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Press Release

Attorney General Frosh Charges Controlling Owner-Directors of Purdue Pharma With Violations of Consumer Protection Act

Charges Allege Sackler Family Operated Sustained, Unfair and Deceptive Campaign to Promote Opioid Use and Increase Profits

BALTIMORE, MD (May 16, 2019) – Maryland Attorney General Brian E. Frosh today announced that Maryland has filed charges against the owners and former directors of Purdue Pharma, alleging that the individuals engaged in a pattern of deceptive conduct that encouraged the inappropriate use of opioids for patients who suffer from common chronic pain conditions, helping fuel the nation's opioid crisis. Attorney General Frosh filed charges in concert with the attorneys general of four other states who also filed actions simultaneously.

The attorneys general allege that Richard Sackler, former Purdue Pharma president and board member, along with members of his family, repeatedly engaged unlawfully in unfair and deceptive practices in the marketing of opioid products by promoting and selling the opioids to treat conditions for which they were unnecessary and neither safe nor effective. Some of the products involved include MSContin, OxyContin, and Dilaudid.

"The strategies allegedly used by Purdue and the Sacklers were calculated, misleading, and extraordinarily effective," said Attorney General Frosh. "According to the charges, sales were prized over safety, and sales representatives for Purdue referred to the highest dosage for OxyContin as 'hillbilly heroin.' In Maryland alone, thousands have died, many more have become addicted, and the costs to our state and its people have been staggering."

In the Statement of Charges filed today, Attorney General Frosh alleges that members of the Sackler family were the chief architects and beneficiaries of Purdue's false marketing and deception. The Sacklers' goal, according to the charges, was to normalize aggressive prescribing of opioids for various kinds of pain by downplaying the significant risks associated with opioids, especially the risk of addiction, and by exaggerating the need for and benefits of using these drugs. To accomplish this goal, the Statement of Charges alleges, they intentionally misled doctors and patients, among others, about the appropriate uses, risks, safety and efficacy of prescription opioids.

Through Purdue's elaborate marketing scheme, the public and prescribers were assured 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 become addicted after just weeks or even days of use. Between 2012 and 2017, opioid manufacturers, including Purdue, paid nearly

$9 million to patient advocacy groups and professional societies to further support the misrepresentation that opioids were safe and effective, including through the dissemination of misleading scientific information and false scholarly articles. Purdue sales representatives in turn used this information and articles to drive the dramatic expansion of opioid use for chronic pain, beyond its prior, limited use for acute post-surgical and cancer-related pain. The charges allege that to allay concerns from the public and prescribers about the risk of addiction, the Sacklers developed pamphlets, guides and websites that were designed to obscure the risk of addiction.

The charges allege the Sackler family controlled and directed the misconduct, including knowingly and intentionally directing sales representatives to promote Purdue's addictive and lethal narcotics. Purdue's sales culture required aggressive promotion of its opioids and embraced the notion of "sell-at-any-cost." Aggressive quotas were put in place for its opioid products, including OxyContin, at all dosage levels. When sales representatives failed to meet their quotas, they were placed on performance improvement plans and/or terminated. When they were successful, they were richly rewarded with extravagant bonuses and prizes.

The charges allege that as part of the marketing scheme, Purdue sales representatives aggressively targeted prescribers in Maryland with the false and misleading messaging.

Other alleged acts:

- The Sacklers oversaw Purdue's use of "savings cards" to get patients on Purdue opioids for longer periods of time.
- The Sacklers oversaw Purdue's targeting of prescribers without special knowledge of opioids, as they were the most likely to respond to Purdue's sales techniques.
- The Sacklers managed Purdue's focus on encouraging patients to use higher doses of opioids, which lead to health issues and addiction, and which increased profits for the company.
- The Sacklers oversaw Purdue's strategy of paying high-prescribing doctors to promote its opioids.

Defendants named in the action:

- Richard S. Sackler
- Jonathan D. Sackler
- Mortimer D.A. Sackler
- Kathe A. Sackler
- Ilene Sackler Lefcourt
- Theresa Sackler
- David Sackler

Opioid Crisis Impact in Maryland

According to the Maryland Department of Health (MDH), opioid-related fatalities increased in 2017 for the seventh year in a row, reaching an all-time high of 2,009 deaths. This represents an increase of nearly 300% since 2010, when there were 504 reported opioid-related deaths. Because not all opioid-related deaths are detected, these figures likely understate the real numbers. For the first nine months of 2018, which is the most recent data for which the MDH has final statistics, the number of opioid-related deaths in Maryland once again climbed, with

1,648 deaths reported from January through September 2018, compared to 1,502 during the same period in 2017.

Maryland ranks among the top five states for the highest rates of opioid-related overdose deaths. The death rate in Maryland has consistently been above the national average since 1999, ranging from roughly 1.5 to 3 times that average. Baltimore City, for example, had an overdose death rate of 45 per 100,000 residents in 2016, compared with the national overdose death rate of 13.3 per 100,000 persons. According to the latest statistics reported in a study published in Medical Care in March 2019, the opioid epidemic collectively cost state governments $11.8 billion in lost tax revenue between 2001 and 2016. The study reported that Maryland lost a total of more than $344 million in lost tax revenue alone.

Video Statement from Attorney General Frosh