney fees and costs, and pre- and post-judgment interest.

RELIEF

WHEREFORE, the State of New Mexico, by and through its Attorney General, respectfully requests that this Court grant the following relief:

1. Entering Judgment in favor of the State in a final order against each of the Defendants;
2. Enjoining the Defendants and all other persons acting in concert or participation with them, from engaging in unfair or deceptive acts or practices in the marketing of Purdue's prescription opioids in New Mexico and ordering temporary, preliminary, and/or permanent injunctive relief;
3. Declaring that each act and omission of each of the Defendants described in this Complaint constitute multiple, separate violations of UPA;
4. Declaring that Defendants, and each of them, have engaged in a continuing violation of UPA;

5. Imposing civil penalties of up to \$5,000, per Defendant, for each violation of UPA;
6. Granting the State:
 - a. Reasonable attorneys' fees and the costs of suit, as authorized by law;
 - b. Pre-judgment and post-judgment interest, and
 - c. All other relief as provided by law and/or as the Court deems appropriate and just.

Dated: September 10, 2019

RESPECTFULLY SUBMITTED:

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