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SUPERIOR COURT OF THE STATE OF ARIZONA
PINAL COUNTY

PINAL COUNTY,

Plaintiff,

vs.

ACTAVIS PLC; ACTAVIS, INC.;
ACTAVIS LLC; ACTAVIS PHARMA,
INC. f/k/a WATSON PHARMA, INC.;
ALLERGAN PLC; AMNEAL
PHARMACEUTICALS INC. f/k/a
AMNEAL PHARMACEUTICALS LLC;
CEPHALON, INC.; ENDO HEALTH
SOLUTIONS INC.; ENDO
PHARMACEUTICALS, INC.;
HOSPIRA, INC.; INDIVIOR, INC.;
JANSSEN PHARMACEUTICA, INC.
n/k/a JANSSEN
PHARMACEUTICALS, INC.;
JANSSEN PHARMACEUTICALS,
INC.; JOHNSON & JOHNSON;
MALLINCKRODT, LLC; MYLAN
INSTITUTIONAL INC.; MYLAN
PHARMACEUTICALS, INC.; ORTHO-

Case No.

COMPLAINT FOR:

- (1) **PUBLIC NUISANCE, SEEKING
CIVIL PENALTIES,
ABATEMENT, AND
INJUNCTIVE RELIEF**
- (2) **NEGLIGENCE**
- (3) **NEGLIGENCE PER SE**
- (4) **UNJUST ENRICHMENT**
- (5) **NEGLIGENT FAILURE TO
WARN**
- (6) **FRAUDULENT TRANSFER**
- (7) **CIVIL CONSPIRACY**
- (8) **VIOLATION OF CONSUMER
FRAUD ACT, A.R.S. § 44-1521
ET SEQ.**

DEMAND FOR JURY TRIAL

1 MCNEIL-JANSSEN
2 PHARMACEUTICALS, INC. n/k/a
3 JANSSEN PHARMACEUTICALS,
4 INC.; PAR PHARMACEUTICAL, INC.;
5 PAR PHARMACEUTICAL
6 COMPANIES; SANDOZ INC.;
7 SPECGX, LLC; TEVA
8 PHARMACEUTICAL INDUSTRIES,
9 LTD.; TEVA PHARMACEUTICALS
10 USA, INC.; WATSON
11 LABORATORIES, INC.; WATSON
12 PHARMACEUTICALS, INC. n/k/a
13 ACTAVIS, INC.; RICHARD
14 SACKLER, an individual; THERESA
15 SACKLER, an individual; KATHE
16 SACKLER, an individual; JONATHAN
17 SACKLER, an individual; MORTIMER
18 D.A. SACKLER, an individual;
19 BEVERLY SACKLER, an individual;
20 DAVID SACKLER, an individual;
21 ILENE SACKLER LEFCOURT, an
22 individual; JOHN KAPOOR, an
23 individual; MICHAEL BABICH, an
24 individual; AMERISOURCEBERGEN
25 DRUG CORP.; CARDINAL HEALTH,
26 INC.; WALMART INC. f/k/a WAL-
27 MART STORES, INC. d/b/a WAL-
28 MART PHARMACY WAREHOUSE #
32 and WAL-MART PHARMACY
WAREHOUSE # 45; SMITH'S FOOD
& DRUG CENTERS INC d/b/a FRY'S
PHARMACIES AND FRY'S FOOD
AND DRUG STORES; BASHAS' INC.
d/b/a BASHAS' UNITED DRUG;
AMERICAN DRUG STORES INC.
d/b/a OSCO DRUG, INC.; SAFEWAY
INC.; SUN LIFE FAMILY HEALTH
CENTER; VADEN CORP.;
WALGREEN CO.; WALGREEN
ARIZONA DRUG CO. d/b/a
WALGREENS PHARMACIES a/k/a
WALGREENS # 01076, WALGREENS
06129, WALGREENS # 02963,
WALGREENS # 04188, WALGREENS
06333, WALGREENS # 06440,
WALGREENS # 09264, WALGREENS
09460, WALGREENS # 09652,
WALGREENS # 10505, and
WALGREENS # 10998; WALMART,
INC. f/k/a WAL-MART STORES, INC.
d/b/a WAL-MART PHARMACIES a/k/a
WAL-MART PHARMACY 10-1218,
WAL-MART PHARMACY 10-1381,
WAL-MART PHARMACY 10-2778,
WAL-MART PHARMACY 10-3751.

1 and WAL-MART PHARMACY 10-
2 4430; COSTCO WHOLESALE
3 PHARMACY # 436, COSTCO
4 PHARMACY # 481, and COSTCO
5 PHARMACY # 1028; HARINDER
6 TAKYAR, an individual; and DOES 1
7 through 1000,

8
9 Defendants.

I. INTRODUCTION

1. Opiates¹ are killing people every day in this country and Arizonans have not been spared. Each of the Defendants in this action engaged in an industry-wide effort to downplay the dangerous and deadly potential effects of the misuse of prescription opioids. The opioid epidemic has hit every community in Arizona hard, including Pinal County (“Pinal County,” “Plaintiff,” or “the County”). The County brings this Complaint seeking redress for the societal and financial ills it has suffered at the hands of those directly responsible for the crisis—the manufacturers and distributors of prescription opioids.

2. This case is about corporate greed. Simply put, each of the Defendants put its desire for profits above the health and well-being of the County’s citizens. Pinal and its citizens have paid dearly as a result.

3. This case is not about taking away medically necessary opioids from the patients who need them. Plaintiff does not ask the Court to decide whether opioids are clinically appropriate, nor does Plaintiff seek to blame the well-meaning healthcare providers and suppliers who prescribed opioids to their patients in good faith. Instead, Plaintiff only asks that this Court hold the Defendants accountable for the damage they caused to Pinal that Defendants were always in the best position to prevent.

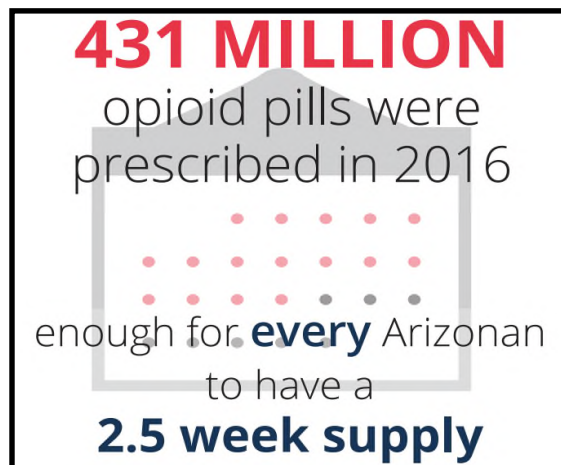
A. The Manufacturer Defendants’ Two-Part Scheme to Increase Opioid Sales

4. First, as part of a broader scheme to target all municipalities and counties in the United States where the elements that are most conducive to opioid addiction were prevalent, Defendants ACTAVIS PLC; ACTAVIS, INC.; ACTAVIS LLC; ACTAVIS PHARMA, INC. f/k/a WATSON PHARMA, INC.; ALLERGAN PLC; AMNEAL PHARMACEUTICALS INC. f/k/a AMNEAL PHARMACEUTICALS LLC; CEPHALON, INC; ENDO HEALTH

¹ The term “opiate” technically refers only to chemicals that occur naturally in the opium plant, including morphine, codeine, thebaine and papaverine. “Opioid,” by contrast, refers instead to compounds that have the same effect as opiates but do not occur naturally in the opium plant, such as heroin, oxycodone, hydrocodone, hydromorphone and oxymorphone (“semi-synthetic” opioids) as well as methadone, fentanyl, meperidine and tramadol (“synthetic” opioids).

SOLUTIONS INC.; ENDO PHARMACEUTICALS, INC.; HOSPIRA, INC.; INDIVIOR, INC.; JANSSEN PHARMACEUTICA, INC. n/k/a JANSSEN PHARMACEUTICALS, INC.; JANSSEN PHARMACEUTICALS, INC.; JOHNSON & JOHNSON; MALLINCKRODT, LLC; MYLAN INSTITUTIONAL INC.; MYLAN PHARMACEUTICALS, INC.; ORTHO-MCNEIL-JANSSEN PHARMACEUTICALS, INC. n/k/a JANSSEN PHARMACEUTICALS, INC.; PAR PHARMACEUTICAL, INC.; PAR PHARMACEUTICAL COMPANIES; SANDOZ INC.; SPECGX, LLC; TEVA PHARMACEUTICAL INDUSTRIES, LTD.; TEVA PHARMACEUTICALS USA, INC.; INC.; WATSON LABORATORIES, INC.; WATSON PHARMACEUTICALS, INC. n/k/a ACTAVIS, INC.; RICHARD SACKLER, an individual; THERESA SACKLER, an individual; KATHE SACKLER, an individual; JONATHAN SACKLER, an individual; MORTIMER D.A. SACKLER, an individual; BEVERLY SACKLER, an individual; DAVID SACKLER, an individual; ILENE SACKLER LEFCOURT, an individual; JOHN KAPOOR, an individual; MICHAEL BABICH, an individual (“the Manufacturer Defendants”), targeted the State of Arizona, including the citizens of Pinal County. More specifically, the Manufacturer Defendants developed and engaged in a sophisticated, manipulative scheme designed to increase the number of opioid prescriptions written across the state, including in Pinal County. Defendants’ scheme was particularly well-suited to Pinal County, because Pinal County is home to a multitude of economically and medically vulnerable populations that Defendants knew were uniquely predisposed to opioid addiction, including the elderly.

5. Second, the Manufacturer Defendants succeeded in dramatically increasing the number of opioid prescriptions being written in Pinal County and across the country by (1) affirmatively concealing the truth about the risk of addiction and death associated with long-term use of their products, and (2) pressuring their respective sales forces to deceive (even bribe) local physicians, physician assistants, nurse practitioner and other prescribing clinicians to flood Arizona—and Pinal County—with enough opioid prescriptions for every single person in the County.



B. The Distributor And Pharmacy-Distributor Defendants Turned a Blind Eye to the Manufacturers’ Scheme

6. Defendants AMERISOURCEBERGEN DRUG CORP and CARDINAL HEALTH, INC. (the “Distributor Defendants”), as well as Defendants WALGREEN ARIZONA DRUG CO.; WALMART INC. f/k/a WAL-MART STORES, INC. d/b/a WAL-MART PHARMACY WAREHOUSE # 32 and WAL-MART PHARMACY WAREHOUSE # 45; SMITH’S FOOD & DRUG CENTERS INC d/b/a FRY’S PHARMACIES and FRY’S FOOD AND DRUG STORES (the “Pharmacy-Distributor Defendants”) shipped and dispensed prescription opioids throughout the country, including to addresses in Pinal County. Rather than meet their obligations under Arizona law to report suspicious orders of opioids, the Distributor Defendants and the Pharmacy-Distributor Defendants willfully ignored impossibly large orders being shipped into locations where it was inconceivable that any legitimate medical need could have required the quantities shipped. They failed to report suspicious shipments despite their clear statutory and common law obligations to do so, and in contravention of their own internal policies and procedures. The Distributor Defendants and Pharmacy-Distributor Defendants’ breaches of their respective reporting obligations were willful, motivated entirely by the desire to maximize profits, and were committed without consideration of the cost to the County or its citizenry.

C. The Pharmacy Defendants Understood But Violated Their Duties

7. Defendants BASHAS’ INC. d/b/a BASHAS’ UNITED DRUG; SMITH’S

1 FOOD & DRUG CENTERS INC d/b/a FRY'S PHARMACIES and FRY'S FOOD AND
2 DRUG STORES; AMERICAN DRUG STORES INC. d/b/a OSCO DRUG, INC. a/k/a OSCO
3 DRUG #968; SAFEWAY INC; SUN LIFE FAMILY HEALTH CENTER; VADEN CORP;
4 WALGREEN ARIZONA DRUG CO. d/b/a WALGREENS PHARMACIES a/k/a
5 WALGREENS # 01076, WALGREENS # 06129, WALGREENS # 02963, WALGREENS #
6 04188, WALGREENS # 06333, WALGREENS # 06440, WALGREENS # 09264,
7 WALGREENS # 09460, WALGREENS # 09652, WALGREENS # 10505, and
8 WALGREENS # 10998; and WALMART, INC. f/k/a WAL-MART STORES, INC. d/b/a
9 WAL-MART PHARMACIES a/k/a WAL-MART PHARMACY 10-1218, WAL-MART
10 PHARMACY 10-1381, WAL-MART PHARMACY 10-2778, WAL-MART PHARMACY
11 10-3751, and WAL-MART PHARMACY 10-4430; and COSTCO WHOLESALE
12 CORPORATION d/b/a COSTCO PHARMACY # 431, COSTCO PHARMACY # 481, and
13 COSTCO PHARMACY # 1028 (collectively, the "Pharmacy Defendants") earned enormous
14 profits by flooding the State of Arizona, including Pinal County, with prescription opioids.
15 They gained unique knowledge of the oversupply of prescription opioids through the
16 extensive data and information they developed and maintained in connection with dispensing
17 opioids to Pinal County patients. Rather than act to stem the flow of opioids into communities
18 like Pinal County, they participated in and profited from the oversupply.

19 **D. The Prescriber Defendant, Harinder Takyar, Manipulated His Patients to**
20 **Enrich Himself**

21 8. Defendant Harinder Takyar and healthcare providers like him (the "Prescriber
22 Defendants") represent an important component of the Manufacturer Defendants' scheme to
23 flood Arizona, including Pinal, with a wildly inappropriate quantity of opioids. In return for
24 various incentives and to enrich himself, Defendant Takyar facilitated the Manufacturer
25 Defendants' scheme by manipulating his patients about the risks and benefits of opioid
26 therapy for the treatment of chronic pain and prescribing opioids to patients without a
27 legitimate medical need, in violation of prevailing medical standards in, as well as laws and
28 regulations of, Arizona.

1 **E. The Devastating Effects of Defendants’ Conduct**

2 9. Each of the Defendants was fully aware that their products placed patients at an
3 unreasonable risk of opioid-related addiction and/or death. Despite this knowledge, the
4 Manufacturer Defendants continue to misrepresent the risks associated with prescription
5 opioids and continue their efforts to influence prescribing clinicians with the goal of
6 increasing sales of prescription opioids to the nation at large, as well as to Pinal County’s
7 local, and often its most vulnerable, citizens. Likewise, the Distributor Defendants continue to
8 breach their legal duties to monitor, report, and prevent suspicious shipments of prescription
9 opioids. This conduct precipitated the opioid crisis that has ravaged Plaintiff’s communities
10 for years, and will continue to do so for many years, even decades, to come. Defendants’
11 scheme has succeeded—Defendants have made untold billions of dollars from prescription
12 opioids. Meanwhile, the death toll they have caused in the County and elsewhere is
13 unconscionable.

14 10. Pinal County dedicates substantial portions of its tax revenues to provide and
15 pay for a broad array of services for its population, including healthcare, pharmaceutical care,
16 law enforcement, foster care, public assistance and other necessary services and programs for
17 families and children. However, as a result of the opioid epidemic, the County has been
18 severely hampered in its ability to continue to provide the requisite level of service in each of
19 these categories. This creates a perverse dichotomy. The overburdened service areas require
20 a *greater share* of Pinal County’s scarce tax dollars, while at the same time, the crisis itself
21 *decreases* the tax dollars the County can generate. That is because opioid addiction takes
22 productive members of society out of the economy, usually due to death or the inability to
23 work. Simply put, most who become addicted to opioids are no longer able to work, and
24 therefore are no longer able to care for their families, earn a paycheck or spend money in the
25 same way they did before they fell victim to addiction. This predictable downward spiral
26 means the County’s tax revenues have suffered. These harms are the direct and proximate
27 result of Defendants’ scheme to increase their profits without regard for the end users of
28

1 Defendants' drugs, or the municipalities that must bear the brunt of the increased demand for
2 their services brought on by the epidemic.

3 11. In addition to its tax-related damages, Pinal County, a diverse community with
4 great weather and natural beauty, has suffered damage to its reputation at the hands of
5 Defendants. This is due, in large measure, to the opioid epidemic in Pinal County that the
6 Defendants caused, exacerbated and/or failed to abate. Plaintiff has been able to ameliorate
7 this problem, to a degree, only by dedicating substantial tax dollars to measures designed to
8 restore its reputation as a desirable community for both retirees and young families. The
9 financial costs to the County that resulted from the Defendants misdeeds as described in this
10 Complaint, are discussed in detail below, in Section IV.P.

11 12. Things were not always this way in Pinal County. Though Defendants have
12 been manufacturing, marketing, selling and/or prescribing prescription opioids for decades—
13 including brand-name opioids like OxyContin, Percocet and Duragesic, as well as the generic
14 formulations of these drugs, oxycodone, hydrocodone and fentanyl—only since the late 1990s
15 have Defendants' powerful narcotic painkillers been used to treat more than just short-term,
16 acute or cancer-related pain. Indeed, for the vast majority of the twentieth century,
17 Defendants' drugs were considered too addictive and debilitating for patients suffering from
18 long-term (chronic) pain due to non-cancer conditions like arthritis, fibromyalgia and
19 migraines.²

20 13. In the late 1990s, however, and continuing today, Defendants began a
21 sophisticated marketing and distribution scheme premised on deception to persuade
22 prescribing clinicians and patients that opioids can and should be used to treat chronic pain.
23 Defendants spent, and some continue to spend, millions of dollars on promotional activities
24 and materials that falsely deny or trivialize the risks of opioids and overstate the benefits of
25 opioids for treating chronic pain. As to the risks, Defendants falsely and misleadingly: (1)
26 downplayed the serious risk of opioid addiction;³ (2) promoted the concept of

27 _____
28 ² In this Complaint, "chronic pain" refers to non-cancer pain lasting three months or longer.

³ Addiction is classified as a spectrum of "substance use disorders" that range from misuse

1 “pseudoaddiction,” claiming that signs of opioid addiction should be treated with more
2 opioids; (3) exaggerated the effectiveness of screening tools for preventing opioid addiction
3 and diversion; (4) claimed that opioid dependence and withdrawal are easily managed; (5)
4 denied the risks of higher opioid dosages; and (6) exaggerated the effectiveness of abuse-
5 deterrent opioid formulations to prevent abuse and addiction by—*inter alia*—misrepresenting
6 that these opioids “cannot be crushed.” Defendants also falsely touted the benefits of long-
7 term opioid use, including its supposed ability to improve function and quality of life, even
8 though there was no good evidence to support those benefits—a fact that Defendants not only
9 knew at all times relevant to this action, but further suppressed and concealed.

10 14. Indeed, at all times relevant to this action, these Defendants knew that their
11 longstanding and ongoing misrepresentations of the risks and benefits of opioids were not
12 supported by, or were directly contrary to, the scientific evidence. Moreover, regulators and
13 the medical community at large have recognized the serious risks posed by opioid pain
14 medications. Indeed, according to recently established and widely accepted clinical guidelines
15 for opioid therapy, “[t]he science of opioids for chronic pain is clear: for the vast majority of
16 patients, the known, serious, and too-often-fatal risks far outweigh the unproven and transient
17 benefits.”⁴

18 15. Opioid manufacturers, including Defendant Endo Pharmaceuticals, Inc., have
19 also entered into agreements with public entities that prohibit them from making many of the
20 misrepresentations identified in this Complaint in other jurisdictions. Yet, even now,
21 Defendants continue to misrepresent the risks and benefits of long-term opioid use in Arizona,
22 including in the County, and continue to fail to correct their past misrepresentations.

23 _____
24 and abuse of drugs to addiction. Patients suffer negative consequences wherever they fall on
25 this spectrum. In this Complaint, “addiction” refers to the entire range of substance abuse
26 disorders. [American Society of Addiction Medicine Public Policy Statements:
[https://www.asam.org/docs/default-source/public-policy-statements/1-terminology-spectrum-
sud-7-13.pdf?sfvrsn=d93c69c2_2](https://www.asam.org/docs/default-source/public-policy-statements/1-terminology-spectrum-sud-7-13.pdf?sfvrsn=d93c69c2_2).

27 ⁴ Thomas R. Frieden et al., *Reducing the Risks of Relief—The Opioid-Prescribing Guideline*,
28 374 New Eng. J. Med. 1501-1504 (2016).

1 16. Specifically, Defendants concealed what their own internal documents and
2 communications show they already knew, and had known for decades: not only were
3 Defendants’ opioids inappropriate and, in fact, life-threatening for non-cancer patients with
4 chronic pain, but further, none of Defendants’ representations about the manageability or
5 prevention of opioid addiction was true. As set forth in detail below, for decades the
6 Manufacturer and Distributor Defendants have made and continue to make a series of
7 inaccurate claims about the risks and benefits associated with their opioids, essentially bribing
8 Key Opinion Leader (“KOL”) group to substantiate the veracity of Defendants’ false
9 statements. In creating the illusion that prescription opioids were a low-risk treatment option
10 for chronic pain relative to nonsteroidal anti-inflammatory drugs (“NSAIDs”) and other
11 nonopioid pharmacologic approaches, Defendants successfully targeted vulnerable patient
12 populations, like the elderly and opioid naïve patients. Defendants further tainted the sources
13 that prescribing clinicians and patients in Pinal County relied upon for guidance, including
14 treatment guidelines, continuing medical education programs, medical conferences and
15 seminars, and scientific articles. As a result, Defendants successfully transformed the way
16 doctors and other clinicians in Pinal County treat chronic pain, opening the floodgates for
17 opioid prescribing and use and creating an illicit market for Defendants’ opioids. This
18 explosion in opioid prescriptions and use has padded Defendants’ profit margins at the
19 expense of chronic pain patients. The explosion in opioid prescriptions and use caused by
20 Defendants has led to a public health crisis in Arizona and, in particular, Pinal County.
21 Arizona faces skyrocketing opioid addiction and opioid-related overdoses and deaths as well
22 as devastating social and economic consequences. This public health crisis is a public
23 nuisance because it “is injurious to health” and interferes “with the comfortable enjoyment of
24 life and property” (A.R.S. § 13-2917(A)) and because it affects “entire communit[ies]” and
25 “neighborhood[s]” and “any considerable number of persons” (*Id.*) The effects of Defendants’
26 deceptive marketing scheme are catastrophic and are only getting worse. These effects are
27 devastating in Arizona. More than two Arizonans die each day from an opioid overdose.
28 There has been a 74% increase in deaths among Arizona citizens since 2012. Indeed, in

1 February 2016 regulators acknowledged that “[t]hings are getting worse, not better, with the
2 epidemic of opioid misuse, abuse and dependence.”

3 17. There is little doubt that Defendants’ deceptive marketing and distribution
4 scheme has precipitated this public health crisis in Arizona, including in Pinal County, by
5 dramatically increasing opioid prescriptions and use. An oversupply of prescription opioids
6 has provided a source for illicit use or sale of opioids (the supply), while the widespread use of
7 opioids has created a population of patients physically and psychologically dependent on them
8 (the demand). And when those patients can no longer afford or legitimately obtain opioids,
9 they often turn to the street to buy prescription opioids or even heroin.

10 18. Defendants’ deceptive marketing and distribution scheme have had further
11 foreseeable impacts on Pinal County. As a result of Defendants’ conduct, the County must
12 devote resources to mitigate the incidence of opioid-related crimes, to feed their addiction.
13 For example, tax dollars are required to maintain public safety of places where opioid addicts
14 attempt to congregate and effectively exacerbate the opioid crisis throughout the County,
15 including in the County’s jails, as well as in the parks, schools, and other public lands in the
16 unincorporated areas of Pinal County that the County’s law enforcement officials are
17 responsible for patrolling to prevent opioid diversion and to abate the opioid epidemic in the
18 County. Tax dollars are required to both provide increased security and health services for the
19 County’s jail population as well as fight the infectious diseases that are often spread in
20 connection with opioid addiction and abuse, including Hepatitis B and C, HIV, sexually
21 transmitted infections and methicillin-resistant *Staphylococcus aureus* (“MRSA”).

22 19. Defendants’ willful and wrongful conduct has further impacted Pinal County by
23 creating a public nuisance in the County, which Defendants foresaw yet deliberately ignored.
24 Defendants were aware at all relevant times when they deceptively marketed their products as
25 non-addictive that such addiction would be highly difficult to overcome.

26 20. The role of Defendants’ deceptive marketing and distribution scheme in causing
27 this public health crisis has become well-recognized in recent years. In her May 2014
28 testimony to the Senate Caucus on International Narcotics Control on behalf of regulators, Dr.

1 Nora Volkow explained that “aggressive marketing by pharmaceutical companies” is “likely
2 to have contributed to the severity of the current prescription drug abuse problem.”⁵ In the
3 years since her comments were initially published, Dr. Volkow’s message has become the
4 dominant view of the top experts and influencers in the medical community, who are finally
5 realizing just how dangerous Defendants’ opioids are, and how devastating the economic and
6 social costs of Defendants’ intentional deception has been.⁶

7 21. Absent the Manufacturer Defendants’ deceptive marketing scheme, the
8 Distributor and Pharmacy Defendants’ improper distribution, and the Prescriber Defendants’
9 improper prescribing, the opioid use, misuse, abuse, and addiction in Pinal County would not
10 have become so widespread, and the opioid epidemic that now exists would have been averted
11 or much less severe.

12 22. By falsely downplaying the risks and grossly exaggerating the benefits of long-
13 term opioid use through their deceptive marketing claims despite their knowledge of the
14 falsity of those claims, and by improperly distributing and prescribing prescription opioids as
15 set forth herein, Defendants have not only engaged in false advertising and unfair competition,
16 they have also created or assisted in the creation of a public nuisance. Although this
17 Complaint focuses on Defendants’ misconduct during the past six years and only references
18 their earlier misconduct, every act of malfeasance committed by each Defendant since the late
19 1990s as part of its deceptive marketing and distribution scheme subjects that Defendant to
20 liability for public nuisance because there is no statute of limitations for a public nuisance
21 claim. *See* A.R.S. § 13-2917(A).

22 23. Accordingly, Defendants’ conduct, both individually and collectively, has
23 violated and continues to violate Arizona’s Public Nuisance Law, A.R.S. § 13-2917. Pinal

24 ⁵ N. Volkow, M.D., *America’s Addiction to Opioids: Heroin and Prescription Drug Abuse*,
25 National Institute on Drug Abuse, (May 14, 2014), available at:
26 [https://www.drugabuse.gov/about-nida/legislative-activities/testimony-
tocongress/2016/americas-addiction-to-opioids-heroin-prescription-drug-abuse](https://www.drugabuse.gov/about-nida/legislative-activities/testimony-tocongress/2016/americas-addiction-to-opioids-heroin-prescription-drug-abuse).

27 ⁶ E. O’Brien, *Here’s What it Would Cost to Fix the Opioid Crisis, According to 5 Experts*,
28 Time Money (Nov. 27, 2017), <http://time.com/money/5032445/cost-fix-opioid-crisis/>.

County does not ask this Court to weigh the risks and benefits of long-term opioid use. Instead, Pinal County seeks an order requiring Defendants to cease their unlawful promotion, distribution, and prescribing of opioids, to correct their misrepresentations, and to abate the public nuisance they have created in the County. To redress and punish Defendants' previous and current violations of law that caused and continue to cause harm to Pinal County and its citizens, Pinal County seeks a judgment requiring Defendants to pay civil damages, and any fees, costs and penalties permitted under law, in an amount to be determined at trial.

24. By this action, Pinal County further seeks to recoup tax dollars spent already for the consequences of Defendants' wrongful conduct in causing the opioid epidemic and crisis and its impact on Pinal County, and to abate the opioid nuisance so Pinal County will not be required to spend further taxpayer dollars on the epidemic and crisis wrought by Defendants' wrongful conduct.

II. PARTIES

A. Plaintiff

25. Pinal County, Arizona, by and through its attorneys hereto, hereby brings this action on behalf of the people of Pinal County to protect the public from false and misleading advertising, unlawful, unfair, and fraudulent business practices, and a public nuisance.

26. Pinal County was formed out of portions of Maricopa and Pima Counties on February 1, 1875, during the Eighth Legislature. According to recent U.S. Census Bureau estimates, Pinal County is the third-most populous county in Arizona. The County comprises over 5,300 square miles of diversely scenic beauty, including the low desert valleys and irrigated agriculture of Pinal's western region as well as the iconic mountain ranges and copper mines in the eastern portions of the County. Water enthusiasts can visit several lakes in the northeast of the County, enjoying fishing, swimming and water skiing year round. The County also offers spectacular panoramic views and historic outdoor sites, such as the Old West Highway 60, Picacho Peak, Casa Grande Ruins, Boyce Thompson Southwestern Arboretum and Biosphere II, as well as the Picacho Reservoir, which offers fine fishing,

1 hunting and bird watching for many rare species.⁷ As such, the County's economy relies
2 heavily on tourism.

3 **B. Manufacturer Defendants**

4 **1. Actavis/Allergan**

5 27. Allergan PLC is a public limited company incorporated in Ireland with its
6 principal place of business in Dublin, Ireland. Actavis PLC acquired Allergan PLC in March
7 2015, and the combined company changed its name to Allergan PLC in June 2015. Before
8 that, Watson Pharmaceuticals, Inc. acquired Actavis, Inc. in October 2012, and the combined
9 company changed its name to Actavis, Inc. as of January 2013 and then Actavis PLC in
10 October 2013. Watson Laboratories, Inc. is a Nevada corporation with its principal place of
11 business in Corona, California, and is a wholly-owned subsidiary of Allergan PLC (f/k/a
12 Actavis, Inc., f/k/a Watson Pharmaceuticals, Inc.). Actavis Pharma, Inc. (f/k/a Actavis, Inc.)
13 is registered to do business in the State of Arizona as a Delaware corporation with its principal
14 place of business in New Jersey, and was formerly known as Watson Pharma, Inc. Actavis
15 PLC is a Delaware limited liability company with its principal place of business in Parsippany,
16 New Jersey. Each of these Defendants is owned by Allergan PLC, which uses them to market
17 and sell its drugs in the United States. Upon information and belief, Allergan PLC exercises
18 control over these marketing and sales efforts and profits from the sale of Allergan/Actavis
19 products ultimately inure to its benefit. (Allergan PLC, Actavis PLC, Actavis, Inc., Actavis
20 LLC, Actavis Pharma, Inc., Watson Pharmaceuticals, Inc., Watson Pharma, Inc., and Watson
21 Laboratories, Inc. are referred to in this Complaint as "Actavis.")

22 28. Actavis manufactures, promotes, sells, and distributes opioids, including the
23 branded drugs Kadian and Norco, a generic version of Kadian, and generic versions of
24 Duragesic and Opana, in the U.S. and Arizona. Actavis acquired the rights to Kadian from
25 King Pharmaceuticals, Inc., on December 30, 2008 and began marketing Kadian in 2009.

26 ¹⁰ See Pinal County—Activities & Attractions, available at
27 <http://www.pinalcountyz.gov/Visitors/Pages/Eloy.aspx>.

2. Cephalon

29. Cephalon, Inc. (“Cephalon”) is a Delaware corporation with its principal place of business in Frazer, Pennsylvania. Teva Pharmaceutical Industries, Ltd. (“Teva Ltd.”) is an Israeli corporation with its principal place of business in Petah Tikva, Israel. In 2011, Teva Ltd. acquired Cephalon, Inc. Teva Pharmaceuticals USA, Inc. (“Teva USA”) is a Delaware corporation and is a wholly owned subsidiary of Teva Ltd. in Pennsylvania. It is registered to do business in Arizona.

30. Cephalon manufactures, promotes, sells, and distributes fentanyl-based opioids such as Actiq and Fentora in the United States. Both Actiq and Fentora are over 100-times more powerful than morphine. Thus, Actiq is approved only for the “management of breakthrough cancer pain in patients 16 years and older with malignancies who are already receiving and who are tolerant to around-the-clock opioid therapy for the underlying persistent cancer pain.” Similarly, Fentora is approved only for the “management of breakthrough pain in cancer patients 18 years of age and older who are already receiving and who are tolerant to around-the-clock opioid therapy for their underlying persistent cancer pain. Neither Actiq nor Fentora are appropriate treatments for chronic pain.

3. Teva

31. Teva Ltd., Teva USA, and Cephalon work together closely to market and sell Cephalon products in the United States. Teva Ltd. conducts all sales and marketing activities for Cephalon in the United States through Teva USA and has done so since its October 2011 acquisition of Cephalon. Teva Ltd. and Teva USA hold out Actiq and Fentora as Teva products to the public. Teva USA sells all former Cephalon branded products through its “specialty medicines” division. The approved prescribing information and medication guide, which is distributed with Cephalon opioids, discloses that the guide was submitted by Teva USA, and directs prescribers to contact Teva USA to report adverse events.

32. All of Cephalon’s promotional websites, including those for Actiq and Fentora, display Teva Ltd.’s logo. Teva Ltd.’s financial reports list Cephalon’s and Teva USA’s sales as its own, and its year-end report for 2012—the year immediately following the Cephalon

1 acquisition—attributed a 22% increase in its specialty medicine sales to “the inclusion of a full
2 year of Cephalon’s specialty sales,” including—*inter alia*—sales of Fentora. Through
3 interrelated operations like these, Teva Ltd. operates in the United States through its
4 subsidiaries Cephalon and Teva USA. The United States is the largest of Teva Ltd.’s global
5 markets, representing 53% of its global revenue in 2015, and, were it not for the existence of
6 Teva USA and Cephalon, Teva Ltd. would conduct those companies’ business in the United
7 States itself. Upon information and belief, Teva Ltd. directs the business practices of
8 Cephalon and Teva USA, and their profits inure to the benefit of Teva Ltd. as controlling
9 shareholder. Teva has engaged in consensual commercial dealings with Pinal County’s
10 citizens, and has purposefully availed itself of the advantages of conducting business with and
11 within Pinal County. Teva Pharmaceutical Industries, Ltd., Teva Pharmaceuticals USA, Inc.,
12 and Cephalon, Inc. are referred to as “Cephalon” for the remainder of this Complaint.

13 4. Endo/Par

14 33. Defendant Endo Health Solutions Inc. is a Delaware corporation with its
15 principal place of business in Malvern, Pennsylvania. Defendant Endo Pharmaceuticals, Inc.
16 is a wholly owned subsidiary of Endo Health Solutions Inc. and is a Delaware corporation
17 with its principal place of business in Malvern, Pennsylvania (collectively, Endo Health
18 Solutions Inc. and Endo Pharmaceuticals, Inc. are referred to as “Endo”). Endo develops,
19 markets, and sells prescription drugs, including the brand-name opioids Opana IR/Opana ER,
20 Endodan, Endocet, Percodan, Percocet, Hycodan and Zydane. Endo also manufactures and
21 sells generic opioid drugs—*i.e.*, oxymorphone, oxycodone, hydrocodone, morphine, codeine
22—in the U.S. and Arizona, by itself and through its subsidiaries, Qualitest Pharmaceuticals,
23 Inc and Par Pharmaceuticals, Inc. Opioids made up roughly \$403 million of Endo’s overall
24 revenues of \$3 billion in 2012. Opana ER, for instance, yielded \$1.15 billion in revenue from
25 2010 and 2013, and it accounted for 10% of Endo’s total revenue in 2012. Opioids made up
26 roughly \$403 million of Endo’s overall revenues of \$3 billion in 2012. Opana ER yielded
27 \$1.15 billion in revenue from 2010 and 2013, and it accounted for 10% of Endo’s total
28 revenue in 2012.

1 34. Defendants Par Pharmaceutical, Inc. and Par Pharmaceutical Companies, Inc.
2 (collectively, “Par”) are New York corporations with their principal places of business in New
3 York. Par was acquired by Endo in 2015. Par is the fifth largest manufacturer of generic
4 pharmaceuticals in the world, including oxycodone, oxymorphone, and hydrocodone. At all
5 times relevant, Par manufactured and marketed prescription opioids throughout the United
6 States, including in Arizona and Pinal County specifically. Par has engaged in consensual
7 commercial dealings with Pinal County’s citizens and has purposefully availed itself of the
8 advantages of conducting business with and within Pinal County. On information and belief,
9 in 2013, Par pleaded guilty to misbranding its drugs. For the remainder of this Complaint,
10 Endo and Par are referred to collectively as “Endo.”

11 **5. Janssen**

12 35. Janssen Pharmaceuticals, Inc. (formerly known as Ortho-McNeil-Janssen
13 Pharmaceuticals, Inc. and Janssen Pharmaceutica, Inc.) is a Pennsylvania corporation with its
14 principal place of business in Titusville, New Jersey, and is a wholly owned subsidiary of
15 Johnson & Johnson (“J&J”), a New Jersey corporation with its principal place of business in
16 New Brunswick, New Jersey. These entities, which are collectively referred to herein as
17 “Janssen,” acted in concert with one another—as agents and/or principals of one another—in
18 connection with the conduct described herein. J&J is the only company that owns more than
19 10% of Janssen Pharmaceuticals’ stock, and corresponds with regulators regarding Janssen’s
20 products. Upon information and belief, J&J controls the sale and development of Janssen
21 Pharmaceuticals’ drugs and Janssen’s profits inure to J&J’s benefit. The Janssen and J&J
22 parties are collectively referred to as “Janssen.”

23 36. Janssen manufactures, promotes, sells, and distributes opioids in the U.S. and
24 Arizona, including the fentanyl-based opioid, Duragesic (which is 100-times more powerful
25 than morphine). Before 2009, Duragesic accounted for at least \$1 billion in annual sales.
26 Until January 2015, Janssen developed, marketed, and sold the opioids Nucynta IR and
27 Nucynta ER, which also generated substantial sales revenue for the company, accounting for
28 \$172 million in sales in 2014 alone.

6. Johnson & Johnson

37. J&J imposes a code of conduct on Janssen as a pharmaceutical subsidiary of J&J. The “Every Day Health Care Compliance Code of Conduct” posted on Janssen’s website is a J&J company-wide document that describes Janssen as one of the “pharmaceutical Companies of Johnson and Johnson” and as one of the “Johnson & Johnson Pharmaceutical Affiliates.” It governs how “[a]ll employees of Johnson & Johnson Pharmaceutical Affiliates,” including those of Janssen, “market, sell, promote, research, develop, inform and advertise Johnson & Johnson Pharmaceutical Affiliates’ products.” All Janssen officers, directors, employees, sales associates must certify that they have “read, understood and will abide by” the code. Thus, the code governs all forms of marketing at issue in this case.

38. In addition, J&J made payments to front groups, discussed herein, who perpetuated and disseminated Defendants’ misleading marketing messages regarding the risks and benefits of opioids.⁸

7. The Purdue Individual Defendants: Richard Sackler, Beverly Sackler, David Sackler, Ilene Sackler Lefcourt, Jonathan Sackler, Kathe Sackler, Mortimer Sackler, and Theresa Sackler

39. Purdue Pharma L.P. is a limited partnership organized under the laws of Delaware. Purdue Pharma Inc. is a New York corporation with its principal place of business in Stamford, Connecticut, and the Purdue Frederick Company is a Delaware corporation with its principal place of business in Stamford, Connecticut (collectively, “Purdue”).

40. Purdue manufactures, promotes, sells, and distributes opioids such as OxyContin, MS Contin, Dilaudid/Dilaudid HP, Butrans, Hysingla ER,⁹ and Targiniq ER in the

⁸ U.S. Senate Homeland Security & Governmental Affairs Committee (“HSGAC”), Ranking Member’s Office, Minority Staff Report No. 2, *Fueling an Epidemic: Exposing the Financial Ties Between Opioid Manufacturers and Third Party Advocacy Groups*, p. 4, n. 23 (2018) (“Payments from Janssen include payments from Johnson & Johnson Health Care Systems, Inc.”), <https://www.hsgac.senate.gov/imo/media/doc/REPORT-Fueling%20an%20Epidemic-Exposing%20the%20Financial%20Ties%20Between%20Opioid%20Manufacturers%20and%20Third%20Party%20Advocacy%20Groups.pdf>.

1 U.S. and Arizona. OxyContin is Purdue’s best-selling opioid. Since 2009, Purdue’s annual
2 sales of OxyContin have fluctuated between \$2.47 billion and \$2.99 billion, up four-fold from
3 its 2006 sales of \$800 million. OxyContin constitutes roughly 30% of the entire market for
4 analgesic drugs (painkillers).

5 41. The Sackler family—Defendants Richard Sackler, Theresa Sackler, Kathe
6 Sackler, Jonathan Sackler, Mortimer D.A. Sackler, Beverly Sackler, David Sackler, and Ilene
7 Sackler Lefcourt (collectively, “the Sacklers”)—own Purdue, and they always held a majority
8 of the seats on its Board. Because they controlled their own privately held drug company, the
9 Sacklers had the power to decide how addictive narcotics were sold.

10 42. Beverly Sackler, Jonathan Sackler, and Kathe Sackler reside in Connecticut.
11 David Sackler, Ilene Sackler Lefcourt, and Mortimer Sackler reside in New York. Richard
12 Sackler, resides in Florida, and Theresa Sackler resides in the United Kingdom.

13 8. Mallinckrodt/SpecGx

14 43. Defendant Mallinckrodt PLC is an Irish public limited company headquartered
15 in Staines-upon-Thames, United Kingdom, with its U.S. headquarters in St. Louis, Missouri.
16 Mallinckrodt PLC was incorporated in January 2013 for the purpose of holding the
17 pharmaceuticals business of Covidien PLC, which was fully transferred to Mallinckrodt in
18 June of that year. Mallinckrodt began as a U.S.-based company, with the founding of
19 Mallinckrodt & Co. in 1867; Tyco International Ltd. acquired the company in 2000. In 2008,
20 Tyco Healthcare Group separated from Tyco International and renamed itself Covidien.

21 44. Defendant Mallinckrodt, LLC is a limited liability company organized and
22 existing under the laws of the State of Delaware, headquartered in St. Louis, Missouri and
23 licensed to do business in Arizona. Mallinckrodt, LLC is a wholly owned subsidiary of
24 Mallinckrodt, PLC.

25 45. Defendant SpecGX LLC (“SpecGX”) is a limited liability company formed in
26 Delaware and headquartered in St. Louis, Missouri. SpecGX is a wholly owned subsidiary of
27 Mallinckrodt plc. According to a filing with the Secretary of State, Marvin Haselhorst is the
28 designated member or manager of SpecGX, with a business address located in Webster

1 Groves, Missouri. SpecGX is registered to do business in the State of Arizona and to
2 manufacture its products at the address of 3600 North Second Street, Saint Louis, Missouri
3 63147.

4 46. Together, Mallinckrodt plc, Mallinckrodt, LLC and SpecGX LLC (collectively,
5 “Mallinckrodt”) manufacture, market, and sell drugs in the United States. As of 2012, it was
6 the largest U.S. supplier of opioid pain medications. In particular, it is one of the largest
7 manufacturers of oxycodone in the U.S.

8 47. Mallinckrodt currently manufactures and markets several branded opioids,
9 including Exalgo, Roxicodone and Methadose. In addition, Mallinckrodt previously
10 developed, promoted, and sold the following branded opioid products: Magnacet, TussiCaps,
11 and Xartemis XR.

12 48. While it has sought to develop its branded opioid products, Mallinckrodt has
13 long been a leading manufacturer of generic opioids, including hydromorphone, oxycodone,
14 methadone and fentanyl. Mallinckrodt estimated that in 2015 it received approximately 25%
15 of one regulator’s entire annual quota for controlled substances that it manufactures.
16 Mallinckrodt also estimated, based on health data for the same period, that its generics
17 claimed an approximately 23% market share of opioid and oral solid dose medications.

18 49. Mallinckrodt operates a vertically integrated business in the United States: (1)
19 importing raw opioid materials; (2) manufacturing generic opioid products, primarily at its
20 facility in Hobart, New York; and (3) marketing and selling its products to drug distributors,
21 specialty pharmaceutical distributors, retail pharmacy chains, pharmaceutical benefit
22 managers that have mail-order pharmacies, and hospital buying groups, including in Pinal
23 County.

24 9. Sandoz

25 50. A subsidiary of Novartis International AG, Defendant Novartis Pharmaceuticals
26 Corporation f/k/a Sandoz, Inc. (“Sandoz”) is headquartered in Princeton, New Jersey and
27 develops, manufactures, markets and distributes generic pharmaceutical products, including
28 fentanyl. At all times relevant, Sandoz manufactured and marketed prescription opioids

1 throughout the United States, including in Arizona and Pinal County specifically. On
2 information and belief, Sandoz is a top manufacturer of fentanyl to Pinal County.

3 **10. Mylan**

4 51. Defendant Mylan Institutional Inc. (“Mylan Institutional”) is an Illinois
5 corporation headquartered in Rockford, Illinois. Mylan manufactures and markets
6 pharmaceutical products. Defendant Mylan Pharmaceuticals, Inc. (“Mylan Pharmaceuticals”) is
7 based in Morgantown, West Virginia, and is also a major manufacturer and marketer of
8 opioids in Pinal County. Both Mylan Institutional and Mylan Pharmaceuticals are subsidiaries
9 of Defendant Mylan N.V., the second-largest generic and specialty pharmaceuticals company
10 in the world, registered in the Netherlands with principal executive offices in Hatfield,
11 Hertfordshire, UK and a global center in Canonsburg, Pennsylvania. (Mylan Institutional,
12 Mylan Pharmaceuticals, and Mylan N.V. shall collectively be referred to as “Mylan”). At all
13 times relevant, Mylan manufactured and marketed prescription opioids throughout the United
14 States, including in Arizona and Pinal County specifically. On information and belief, Mylan
15 is a top manufacturer of fentanyl, oxycodone, morphine and codeine in Pinal County.

16 52. In 2000, Mylan agreed to pay \$100M to resolve allegations that it conspired to
17 deny its competitors certain necessary ingredients to manufacture several widely-prescribed
18 medications, including treatments for opioid use disorder and opioid addiction. As alleged in
19 petitions filed by thirty-two State Attorneys General and the District of Columbia, Mylan’s
20 conduct caused substantial price increases in, and improperly limited the supply of, these
21 treatments.

22 **11. Hospira, Inc.**

23 53. Defendant Hospira, Inc. (“Hospira”), a Delaware corporation, with its principle
24 place of business in Lake Forest, Illinois and is the former hospital-products division of
25 Abbott Laboratories. Hospira was the world’s largest producer of generic injectable
26 pharmaceuticals before being acquired by Pfizer in September 2015. Since then, Hospira has
27 been cited by regulatory agencies for both failing to operate its manufacturing facilities in
28 compliance with basic health and safety guidelines intended to prevent microbiological

contamination of Hospira’s products—including opioids—and for failing to investigate known defects in its products.

54. At all times relevant to this action, Hospira manufactured and marketed opioids across the county and in Arizona and Pinal County specifically. On information and belief, Hospira is a top manufacturer of fentanyl, morphine, hydromorphone, meperidine and buprenorphine in Pinal County.

12. Amneal Pharmaceuticals

55. Defendant Amneal Pharmaceuticals Inc, f/k/a Amneal Pharmaceuticals LLC (“Amneal”) is a Delaware corporation with its principal place of business in Bridgewater, New Jersey and is the fifth largest United States generics company. At all times relevant, Amneal manufactured, marketed and/or distributed prescription opioids throughout the United States, including in Arizona and Pinal County specifically. On information and belief, Amneal is a top manufacturer of oxycodone and hydrocodone in Pinal County. Amneal is currently the subject of an investigation regarding allegations that Amneal provided misleading information to the investing public.

13. The Insys Individual Defendants: John Kapoor and Michael Babich

56. Insys Therapeutics, Inc. (“Insys”) is a Delaware corporation with its principal place of business in Chandler, Arizona. Insys manufactures, markets, sells and distributes nationwide several types of opioids, including Subsys—a fentanyl sublingual spray and semi-synthetic opioid antagonist—as well as Syndros, a cannabinoid medicine used in adults to treat common side-effects of opioid use, particularly for patients whose nausea and vomiting have not improved with usual anti-nausea and vomiting medicines. Subsys and Syndros hit the market in 2012 and 2016, respectively.

57. Subsys is indicated “for the management of breakthrough pain in cancer patients 18 years of age and older who are already receiving and are tolerant to opioid therapy for their underlying persistent cancer pain.”¹⁰ The indication also specifies that “Subsys is intended to

¹⁰ The indication provides that “[p]atients considered opioid tolerant are those who are taking around-the-clock medicine consisting of at least 60 mg of oral morphine daily, at least 25 mcg

be used only in the care of cancer patients and only by oncologists and pain specialists who are knowledgeable of and skilled in the use of Schedule II opioids to treat cancer pain.” In addition, the indication provides that “[p]atients must remain on around-the-clock opioids when taking SUBSYS.” Subsys is contraindicated for, among other ailments, the “[m]anagement of acute or postoperative pain including headache/migraine and dental pain.” It is available in 100 mcg, 200 mcg, 400 mcg, 600 mcg and 800 mcg dosage strengths.

58. Insys’s revenue is derived almost entirely from Subsys. According to its Form 10-K for 2015, Insys reported revenues of \$331 million. Of that total, \$329.5 million was derived from sales of Subsys. The majority of Insys’s sales of Subsys are through wholesalers, including Defendants AmerisourceBergen and Cardinal Health. In 2015, those wholesalers respectively comprised 20%, 17% and 14% of Insys’s total gross sales of Subsys.

59. On Friday, June 7, 2019, the pharmaceutical arm of Insys Therapeutics Inc. formally pleaded guilty to federal charges connected to allegations the company bribed doctors to prescribe a powerful opioid to patients who didn't need it, part of a \$225 million deal entered into with the federal government in United States District Court for the District of Massachusetts.¹¹

60. John Kapoor is the founder and majority owner of Insys. In October of 2017, Defendant Kapoor was arrested in Arizona and charged with various violations of fraud and abuse laws as well as conspiracy, for his alleged participation in a nationwide scheme to bribe healthcare providers in various states, including Arizona, to prescribe Subsys. On May 2, 2019, he was found guilty of these changes in connection with running a nation-wide bribery scheme.¹² He is a citizen of Phoenix, Arizona and a current member of the Board of Directors

of transdermal fentanyl/hour, at least 30 mg of oral oxycodone daily, at least 8 mg of oral hydromorphone daily or an equianalgesic dose of another opioid daily for a week or longer.”

¹¹ <https://www.law360.com/articles/1166925/insys-pleads-guilty-to-fraud-in-opioid-bribe-scheme>.

¹² Gabrielle Emanuel, *Opioid Executive John Kapoor Found Guilty in Landmark Bribery Case* (May 2, 2019) <https://www.npr.org/2019/05/02/711346081/opioid-executive-john-kapoor-found-guilty-in-landmark-bribery-case>.

1 of Insys.

2 61. Michael Babich is the former CEO and President of Insys. In 2017, he was also
3 arrested in Arizona on charges of various violations of fraud and abuse laws as well as
4 conspiracy, in connection running a nationwide bribery scheme intended to bribe or deceive
5 healthcare providers in various states, including Arizona, to prescribe Subsys. In January of
6 2019, Defendant Babich pleaded to these charges.¹³ He is a citizen of Scottsdale, Arizona.

7 **C. Distributor Defendants**

8 **1. AmerisourceBergen**

9 62. Defendant Distributor AmerisourceBergen (“AmerisourceBergen”) is a publicly
10 traded company headquartered in Pennsylvania and incorporated under the laws of Delaware.
11 AmerisourceBergen is in the chain of distribution of prescription opioids. At all relevant
12 times, AmerisourceBergen was in the business of distributing substantial amounts of
13 prescription opioids to providers and retailers. AmerisourceBergen has engaged in consensual
14 commercial dealings with Pinal County and its citizens, and has purposefully availed itself of
15 the advantages of conducting business with and within Pinal County.

16 **2. Cardinal Health**

17 63. Defendant Distributor Cardinal Health, Inc. (hereinafter “Cardinal Health”) is a
18 publicly traded company headquartered in the State of Ohio and incorporated under the laws
19 of Ohio. Cardinal Health is in the chain of distribution of prescription opioids. At all relevant
20 times, Distributor Cardinal Health was in the business of distributing substantial amounts of
21 prescription opioids to providers and retailers. Cardinal Health has engaged in consensual
22 commercial dealings with Pinal County and its citizens, and has purposefully availed itself of
23 the advantages of conducting business with and within Pinal County.

24 64. Defendants AmerisourceBergen and Cardinal Health are collectively referred to
25 as the “Distributor Defendants.” Manufacturers of opioids have transferred prescription

26 _____
27 ¹³ Jonathan Saltzman, *Former CEO says Insys founder pushed for higher doses of opioid*,
28 Boston Globe (Feb. 12, 2019), <https://www2.bostonglobe.com/business/2019/02/12/former-ceo-says-insys-founder-pushed-for-higher-doses->

1 opioids to the Distributor Defendants for years. The Distributor Defendants dominate 85 to 90
2 percent of all revenues from drug distribution in the United States, estimated to be at \$378.4
3 billion in 2015. The Distributor Defendants supplied opioids to hospitals, pharmacies, doctors
4 and other healthcare providers, which then dispensed the drugs to patients in Arizona,
5 including in Pinal County. The Distributor Defendants have had substantial contacts and
6 business relationships with the people of Pinal County. The Distributor Defendants have
7 purposefully availed themselves of business opportunities within Pinal County.

8 3. Walmart

9 65. Defendant Walmart Inc. f/k/a Wal-Mart Stores, Inc. (“Walmart”) is a Delaware
10 corporation with its principle place of business in Arkansas.

11 66. At all times relevant, Walmart distributed prescription opioids throughout the
12 United States, including in Arizona and Pinal County specifically. On information and belief,
13 these opioids were distributed to Pinal County by at least two Walmart entities: Wal-Mart
14 Pharm Warehouse # 32 (located at 2252 North 8th Street in Rogers, Arkansas) and Wal-Mart
15 Pharm Warehouse # 45 (located at 2250 North 8th Street, Suite 102-A in Rogers, Arkansas)—
16 to five buyers located in Pinal County: Wal-Mart Pharmacy 10-1218, based in Casa Grande,
17 Arizona; Wal-Mart Pharmacy 10-1381, based in Apache Junction, Arizona; Wal-Mart
18 Pharmacy 10-2778, based in Coolidge, Arizona; Wal-Mart Pharmacy 10-3751, based in San
19 Tan Valley, Arizona; and Wal-Mart Pharmacy 10-4430, based in Maricopa, Arizona. On
20 information and belief, Walmart is a top distributor of opioids in Pinal County. Walmart has
21 engaged in consensual commercial dealings in Pinal County, and has purposefully availed
22 itself of the advantages of conducting business with and within Pinal County. Walmart is in
23 the chain of distribution of prescription opioids. As reported by the Washington Post, there
24 were 100,000 prescription opioid deaths between 2006 and 2012, during which time two-
25 thirds of the 76 billion opioid pain pills to flood the market were distributed by Walmart and

26 _____
27 [opioid/aZhLcDEnayOO3dzPIFn9gN/story.html](http://www.washingtonpost.com/archive/local/2015/03/03/opioid/aZhLcDEnayOO3dzPIFn9gN/story.html).

1 just a handful of other companies.¹⁴ In 2016, Walmart expanded its long-term prescription
2 drug distribution agreement.¹⁵ Walmart’s total revenue exceeded \$500 billion in 2018.

3 67. In 2017, Walmart acknowledged the need for a “solution to the [opioid]
4 epidemic” and noted the epidemic has “devastated so many families and communities across
5 America.”¹⁶ However, on information and belief, Walmart has also paid settlements to resolve
6 allegations of recordkeeping violations at pharmacies in various states, including Texas, and
7 has committed and continues to commit serious and flagrant violations regarding—*inter*
8 *alia*—its recordkeeping and other obligations under Arizona law in connection with its
9 distribution of opioids to Pinal County.

10 4. Smith’s Food & Drug Centers d/b/a Fry’s Food & Drugs

11 68. Defendant Smith’s Food & Drug Centers, Inc. d/b/a Fry’s Food & Drug and
12 Fry’s Food Stores (collectively, “Fry’s”) is an Ohio corporation with its principle place of
13 business in Salt Lake City, Utah. On information and belief, Defendant Fry’s is a top
14 distributor of opioids to Pinal County patients that has distributed and continues to distribute
15 opioids to several chain pharmacies that are both owned and operated by Defendant Fry’s as
16 well as frequently visited by Pinal County patients seeking to fill their opioids prescriptions.
17 Defendant Fry’s pharmacies are—on information and belief—top dispensers of opioids in the

18
19 ¹⁴ See Scott Higham, *76 billion opioid pills: Newly released data unmask the epidemic*, The
20 Washington Post (Jul. 16, 2019), available at
21 [https://www.washingtonpost.com/investigations/76-billion-opioid-pills-newly-released-
federal-data-unmasks-the-epidemic/2019/07/16/5f29fd62-a73e-11e9-86dd-
d7f0e60391e9_story.html](https://www.washingtonpost.com/investigations/76-billion-opioid-pills-newly-released-federal-data-unmasks-the-epidemic/2019/07/16/5f29fd62-a73e-11e9-86dd-d7f0e60391e9_story.html); see also *Walmart, CVS, Walgreens Opioid Crisis Lawsuit*, VOX
22 (July 23, 2019), available at [https://www.vox.com/the-goods/2019/7/23/20707179/walmart-
cvs-walgreens-opioid-crisis-lawsuit-trial](https://www.vox.com/the-goods/2019/7/23/20707179/walmart-cvs-walgreens-opioid-crisis-lawsuit-trial).

23 ¹⁵ See Chain Drug Review, *Extended Agreement Adds Sourcing of Generic Drugs* (May 16,
24 2016), available at
25 [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=13&cad=rja&uact=8
&ved=2ahUKEwjB49eAsobkAhWCsJ4KHTTKBHcQFjAMegQIABAB&url=https%3A%2F%2Fwww.chaindrugreview.com%2Fmckesson-walmart-add-generics-to-drug-distribution-
pact%2F&usg=AOvVaw2MokrhSkXhg2hRFgY-VEhH](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=13&cad=rja&uact=8&ved=2ahUKEwjB49eAsobkAhWCsJ4KHTTKBHcQFjAMegQIABAB&url=https%3A%2F%2Fwww.chaindrugreview.com%2Fmckesson-walmart-add-generics-to-drug-distribution-pact%2F&usg=AOvVaw2MokrhSkXhg2hRFgY-VEhH).

27 ¹⁶ Press Release, Walmart, Walmart Supports the State of Emergency Declaration on Opioids (Oct.
28 26, 2017), [https://news.walmart.com/2017/10/26/walmart-supports-state-of-emergency-declaration-
on-opioids](https://news.walmart.com/2017/10/26/walmart-supports-state-of-emergency-declaration-on-opioids).

County, including: Fry’s Pharmacy # 48, located at 1385 East Florence Boulevard in Casa Grande, Arizona; Fry’s Pharmacy # 672, located at 20797 North John Wayne Parkway in Maricopa, Arizona; Fry’s Food Stores of AZ # 669, located at 2858 North Pinal Avenue in Casa Grande, Arizona; Fry’s Food Stores # 84, located at 542 East Hunt Highway in San Tan Valley, Arizona; and Fry’s Pharmacy # 665, located at 185 West Apache Trail in Apache Junction, Arizona 85120. In addition, Defendant Fry’s operates several chain pharmacies located just a few miles outside the County, which have been and continue to be frequently visited by many Pinal County patients seeking to fill their opioid prescriptions. On information and belief, Defendant Fry’s is a top distributor of opioids to Pinal County patients that has committed and continues to commit serious and flagrant violations regarding—*inter alia*—its recordkeeping and other obligations under Arizona law in connection with its distribution of opioids to its chain pharmacies, which ultimately dispensed the drugs to Pinal County patients.

5. Walgreens

69. Defendant Walgreen Arizona Drug Co. (“Walgreens”) is a domestic Arizona corporation with its principle place of business located at 8825 N 23rd Avenue, Suite 100 in Phoenix, Arizona. On information and belief, Defendant Walgreens is both a top distributor of opioids in Pinal County and operates chain pharmacies that are top dispensers of opioids in the County, including: Walgreens # 01076, located at 333 E Hunt Highway in Queen Creek, Arizona; Walgreens # 02963, located at 11545 Apache Trail in Apache Junction, Arizona; Walgreens # 04188, located at 55 W. Apache Trail in Apache Junction, Arizona; Walgreens # 04344, located at 1514 East Florence Boulevard in Casa Grande, Arizona; Walgreens # 06129, located at 2021 North Pinal Avenue in Casa Grande, Arizona; Walgreens # 06333, located at 2440 South Ironwood Drive in Apache Junction, Arizona; Walgreens # 06440, located at 6951 South Kings Ranch Road in Gold Canyon, Arizona; Walgreens # 09264, located at 21274 North John Wayne Parkway in Maricopa, Arizona; Walgreens # 09460, located at 40663 North Gantzel Road in San Tan Valley, Arizona; Walgreens # 09652, located at 1575 North Arizona Boulevard in Coolidge, Arizona; Walgreens # 10505, located at 2785 North Pinal

1 Avenue in Casa Grande, Arizona; and Walgreens # 10998, located at 2483 East Florence
2 Boulevard in Casa Grande, Arizona.

3 70. In 2016, Walgreens issued a press release captioned “Walgreens Leads Fight
4 Against Prescription Drug Abuse with New Programs to Help Curb Misuse of Medications
5 and the Rise in Overdose Deaths.”¹⁷ However, on information and belief, Walgreens, the
6 second-largest pharmacy store chain in the United States, has committed, continues to commit
7 and has been penalized for serious and flagrant violations regarding its recordkeeping and
8 other obligations under Arizona law in connection with its distribution of opioids to Pinal
9 County. Defendants AmerisourceBergen, Cardinal Health, Walmart, Fry’s, and Walgreens are
10 referred to collectively in this Complaint as “Distributor Defendants.”

11 **D. Pharmacy Defendants**

12 **1. Bashas’ Inc.**

13 71. Defendant Bashas’ Inc. d/b/a Bashas’ United Drug (“Bashas”) is an Arizona
14 domestic corporation with its principle place of business in Phoenix, Arizona. Bashas
15 operates several retail pharmacies in Pinal County, including Basha’s United Drug # 82,
16 located at 5311 S. Superstition Mountain in Gold Canyon, Arizona, and Basha’s United Drug
17 # 109, located at 21044 N John Wayne Pkwy in Maricopa, Arizona. In addition, Defendant
18 Bashas operates several chain pharmacies located outside but along the borders of the County
19 which have been and continue to be frequently visited by many Pinal County patients seeking
20 to have their opioid prescriptions filled, such as Basha’s United Drug # 22, located in
21 Maricopa County at 10715 E Apache Trail in Apache Junction, Arizona. On information and
22 belief, Bashas’ pharmacies are top dispensers of opioids to Pinal County patients and have
23 committed and continue to commit serious and flagrant violations regarding—*inter alia*—their
24 recordkeeping and other obligations under Arizona law in connection with dispensing opioids

25 _____
26 ¹⁷ Press Release, Walgreens, Walgreens Leads Fight Against Prescription Drug Abuse with
27 New Programs to Help Curb Misuse of Medications and the Rise in Overdose Deaths (Feb.
28 9, 2016), <http://news.walgreens.com/press-releases/general-news/walgreens-leads-fight-against-prescription-drug-abuse-with-new-programs-to-help-curb-misuse-of-medications-and-the-rise-in-overdose-deaths.htm>.

1 to these patients. Bashas and its pharmacies have engaged in consensual commercial dealings
2 in Pinal County, and have purposefully availed themselves of the advantages of conducting
3 business with and within Pinal County.

4 **2. Osco Drug Inc.**

5 72. Defendant American Drug Stores, Inc. d/b/a Osco Drug Inc. (“Osco Drug”) is an
6 Illinois corporation with its principal place of business in Boise, Idaho. Defendant Osco Drug
7 operates chain pharmacies throughout the State of Arizona and in Pinal County, including
8 Osco Drug Store # 968, which is a chain pharmacy located in Pinal County at 1116 E Florence
9 Blvd in Casa Grande, Arizona. On information and belief, Osco Drug and its pharmacies are
10 top dispensers of opioids in Pinal County that have committed and continue to commit serious
11 and flagrant violations regarding—*inter alia*—their recordkeeping and other obligations under
12 Arizona law in connection with dispensing opioids to Pinal County patients. Osco Drug and
13 its pharmacies have engaged in consensual commercial dealings in Pinal County, and have
14 purposefully availed themselves of the advantages of conducting business with and within
15 Pinal County.

16 **3. Safeway Inc.**

17 73. Defendant Safeway Inc. (“Safeway”) is a Delaware corporation with its
18 principle place of business in Pleasanton, California. Safeway operates several chain
19 pharmacies in Pinal County, including: Safeway Pharmacy # 0253, located at 3185 W. Apache
20 Trail in Apache Junction, Arizona; Safeway Pharmacy # 1706, located at 1637 Trekell Rd in
21 Casa Grande, Arizona; Safeway Pharmacy # 1732, located at 1449 N. Arizona Avenue in
22 Coolidge, Arizona; and Safeway Pharmacy # 2835, located at 3325 North Hunt Highway in
23 Florence, Arizona. On information and belief, Safeway and its pharmacies are top dispensers
24 of opioids in Pinal County that have committed and continue to commit serious and flagrant
25 violations regarding—*inter alia*—their recordkeeping and other obligations under Arizona law
26 in connection with dispensing opioids to Pinal County patients. Safeway and its pharmacies
27 have engaged in consensual commercial dealings in Pinal County, and have purposefully
28 availed themselves of the advantages of conducting business with and within Pinal County.

1 **4. Smith’s Food & Drug Centers d/b/a Fry’s Food & Drugs**

2 74. Defendant Smith’s Food & Drug Centers, Inc. d/b/a Frys Food & Drug and
3 Fry’s Food Stores (collectively, “Fry’s”) is an Ohio corporation with its principle place of
4 business in Salt Lake City, Utah. Defendant Fry’s operates several chain pharmacies located
5 in Pinal County, including: Fry’s Pharmacy # 48, located at 1385 East Florence Boulevard. in
6 Casa Grande, Arizona; Fry’s Pharmacy # 672, located at 20797 North John Wayne Parkway in
7 Maricopa, Arizona; Fry’s Food Stores of AZ # 669, located at 2858 North Pinal Avenue in
8 Casa Grande, Arizona; and Fry’s Food Stores # 84, located at 542 East Hunt Highway in San
9 Tan Valley, Arizona; and Fry’s Pharmacy # 665, located at 185 West Apache Trail in Apache
10 Junction, Arizona 85120. In addition, Defendant Fry’s operates several chain pharmacies
11 located outside but along the borders of the County which have been and continue to be
12 frequently visited by many Pinal County patients seeking to fill their opioid prescriptions. On
13 information and belief, Fry’s and its pharmacies are top dispensers of opioids to Pinal County
14 patients and have committed and continue to commit serious and flagrant violations
15 regarding—*inter alia*—their recordkeeping and other obligations under Arizona law in
16 connection with dispensing opioids to these patients. Fry’s and its pharmacies have engaged
17 in consensual commercial dealings in Pinal County, and have purposefully availed themselves
18 of the advantages of conducting business with and within Pinal County.

19 **5. Sun Life Family Health Center**

20 75. Defendant Sun Life Family Health Center (“SLFHC”) is an Arizona corporation
21 with its principle place of business in Casa Grande, Arizona. Defendant SLFHC operates
22 retail pharmacies in the County, including SLFHC’s retail pharmacy located at 865 N. Arizola
23 Rd. in Casa Grande, Arizona; SLFHC’s retail pharmacy located in SLFHC’s Eloy Clinic at
24 205 N. Stuart Boulevard in Eloy, Arizona; and SLFHC’s retail pharmacy located at 23 McNab
25 Parkway in San Manuel, Arizona. On information and belief, SLFHC and its pharmacies are
26 top dispensers of opioids in Pinal County that have committed and continue to commit serious
27 and flagrant violations regarding—*inter alia*—their recordkeeping and other obligations under
28 Arizona law in connection with dispensing opioids to Pinal County patients. SLFHC and its

1 pharmacies have engaged in consensual commercial dealings in Pinal County, and have
2 purposefully availed themselves of the advantages of conducting business with and within
3 Pinal County.

4 **6. Vaden**

5 76. Defendant Vaden Corp. (“Vaden”) is a California corporation with its principle
6 place of business in Simi Valley, California. Defendant Vaden operates retail pharmacies in
7 the County, including Kearny HealthMart Pharmacy # 25, located at 338 Alden Road P.O.
8 Box 1150 in Kearny, Arizona. On information and belief, Vaden and its pharmacies are top
9 dispensers of opioids in Pinal County that have committed and continue to commit serious and
10 flagrant violations regarding—*inter alia*—their recordkeeping and other obligations under
11 Arizona law in connection with dispensing opioids to Pinal County patients. Vaden and its
12 pharmacies have engaged in consensual commercial dealings in Pinal County, and have
13 purposefully availed themselves of the advantages of conducting business with and within
14 Pinal County.

15 **7. Walgreens**

16 77. Defendant Walgreen Arizona Drug Co. (“Walgreens”) is a domestic Arizona
17 corporation with its principle place of business located at 8825 N 23rd Avenue, Suite 100 in
18 Phoenix, Arizona. Defendant Walgreens operates chain pharmacies in the County, including:
19 Walgreens # 01076, located at 333 East Hunt Highway in Queen Creek, Arizona; Walgreens #
20 02963, located at 11545 Apache Trail in Apache Junction, Arizona; Walgreens # 04188,
21 located at 55 West Apache Trail in Apache Junction, Arizona; Walgreens # 04344, located at
22 1514 East Florence Blvd in Casa Grande, Arizona; Walgreens # 06129, located at 2021 North
23 Pinal Avenue in Casa Grande, Arizona; Walgreens # 06333, located at 2440 South Ironwood
24 Drive in Apache Junction, Arizona; Walgreens # 06440, located at 6951 South Kings Ranch
25 Road in Gold Canyon, Arizona; Walgreens # 09264, located at 21274 North John Wayne
26 Parkway in Maricopa, Arizona; Walgreens # 09460, located at 40663 North Gantzel Road in
27 San Tan Valley, Arizona; Walgreens # 09652, located at 1575 North Arizona Boulevard in
28 Coolidge, Arizona; Walgreens # 10505, located at 2785 North Pinal Avenue in Casa Grande,

1 Arizona; and Walgreens # 10998, located at 2483 East Florence Boulevard in Casa Grande,
2 Arizona. On information and belief, Walgreens and its pharmacies are top dispensers of
3 opioids in Pinal County that have committed and continue to commit serious and flagrant
4 violations regarding—*inter alia*—their recordkeeping and other obligations under Arizona law
5 in connection with dispensing opioids to Pinal County patients. Walgreens and its pharmacies
6 have engaged in consensual commercial dealings in Pinal County, and have purposefully
7 availed themselves of the advantages of conducting business with and within Pinal County.

8 **8. Costco Wholesale Corporation d/b/a Costco Pharmacies**

9 78. Defendant Costco Wholesale Corporation (“Costco”) is a Delaware corporation
10 with its principle place of business located at 999 Lake Drive in Issaquah, WA, 98027. At all
11 times relevant to this action, Costco owned and operated chain pharmacies that, on
12 information and belief, dispensed prescription opioids to Pinal County patients in violation of
13 Arizona laws and regulations regarding the dispensing of such prescriptions. On information
14 and belief, these opioids were distributed to Pinal County patients by several Costco
15 Pharmacies, including: Costco Pharmacy # 436, located at 1445 West Elliot Road, Tempe,
16 Arizona 85284; Costco Pharmacy # 481, located at 1415 North Arizona Avenue, Gilbert,
17 Arizona 85233; and Costco Pharmacy # 1028, located at 1444 South Sossaman Road, Mesa,
18 Arizona 85209. On information and belief, Costco and its pharmacies—while located outside
19 of Pinal County—have been and continue to be frequently visited by many Pinal County
20 patients seeking to have their opioid prescriptions filled, are top dispensers of opioids to Pinal
21 County patients, and have committed and continue to commit serious and flagrant violations
22 regarding—*inter alia*—their recordkeeping and other obligations under Arizona law in
23 connection with dispensing opioids to Pinal County patients. As such, Costco and its
24 pharmacies have engaged in consensual commercial dealings in Pinal County, and have
25 purposefully availed themselves of the advantages of conducting business with and within
26 Pinal County.

27 **9. Walmart**

28 79. Defendant Walmart Inc. f/k/a Wal-Mart Stores, Inc. (“Walmart”) is a Delaware

1 corporation with its principle place of business in Arkansas. At all times relevant to this
2 action, Walmart distributed prescription opioids throughout the United States, including in
3 Arizona and Pinal County specifically. On information and belief, these opioids were
4 distributed to Pinal County by at least two Walmart entities: Wal-Mart Pharm Warehouse # 32
5 (located at 2252 North 8th Street in Rogers, Arkansas) and Wal-Mart Pharm Warehouse # 45
6 (located at 2250 North 8th Street, Suite 102-A in Rogers, Arkansas)—to five buyers located in
7 Pinal County: Wal-Mart Pharmacy 10-1218, based in Casa Grande, Arizona; Wal-Mart
8 Pharmacy 10-1381, based in Apache Junction, Arizona; Wal-Mart Pharmacy 10-2778, based
9 in Coolidge, Arizona; Wal-Mart Pharmacy 10-3751, based in San Tan Valley, Arizona; and
10 Wal-Mart Pharmacy 10-4430, based in Maricopa, Arizona. On information and belief,
11 Walmart and its pharmacies are top dispensers of opioids in Pinal County that have committed
12 and continue to commit serious and flagrant violations regarding—*inter alia*—their
13 recordkeeping and other obligations under Arizona law in connection with dispensing opioids
14 to Pinal County patients. Walmart and its pharmacies have engaged in consensual commercial
15 dealings in Pinal County, and have purposefully availed themselves of the advantages of
16 conducting business with and within Pinal County.

17 **E. Prescriber Defendants**

18 80. Defendant Takyar is a formerly licensed Medical Doctor who for years treated
19 and prescribed opioids to Pinal County patients. In October of 2017, Defendant Takyar's
20 authority to prescribe opioids was revoked, on the grounds that he overprescribed opioids in
21 violation of Arizona medical practice standards. Prior to surrendering his license to practice
22 medicine in 2018, Defendant Takyar practiced medicine and maintained a private practice in
23 the Town of Florence, located in Pinal County. Defendant Takyar is a citizen of Mesa,
24 Arizona. As described in further detail below in Section IV.O., Defendant Takyar facilitated
25 the Manufacturer Defendants' scheme by—*inter alia*—routinely prescribing large amounts of
26 oxycodone, often without performing necessary physical examinations and instead falsely
27 documenting that such examinations were conducted.

F. DOE Defendants

81. Pinal County is ignorant of the true names or capacities, whether individual, corporate or otherwise, of the Defendants sued herein under the fictitious names DOES 1 through 1000 inclusive, and they are therefore sued herein under Rule 10(d) of the Rules of Civil Procedure for the Superior Courts of Arizona. *See* Ariz. R. Civ. Proc. 10(d). Pinal County will amend this Complaint to show their true names and capacities if and when they are ascertained. Pinal County is informed and believes, and on such information and belief alleges, that each of the Defendants named as a DOE is responsible in some manner for the events and occurrences alleged in this Complaint and is liable for the relief sought herein.

III. JURISDICTION AND VENUE

82. This Court has jurisdiction over this action. Defendants are engaging in false and misleading advertising and unlawful, unfair, and deceptive business practices, and creating or assisting in the creation of a public nuisance in Pinal County, and the people of Pinal County through their attorneys have the right and authority to prosecute this case on behalf of the people of Pinal County.

83. Venue is proper in this Court because Defendants caused injury and harm to Pinal County. Some of the acts complained of also occurred in this venue. Further, Defendants conducted business and continue to do business throughout Arizona, including in Pinal County. *See* A.R.S. § 12-401(10), (18).

IV. FACTUAL ALLEGATIONS

A. Background on Pain Medicine

84. The practice of medicine centers on informed risk management. Prescribers must weigh the potential risks and benefits of each treatment option, as well as risk of non-treatment. Accordingly, the safe and effective treatment of chronic pain requires that a physician or other prescribing clinician be able to weigh the relative risk of prescribing opioids against both (a) the relative benefits that may be expected during the course of opioid treatment and (b) the risks and benefits of alternatives.

85. Opium has been recognized as a tool to relieve pain for millennia; so has the

1 magnitude of its potential for abuse, addiction, and its dangers. Opioids are related to illegal
2 drugs like opium and heroin. In fact, types of fentanyl, a widely-distributed opioid in the
3 United States, have now been made illegal in China.

4 86. During the Civil War, opioids gained popularity among doctors and pharmacists
5 for their ability to reduce anxiety and relieve pain—particularly on the battlefield—and they
6 were popularly used in a wide variety of commercial products ranging from pain elixirs to
7 cough suppressants and beverages. By 1900, an estimated 300,000 people were addicted to
8 opioids in the United States. Both the number of opioid addicts and the difficulty in weaning
9 patients from opioids made clear their highly addictive nature.

10 87. Due to concerns about their addictive properties, opioids have been regulated as
11 controlled substances for decades. The labels for scheduled opioid drugs carry black box
12 warnings of potential addiction and “[s]erious, life-threatening, or fatal respiratory
13 depression,” as the result of an excessive dose.

14 88. Studies and articles from the 1970s and 1980s also made the reasons to avoid
15 opioids clear. Scientists observed poor outcomes from long-term opioid therapy in pain
16 management programs; opioids’ mixed record in reducing chronic pain and failure to improve
17 patients’ function; greater pain complaints as most patients developed tolerance to opioids;
18 opioid patients’ diminished ability to perform basic tasks; their inability to make use of
19 complementary treatments like physical therapy due to the side effects of opioids; and
20 addiction. Leading authorities discouraged, and even prohibited, the use of opioid therapy for
21 chronic pain.

22 89. Despite the fact that opioids are now routinely prescribed, there has never been
23 evidence of their safety and efficacy for treating chronic pain. On the contrary, evidence
24 shows that opioid drugs are not effective to treat chronic pain, and may worsen patients’
25 health. Increasing duration of opioid use is strongly associated with an increasing prevalence
26 of mental health condition (depression, anxiety, post-traumatic stress disorder, or substance
27 abuse), increased psychological distress, and greater health care utilization.

28 90. Opioids are highly addictive. Patients using opioids for more than a few days

1 can experience severe withdrawal symptoms if they stop taking the drugs, including: anxiety,
2 insomnia, pain, blurry vision, rapid heartbeat, chills, panic attacks, nausea, vomiting, and
3 tremors. Opioid withdrawal can be fatal, but even when it is not fatal it can last so long and be
4 so painful that it is difficult to stop taking opioids.

5 91. Putting patients on opioids puts them at risk. Patients who take opioids at higher
6 doses and for longer periods face higher and higher risk of addiction and death. Relative to
7 the general population, the risk of opioid-death is 35-times higher for patients receiving three
8 consecutive months of opioid therapy. Each of the Defendants named in this Complaint
9 disregarded the well-known and frightening statistics regarding opioid abuse and chose to
10 ignore them in the name of profits.

11 **B. The Manufacturer Defendants’ Impact on the Perception and Prescribing**
12 **of Opioids**

13 92. Before the Manufacturer Defendants began the marketing campaign complained
14 of herein, the generally accepted standards of medical practice dictated that opioids should
15 only be used short-term, for acute pain, or for patients nearing the end of life. However, the
16 Manufacturer Defendants changed this perception and took advantage of addiction to make
17 money, effectively shifting the national discussion about pain and opioids. The Manufacturer
18 Defendants’ marketing campaign resulted in skyrocketing opioid prescriptions. The shocking
19 increase in prescriptions has been a gold mine for the Manufacturer Defendants. It has been
20 tragedy for patients and the people of Pinal County. Pinal County has lost citizens young and
21 old to the opioid epidemic—too many children in Pinal County have lost their parents and too
22 many parents have buried their children. Too many grandparents are raising their
23 grandchildren. Patients who survive addiction need lengthy, difficult, and expensive
24 treatment. People who are addicted to opioids are often unable to work. The addiction of
25 parents can force their children into foster care. Babies are born addicted to opioids, a
26 condition known as Neonatal Abstinence Syndrome (“NAS”), because they are exposed to the
27 drugs in the womb. These babies frequently require substantial services and public assistance,
28 including services and assistance provided by the County using its own funds. The

Manufacturer Defendants' misconduct has imposed heavy costs on the people of Pinal County.

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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C. The Manufacturer Defendants Engaged in a Deceptive Marketing Scheme to Increase Profits

93. To profit from their addictive drugs, the Manufacturer Defendants engaged in a deadly and illegal scheme to deceive doctors and patients. First, the Manufacturer Defendants deceived many prescribing clinicians and patients in Pinal County to get more people on their opioids. Second, the Manufacturer Defendants misled them to take higher and more dangerous doses. Third, the Manufacturer Defendants deceived them to stay on their drugs for longer and more harmful periods of time.

94. The Manufacturer Defendants targeted vulnerable people who could be introduced to opioids, including elderly patients and people who had never taken opioids before. The Manufacturer Defendants targeted these vulnerable patients even though the risks of long-term opioid use were significantly greater for them. 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. Clinical

1 guidelines for opioid therapy therefore conclude that there are “special risks of long-term
2 opioid use for elderly patients” and recommended that prescribers use “additional caution and
3 increased monitoring” to minimize the risks of opioid use in elderly patients.

4 95. All the while, the Manufacturer Defendants peddled falsehoods to keep patients
5 away from safer alternatives. Even when the Manufacturer Defendants knew people in Pinal
6 County were addicted and dying, the Manufacturer Defendants treated prescribers and patients
7 as “targets” to sell more drugs.

8 96. Each part of the scheme earned the Manufacturer Defendants more money from
9 opioid sales and caused more addiction and death in Pinal County. And each Manufacturer
10 Defendant participated in and profited from the scheme in Pinal County, as set forth below.

11 **D. The Manufacturer Defendants Funneled Misrepresentations Through Sales**
12 **Representatives, Advertisements, and Third-Parties**

13 97. Pinal County patients died after taking the Manufacturer Defendants’ drugs
14 because Pinal County was subject to the Manufacturer Defendants’ massive deceptive sales
15 campaign. To spread their false and misleading statements, the Manufacturer Defendants
16 deceptively marketed their opioids directly to doctors and patients in Pinal County. The
17 Manufacturer Defendants also deployed sales representatives to spread their false and
18 misleading statements about the risks and benefits of opioids for the treatment of chronic pain
19 throughout Arizona and, specifically, in Pinal County.

20 98. These representatives were the Manufacturer Defendants’ most powerful tools
21 of deception were sending sales representatives to promote opioids to Pinal County doctors,
22 nurses, and pharmacists face to face. During sales visits, the Manufacturer Defendants’
23 representatives made false and misleading claims directly to the professionals who care for
24 Pinal County patients. The Manufacturer Defendants assigned representatives to Pinal County
25 and gave them lists of Pinal County doctors to visit. The ‘scripts’ used by these
26 representatives were approved and closely monitored by the Manufacturer Defendants.

27 99. Each of these visits cost the Manufacturer Defendants money. But the
28 Manufacturer Defendants made this money back many times over, because they misled

1 healthcare providers in and around Pinal County to prescribe the Manufacturer Defendants’
2 addictive drugs to Pinal County patients. The Manufacturer Defendants rewarded high
3 prescribing doctors with meals, money, and gifts. The Manufacturer Defendants’ sales
4 representatives who generated the most prescriptions won bonuses and prizes. These
5 representatives have spread and continue to spread misinformation regarding the risks and
6 benefits of opioids to hundreds of thousands of doctors, and other healthcare providers,
7 including those in Pinal County.

8 100. The Manufacturer Defendants’ representatives have been reprimanded for their
9 deceptive promotions. A July 2010 “Dear Doctor” letter mandated by regulators required
10 Actavis to acknowledge to the doctors to whom it marketed its drugs that “[b]etween June 2009
11 and February 2010, Actavis sales representatives distributed . . . promotional materials that . . .
12 omitted and minimized serious risks associated with [Kadian],” including the risk of “[m]isuse,
13 [a]buse, and [d]iversion of [o]pioids” and, specifically, the risk that “[o]pioid[s] have the
14 potential for being abused and are sought by drug abusers and people with addiction disorders
15 and are subject to criminal diversion.”

16 101. The Manufacturer Defendants also conducted and continue to conduct
17 advertising campaigns touting the purported benefits of their opioids. For example, the
18 Manufacturer Defendants spent more than \$14 million on medical journal advertising of
19 opioids in 2011, nearly triple what they spent in 2001. This amount included \$8.3 million by
20 Purdue, \$4.9 million by Janssen, and \$1.1 million by Endo.

21 102. A number of the Manufacturer Defendants’ branded ads deceptively portrayed
22 the benefits of opioids for chronic pain. For example, since at least May 21, 2011, Endo has
23 distributed and made available on its website opana.com a pamphlet promoting Opana ER
24 with photographs depicting patients with physically demanding jobs like construction worker
25 and chef, misleadingly implying that the drug would provide long-term pain-relief and
26 functional improvement. Purdue also ran a series of ads, called “Pain vignettes,” for
27 OxyContin in 2012 in medical journals. These ads featured chronic pain patients and
28 recommended OxyContin for each. One ad described a “54-year old writer with osteoarthritis

1 of the hands” and implied that OxyContin would help the writer work more effectively. Endo
2 and Purdue agreed in late 2015 and 2016 to halt these misleading representations in New
3 York, but they may continue to disseminate them in Arizona.

4 103. Similarly, despite Subsys’ limited indication and the potent danger associated
5 with fentanyl, Insys falsely and misleadingly marketed Subsys to doctors as an effective
6 treatment for back pain, neck pain and other off-label pain conditions. As of June 2012, Insys
7 defined BTP in cancer patients to include mild pain: a “flare of mild-to-severe pain in patients
8 with otherwise stable persistent pain,” based on a misleading citation to a paper written by Dr.
9 Russell Portenoy.¹⁸ Insys trained and instructed its sales representatives to use the false
10 definition of breakthrough pain and specifically to use a core visual aid, including the
11 improper definition, whenever they detailed Subsys to a healthcare provider or provider’s
12 office.

13 104. According to a 2014 article in *The New York Times*, only 1% of prescriptions for
14 Subsys were written by oncologists. Approximately half the prescriptions were written by
15 pain specialists, with others, including dentists and podiatrists, writing prescriptions as well.¹⁹

16 105. On September 6, 2017, Senator Claire McCaskill’s report, “Fueling an
17 Epidemic: Insys Therapeutics and the System Manipulation of Prior Authorization” was
18 published. Citing to “internal Insys” information, the report describes how Insys “apparently
19 lacked even basic measures to prevent its employees from manipulating the prior authorization
20 process,” and that—despite “receiv[ing] clear notice of these deficiencies”—Insys maintained
21 its “significant efforts . . . to reduce barriers to the prescription of Subsys, . . . includ[ing]
22 actions to mislead pharmacy benefit managers (“PBMs”) about the role of Insys in the prior
23

24 ¹⁸ Portenoy’s paper, which was featured in the 1990 issue of *Pain*, actually defined
25 breakthrough pain as “a transitory increase in pain to greater than moderate intensity—i.e., to
26 an intensity of ‘severe’ or ‘excruciating’) . . . on a baseline pain of moderate intensity or less.”
Russell K. Portenoy & Neil A. Hagen, *Breakthrough pain: Definition, prevalence and*
characteristics, 41(3) *Pain* 273-81 (July 1990).

27 ¹⁹ Katie Thomas, *Doubts Raised About Off-Label Use of Subsys, a Strong Painkiller*, N.Y.
28 *TIMES* (May 13, 2014), <https://www.nytimes.com/2014/05/14/business/doubts-raised-about-off-label-use-of-subsys-a-strong-painkiller.html>.

1 authorization process and the presence of breakthrough cancer pain in potential Subsys
2 patients.”²⁰

3 106. On September 12, 2017, Senator McCaskill convened a Roundtable Discussion
4 on Opioid Marketing. During the hearing, Senator McCaskill stated:

5 “The opioid epidemic is the direct result of a calculated marketing and sales
6 strategy developed in the 90’s, which delivered three simple messages to
7 physicians. First, that chronic pain was severely undertreated in the United
8 States. Second, that opioids were the best tool to address that pain. And third,
9 that opioids could treat pain without risk of serious addiction. As it turns out
10 these messages were exaggerations at best and outright lies at worst.

11 * * *

12 “Our national opioid epidemic is complex, but one explanation for this crisis is
13 simple, pure greed.”²¹

14 107. Less than two years later, Insys’ former chief executive officer (Defendant
15 Babich) pleaded guilty to participating in a nationwide scheme to bribe doctors in exchange
16 for prescribing Subsys,²² and Insys’ founder and majority shareholder (Defendant Kapoor)
17 was found guilty for his part in this scheme.²³ The Arizona Attorney General, Mark Brnovich,
18 has also filed a lawsuit against Insys in connection with a kickback scheme where Insys paid
19 bribes in the form of sham “speaker fees” to Arizona physicians in exchange for the

20 ²⁰ Prior authorization (PA) is any process by which physicians and other health care providers
21 must obtain advance approval from a health plan before a specific procedure, service, device,
22 supply or medication is delivered to the patient to qualify for payment coverage. (American
23 Medical Association, *Prior authorization: The current landscape*, p. 1 (2015),
24 https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/premium/psa/prior-authorization-toolkit_0.pdf.

25 ²¹ See, *LIVESTREAM: Insys Opioid Sales and Marketing Practices Roundtable*, Sep. 12,
26 2017, at 31:03-31:37, https://www.youtube.com/watch?v=k9mrQa8_vAo (last accessed Mar.
27 17, 2019).

28 ²² Nate Raymon, Former Insys CEO pleads guilty to opioid kickback scheme, REUTERS (Jan.
9, 2019), <https://www.reuters.com/article/us-insys-opioids/former-insys-ceo-pleads-guilty-to-opioid-kickback-scheme-idUSKCN1P312L>.

²³ Emanuel, Gabrielle, *Opioid Executive John Kapoor Found Guilty in Landmark Bribery Case* (May 2, 2019) <https://www.npr.org/2019/05/02/711346081/opioid-executive-john-kapoor-found-guilty-in-landmark-bribery-case>.

1 physicians prescribing Subsys.²⁴

2 108. The Manufacturer Defendants²⁵ also identified doctors to serve, for payment, on
3 their speakers' bureaus and to attend programs with speakers and meals paid for by the
4 Manufacturer Defendants. These speaker programs provided: (1) an incentive for doctors to
5 prescribe a particular opioid (so they might be selected to promote the drug); (2) recognition
6 and compensation for the doctors selected as speakers; and (3) an opportunity to promote the
7 drug through the speaker to his or her peers. These speakers give the false impression that
8 they are providing unbiased and medically accurate presentations when they are, in fact,
9 presenting a script prepared by the Manufacturer Defendants. On information and belief,
10 these presentations conveyed misleading information, omitted material information, and failed
11 to correct the Manufacturer Defendants' prior misrepresentations about the risks and benefits
12 of opioids.

13 109. Each Manufacturer Defendant devoted and continues to devote massive
14 resources to direct sales contacts ("detailing") with doctors. In 2014 alone, the Manufacturer
15 Defendants spent \$168 million on detailing branded opioids to doctors. This amount is twice
16 as much as the Manufacturer Defendants spent on detailing in 2000. The amount includes
17 \$108 million spent by Purdue, \$34 million by Janssen, \$10 million by Endo, and \$2 million by
18 Actavis.

19 110. The Manufacturer Defendants also deceptively marketed opioids in Arizona
20 through unbranded advertising—*i.e.*, advertising that promotes opioid use generally but does
21 not name a specific opioid. This advertising was ostensibly created and disseminated by
22 independent third parties. But by funding, directing, reviewing, editing, and distributing this
23 unbranded advertising, the Manufacturer Defendants controlled the deceptive messages
24 disseminated by these third parties and acted in concert with them to falsely and misleadingly

25 ²⁴ AG Brnovich Files Lawsuit Against Opioid Manufacturer Insys Therapeutics and Three
26 Arizona Doctors, AZAG.gov (Aug. 31, 2017), [https://www.azag.gov/press-release/ag-](https://www.azag.gov/press-release/ag-brnovich-files-lawsuit-against-opioid-manufacturer-insys-therapeutics-and-three)
27 [brnovich-files-lawsuit-against-opioid-manufacturer-insys-therapeutics-and-three](https://www.azag.gov/press-release/ag-brnovich-files-lawsuit-against-opioid-manufacturer-insys-therapeutics-and-three).

28 ²⁵ Upon information and belief, Actavis continued to carry out speaker programs after it
acquired Kadian.

1 promote opioids for the treatment of chronic pain.²⁶

2 111. The Manufacturer Defendants marketed through third-party, unbranded
3 advertising to avoid regulatory scrutiny because that advertising is not submitted to and
4 typically is not reviewed by regulators. The Manufacturer Defendants also used third-party,
5 unbranded advertising to give the false appearance that the deceptive messages came from an
6 independent and objective source. Like tobacco companies, the Manufacturer Defendants
7 used third parties that they funded, directed, and controlled to carry out and conceal their
8 scheme to deceive doctors and patients about the risks and benefits of long-term opioid use for
9 chronic pain.

10 112. The Manufacturer Defendants’ deceptive unbranded marketing often
11 contradicted what they said in their branded materials reviewed by regulators. For example,
12 Endo’s unbranded advertising contradicted its concurrent, branded advertising for Opana ER:

Pain: Opioid Therapy (Unbranded)	Opana ER Advertisement (Branded)
“People who take opioids as prescribed usually do not become addicted.”	“All patients treated with opioids require careful monitoring for signs of abuse and addiction, since use of opioid analgesic products carries the risk of addiction even under appropriate medical use. ”

21 113. The Manufacturer Defendants also spoke through a small circle of doctors who,
22 upon information and belief, were selected, funded, and elevated by the Manufacturer
23 Defendants because their public positions supported the use of opioids to treat chronic pain.
24 These doctors became known as “key opinion leaders” or “KOLs.” The Manufacturer
25 Defendants paid these KOLs to serve as consultants or on their advisory boards and to give
26 talks or present continuing medical education programs (“CMEs”), and their support helped

27
28 ²⁶ The phrase “acted in concert” includes conspiring to achieve some end and aiding and
abetting in the commission of acts necessary to achieve some end.

1 these KOLs become respected industry experts. As they rose to prominence, these KOLs
2 touted the benefits of opioids to treat chronic pain, repaying the Manufacturer Defendants by
3 advancing their marketing goals. KOLs' professional reputations became dependent on
4 continuing to promote a pro-opioid message, even in activities that were not directly funded
5 by the Manufacturer Defendants.

6 114. Pro-opioid doctors are one of the most important avenues that the Manufacturer
7 Defendants use to spread their false and misleading statements about the risks and benefits of
8 long-term opioid use for chronic pain. The Manufacturer Defendants know that doctors and
9 other prescribing clinicians rely heavily and more uncritically on their peers for guidance, and
10 KOLs provide the false appearance of unbiased and reliable support for long-term opioid
11 therapy for chronic pain. For example, the New York Attorney General ("NY AG") found in
12 its settlement with Purdue that through March 2015, the Purdue website, "In the Face of Pain,"
13 failed to disclose that doctors who provided testimonials on the site were paid by Purdue and
14 concluded that Purdue's failure to disclose these financial connections potentially misled
15 consumers regarding the objectivity of the testimonials. KOLs have written, consulted on,
16 edited, and lent their names to books and articles, and given speeches and CMEs supportive of
17 chronic opioid therapy. The Manufacturer Defendants created opportunities for KOLs to
18 participate in research studies Defendants suggested or chose and then cited and promoted
19 favorable studies or articles by their KOLs. By contrast, the Manufacturer Defendants did not
20 support, acknowledge, or disseminate publications of doctors unsupportive or critical of
21 chronic opioid therapy.

22 115. The Manufacturer Defendants' KOLs also served on committees that developed
23 treatment guidelines that strongly encourage the use of opioids to treat chronic pain and on the
24 boards of pro-opioid advocacy groups and professional societies that develop, select, and
25 present CMEs. These guidelines and CMEs were not supported by the scientific evidence at
26 the time they were created, and they are not supported by the scientific evidence today. The
27 Manufacturer Defendants were able to direct and exert control over each of these activities
28 through their KOLs. Indeed, regulators now recognize that treatment guidelines can "change

1 prescribing practices.”

2 116. The Manufacturer Defendants also entered into arrangements with seemingly
3 unbiased and independent patient and professional organizations to promote opioids for the
4 treatment of chronic pain. Under the direction and control of Defendants, these “Front
5 Groups”—which include, but are not limited to, the American Pain Foundation (“APF”) and
6 the American Academy of Pain Medicine—generated treatment guidelines, unbranded
7 materials, and programs that favored opioid therapy for chronic pain. These guidelines,
8 materials, and programs were not supported by the evidence at the time they were created, and
9 they are not supported by the scientific evidence today. These Front Groups also assisted the
10 Manufacturer Defendants by responding to negative articles, by advocating against regulatory
11 changes that would limit opioid prescribing in accordance with the scientific evidence, and by
12 conducting outreach to vulnerable patient populations targeted by the Manufacturer
13 Defendants.

14 117. These Front Groups depended on the Manufacturer Defendants for funding and,
15 in some cases, for survival. Defendants also exercised control over programs and materials
16 created by these groups by collaborating on, editing, and approving their content, and by
17 funding their dissemination. For example, Purdue’s consulting agreement with APF gave it
18 direct, contractual control over APF’s work. In doing so, the Manufacturer Defendants made
19 sure that the Groups would generate only the messages the Manufacturer Defendants wanted
20 to distribute. Despite this, the Front Groups held themselves out as independent and serving
21 the needs of their members—whether patients suffering from pain or doctors treating those
22 patients.

23 118. The Manufacturer Defendants worked together, through Front Groups, to spread
24 their deceptive messages about the risks and benefits of long-term opioid therapy. For
25 example, the Manufacturer Defendants combined their efforts through the Pain Care Forum
26 (“PCF”), which began in 2004 as an APF project. PCF is comprised of representatives from
27 opioid manufacturers (including Endo, Janssen/J&J, and Purdue) and various Front Groups,
28 almost all of which received substantial funding from the Manufacturer Defendants. Among

1 other projects, PCF worked to ensure that a legally mandated education project on opioids was
2 not unacceptably negative and did not require mandatory participation by prescribers, which
3 the Manufacturer Defendants determined would reduce prescribing. PCF also worked to
4 address a perceived “lack of coordination” among its members and developed “key” messages
5 that were disseminated in programs and industry-run websites.

6 **E. The Manufacturer Defendants Deceived Healthcare Providers and Patients**
7 **to Get More People on Highly Addictive Opioids, at Higher Doses, for**
8 **Longer Periods**

9 119. To convince prescribers and patients around the country, including in the State
10 of Arizona and Pinal County, that opioids can and should be used to treat chronic pain, the
11 Manufacturer Defendants had to convince them that long-term opioid use is both safe and
12 beneficial for chronic pain. The Manufacturer Defendants chose to proceed by deceiving
13 those prescribers and patients about the risks and benefits of long-term opioid use. The
14 Manufacturer Defendants, through Front Groups, KOLS, and advertisements, made claims
15 that were not supported by or were contrary to the scientific evidence—most frequently, these
16 claims downplayed the risks of addiction in order to convince providers and patients alike that
17 prescription opioids should be used more regularly. Even though pronouncements by and
18 guidance from regulators based on that evidence confirm that their claims were false and
19 misleading, Pinal County is informed and believes the Manufacturer Defendants have not
20 corrected them and continue to spread them today, including as set forth specifically below.

21 **1. Deception About Addiction**

22 120. The Manufacturer Defendants always knew that their opioids carry grave risks
23 of addition and death. Instead of being honest about these risks, the Manufacturer Defendants
24 obscured them, including by falsely stating and implying that “appropriate patients” won’t get
25 addicted. To convince prescribers and patients that opioids are safe, the Manufacturer
26 Defendants deceptively trivialized and failed to disclose the risks of long-term opioid use,
27 particularly the risk of addiction, through a series of misrepresentations that have been
28 conclusively debunked by regulators and the medical community at large.

121. First, the Manufacturer Defendants 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 of opioids. Some illustrative examples of these false and misleading claims that were made by, are continuing to be made by, and/or have not been corrected by the Manufacturer Defendants after May 21, 2011 are described below:

- a. Actavis's predecessor caused a patient education brochure to be distributed in 2007 that claimed opioid addiction is possible, but "less likely if you have never had an addiction problem." Upon information and belief, based on Actavis's acquisition of its predecessor's marketing materials along with the rights to Kadian, Actavis continued to use this brochure in 2009 and beyond.
- b. Purdue and Cephalon 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.
- c. Endo sponsored a website, Painknowledge.com, which claimed in 2009 that "[p]eople who take opioids as prescribed usually do not become addicted." Another Endo website, PainAction.com, stated "Did you know? Most chronic pain patients do not become addicted to the opioid medications that are prescribed for them."
- d. Endo and Cephalon distributed a pamphlet with the Endo logo entitled *Living with Someone with Chronic Pain*, which stated that: "Most health care providers who treat people with pain agree that most people do not develop an addiction problem." A similar statement appeared on the Endo website www.opana.com.
- e. Janssen/J&J reviewed, edited, approved, and distributed a patient education guide entitled *Finding Relief: Pain Management for Older Adults* (2009), which described as "myth" the claim that opioids are addictive, and asserted as fact that "[m]any studies show that opioids are rarely addictive when used properly for the management of chronic pain."
- f. Janssen ran a website, Prescriberesponsibly.com (last updated July 2, 2015), which claims that concerns about opioid addiction are "overestimated."
- g. 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[.]".

h. Detailers for Purdue, Endo, Teva and Janssen in Arizona have minimized or omitted and continue to minimize or omit any discussion with doctors or their medical staff in Arizona, including Pinal County, about the risk of addiction; falsely claiming that abuse-deterrent formulations “cannot be crushed,” effectively downplaying the potential that these opioids would be abused; and routinely did not correct the misrepresentations noted above.

122. Moreover, Purdue, in a pamphlet for doctors, *Providing Relief, Preventing Abuse: A Reference Guide to Controlled Substance Prescribing Practices*, wrote that addiction “is not caused by drugs.” Instead, Purdue assured doctors that addiction happens when the wrong patients get drugs and abuse them: “it is triggered in a susceptible individual by exposure to drugs, most commonly through abuse.”²⁷

123. Purdue also promoted its opioids to Pinal County patients with marketing that was designed to obscure the risk of addiction and even the fact that Purdue was behind the campaign. Purdue created a website, *In the Face of Pain*, that promoted pain treatment by urging patients to “overcome” their “concerns about addiction.” Testimonials on the website that were presented as personal stories were in fact by Purdue consultants, whom Purdue had paid tens of thousands of dollars to promote its drugs.²⁸

124. Another Purdue publication, the *Resource Guide for People with Pain*, falsely assured patients and doctors that opioid medications are not addictive:

*“Many people living with pain and even some healthcare providers believe that opioid medications are addictive. The truth is that when properly prescribed by a healthcare professional and taken as directed, these medications give relief – not a ‘high’.”*²⁹

125. Pursue falsely denied the risk of addiction, falsely implied that addiction requires patients to get “high,” and falsely promised that patients would not get addicted if they took opioids as prescribed.

²⁷ Purdue Pharma LP, *Providing Relief, Preventing Abuse* (2008), pg. 12; see also K. Nelson, *Purdue Pharma lawsuit: Terms you need to know to understand OxyContin blitz*, Knox News (Jul. 13, 2018), <https://www.knoxnews.com/story/news/health/2018/07/13/purdue-pharma-lawsuit-terms-know-understand-oxycontin-blitz/779173002/>.

²⁸ Purdue Pharma LP, *In the Face of Pain* (Oct. 24, 2011).

1 126. Purdue funded and distributed many more publications that were similarly
2 misleading. For example, *Exit Wounds* misleadingly claimed that “[l]ong experience with
3 opioids shows that people who are not predisposed to addiction are unlikely to become
4 addicted to opioid pain medications.”³⁰

5 127. *Responsible Opioid Prescribing* told doctors that only a “small minority of
6 people seeking treatment may not be reliable or trustworthy” and not suitable for addictive
7 opioid drugs.³¹

8 128. Similarly, while Janssen/J&J repeatedly disclaimed responsibility for its part in
9 causing the opioid crisis, insisting that “[e]verything that we have done with our products
10 when we’ve promoted opioid products . . . was appropriate and responsible,” internal
11 memoranda and communications between high-level executives at Janssen show the company
12 funded and pushed bogus research to lend false credibility to a series of dangerous fictions,
13 claiming that “[m]any studies show that opioids are rarely addictive when used properly for
14 the management of chronic pain,” and enabling “Janssen’s representatives [to] promote[]
15 Nucynta and Nucynta ER as safer, milder, and less addictive than competitor opioids like
16 OxyContin.”³²

17 129. In 2017, Mallinckrodt agreed to settle for \$35 million allegations regarding
18 excessive sales of oxycodone in Florida. According to these allegations, even though
19 Mallinckrodt knew that its oxycodone was being diverted to illicit use, it nonetheless
20 continued to incentivize and supply these suspicious sales, and it failed to notify regulators of
21 the suspicious orders in violation of Mallinckrodt’s legal obligations. Similarly, in 2008,
22 Cephalon pleaded guilty to criminal violations for its misleading promotion of Actiq and two
23 other drugs, and agreed to pay \$425 million.

24 _____
25 ²⁹ Purdue Pharma LP, *Resource Guide for People with Pain*, p. 8 (2009).

26 ³⁰ Purdue Pharma LP, *Exit Wounds*, p. 107 (2009).

27 ³¹ Purdue Pharma LP, *Responsible Opioid Prescribing*, p. 11 (2007).

28 ³² M. Aron, *deceptively marketing opioids*, NJTV News (Nov. 13, 2018),
<https://www.njtvonline.org/news/video/state-sues-johnson-johnson-subsiary-for-deceptively-marketing-opioids/>.

1 130. In August 2019, Johnson & Johnson was found liable of: (a) having engaged in
2 false and misleading marketing of both their drugs and opioids more generally; and (b)
3 creating, contributing to, and perpetuating a public nuisance under Oklahoma law. This
4 determination resulted in a \$572 million verdict that represent just one year of abatement
5 expenses in one state.

6 131. Over and over, Defendants said opioids could be given to “trusted” patients
7 without risk of addiction. To promote their drugs, the Manufacturer Defendants pushed the
8 myth that addiction is a character flaw, and “trustworthy” people do not get addicted to drugs.

9 132. These claims are contrary to longstanding scientific evidence and recently
10 established clinical guidelines for opioid therapy. These guidelines provide that there is
11 “extensive evidence” of the “possible harms of opioids (including opioid use disorder [an
12 alternative term for opioid addiction]).” The guidelines indicate that “[o]pioid pain medication
13 use presents serious risks, including . . . opioid use disorder” and that “continuing opioid
14 therapy for 3 months substantially increases risk for opioid use disorder.”

15 133. The falsity of the Manufacturer Defendants’ claims about the low risk of
16 addiction was further exposed when regulators announced changes to the labels for ER/LA
17 opioids in 2013 and for IR opioids in 2016. These announcements emphasized that “most
18 opioid drugs have ‘high potential for abuse’” and that opioids “are associated with a
19 substantial risk of misuse, abuse, NOWS [neonatal opioid withdrawal syndrome], addiction,
20 overdose, and death.” Thus, because of the “known serious risks” associated with long-term
21 opioid use, including “risks of addiction, abuse, and misuse, even at recommended doses, and
22 because of the greater risks of overdose and death,” regulators and the medical community at
23 large emphasize that opioids should be used only “in patients for whom alternative treatment
24 options” like non-opioid drugs have failed. These regulators further acknowledged that the
25 risk is not limited to patients who seek drugs illicitly; addiction “can occur in patients
26 appropriately prescribed [opioids].”

27 134. The New York Attorney General, in a 2016 settlement agreement with Endo,
28 found that opioid “use disorders appear to be highly prevalent in chronic pain patients treated

1 with opioids, with up to 40% of chronic pain patients treated in specialty and primary care
2 outpatient centers meeting the clinical criteria for an opioid use disorder.” Endo had claimed
3 until at least April 2012 on its www.opana.com website that “[m]ost healthcare providers who
4 treat patients with pain agree that patients treated with prolonged opioid medicines usually do
5 not become addicted,” but the NY AG found that Endo had no evidence for that statement.
6 Consistent with this, Endo agreed not to “make statements that . . . opioids generally are non-
7 addictive” or “that most patients who take opioids do not become addicted” in New York. On
8 information and belief, Endo made similar misrepresentations to healthcare providers and
9 patients in the State of Arizona and Pinal County. However, Endo has not yet been restricted
10 from making these statements in Arizona.

11 2. **Deception to Get Vulnerable Patients on Opioids**

12 135. To expand the market for opioids, the Manufacturer Defendants also trained
13 their representatives to target vulnerable populations and encourage doctors to put them on
14 opioids, without disclosing the risks. The Manufacturer Defendants deceptively promoted
15 opioids for elderly patients, patients who had never taken opioids, and patients with
16 osteoarthritis—putting thousands more patients at risk.

17 **Elderly Patients**

18 136. The Manufacturer Defendants knew that prescribing opioids to elderly patients
19 increase their risk of death. Elderly patients are at greater risk of dangerous interactions
20 between drugs. They are also at a greater risk of respiratory depression—in which patients
21 suffocate and die. But the Manufacturer Defendants saw the opportunity to earn millions of
22 dollars by getting elderly patients on opioids because the public would pay through Medicare.
23 For instance, Purdue’s internal documents show it targeted “Patients over the age of 65 as
24 more coverage is achieved.”³³

25 **Opioid-Naïve Patients**

26 137. The Manufacturer Defendants also targeted patients who were not already taking
27 opioids, described in the field as “opioid-naïve.” The Manufacturer Defendants unfairly and
28

deceptively marketed their drugs as appropriate treatments for opioid-naïve patients, without disclosing that they face even higher risks of overdose and death.

138. For instance, Purdue trained its sales reps to promote their drugs specifically for opioid-naïve patients. In training calls, Purdue managers instructed:

- *“Your opportunity here is with the naïve community, let’s use the naïve trial to make the case.”*
- *“You created an epiphany with the doctor today (potentially) by reviewing the opiate naïve patient profile. What made him more apt to write this for his patient, being an amiable doctor, is the fact that he would not have to talk patients out of their short-acting [opioids].”*
- *“This was an example of what a good call looks like . . . [Dr.] was particularly interested in the RM case study of Marjorie, which generated a robust discussion of opioid naïve patients”*

139. Purdue also promoted its drugs for opioid-naïve patients using the deceptive term “first line opioid.” “First line” is a medical term for the preferred first step in treating a patient. Opioids are not an appropriate first line therapy.

Do You Have Patients Like Pam*?



Medical history:

- 71-year-old woman with chronic low back pain due to osteoarthritis
- Chronic low back pain has intensified over the last 9 months
- Pain is not being adequately controlled. Physical examination indicates moderate restriction in her functional mobility
- Moderate renal impairment
- Prior aspirin therapy used for pain resulted in a bleeding ulcer

Current therapy:

- Currently taking ibuprofen 200 mg, 1-2 tablets, every 6 hours
- Pain is inadequately controlled on current therapy
- Her worst pain reaches an 8 on an 11-point scale (0-10). Average pain score is a 6 on an 11-point scale
- Her pain is worse in the mornings and after being sedentary for periods of time

Coverage

- Has Medicare Part D Prescription coverage

140. : patients by targeting prescribers with the least training in the risks of opioids. The Manufacturer

³³ Purdue Pharma LP, *Pain Products Presentation*, p. 12 (Jan. 28, 2015).

Defendants determined that nurse practitioners, physician assistants, and primary care doctors were especially responsive to sales reps, so the Manufacturer Defendants targeted them to sell more drugs.

141. The Manufacturer Defendants knew or should have known that opioids were not appropriate to treat nonmalignant pain in non-cancer patients, including patients suffering from osteoarthritis. Opioids are not approved to treat osteoarthritis. For instance, Purdue conducted a single study on osteoarthritis for Butrans, and it failed. Purdue admitted in internal documents that its opioids “are not indicated for a specific disease” and “it is very important that you never suggest to your HCP [health care professional] that OxyContin is indicated for the treatment of a specific disease state such as Rheumatoid Arthritis or Osteoarthritis.”

142. Nevertheless, to meet their business goals, the Manufacturer Defendants trained their sales representatives to mislead healthcare providers and patients by promoting opioids for osteoarthritis. For instance, a Purdue marketing presentation concluded that its sales reps were “identifying appropriate patients” because osteoarthritis was specifically mentioned during at least 35% of sales visits.

143. The Manufacturer Defendants also directed their sales reps to use marketing materials that highlight patients with osteoarthritis, even though their drugs were never indicated for that disease.

3. The Manufacturer Defendants Deceived Doctors and Patients to Use Higher and Higher Doses

144. The impetus behind the Manufacturer Defendants’ scheme is as simple as it is nefarious. Enticed by the exponentially greater profits that would result from increases in opioid dose mix, the Manufacturer Defendants deceived prescribing medical practitioners and patients across the nation—including practitioners and patients in the State of Arizona and Pinal County—about the risks and benefits of opioids for the long-term treatment of chronic pain. The Manufacturer Defendants dishonestly encouraged (or even bribed) these practitioners to provide long-term opioid therapy to patients for whom such treatment was not

1 clinically appropriate, such as patients suffering from long-term chronic pain due to
2 osteoarthritis. As set forth below, the Manufacturer Defendants’ deceptive scheme was wildly
3 successful, effectively increasing the supply of opioids in Plaintiff’s territory and drowning
4 Plaintiff’s community in a sea of highly addictive prescription drugs.

5 145. The Manufacturer Defendants—including, but not limited to, Defendants Endo,
6 Janssen, Mallinckrodt and Cephalon—also falsely instructed prescribing clinicians and
7 patients that the signs of addiction are actually signs of undertreated pain and should be treated
8 by prescribing more opioids. Defendants called this phenomenon “pseudoaddiction”—a
9 made-up, misleading and scientifically unsubstantiated term coined by Dr. David Haddox,
10 who went to work for Purdue, and popularized by Dr. Russell Portenoy, a KOL for Endo,
11 Janssen, Teva, and Purdue. Through aggressive marketing campaigns to prescribers and
12 patients—including prescribers and patients in Pinal County—the Manufacturer Defendants
13 used the concept of “pseudoaddiction” as a lever to mislead prescribers and their patients into
14 believing that certain warning signs of opioid addiction³⁴ were neither indicative of “true”
15 addiction, nor cause for alarm. To the contrary, the Manufacturer Defendants repeatedly
16 claimed that drug-seeking behavior was a manifestation of undertreated pain, which should be
17 addressed by prescribing even more opioids. Importantly, at all times relevant to this action,
18 the Manufacturer Defendants both knew the concept of pseudoaddiction was false and yet
19 actively sought to conceal the truth from healthcare providers and patients in Pinal County,
20 effectively sabotaging these prescribers’ ability to protect their patients from opioid addiction
21 and concomitant injuries and make informed decisions about whether or not opioids were
22 appropriate for their patients. Some illustrative examples of these deceptive claims that were
23 made by, are continuing to be made by, and/or have not been corrected by the Manufacturer
24 Defendants are described below:

- 25 a. Purdue, Cephalon and Endo sponsored *Responsible Opioid Prescribing*
26 (2007), which taught that behaviors such as “requesting drugs by name”,

27 ³⁴ *E.g.*, demanding more opioids, engaging in manipulative behavior to obtain drugs,
28 requesting specific drugs, hoarding drugs during periods of reduced symptoms, using drugs
for unapproved purposes, etc.

“demanding or manipulative behavior,” seeing more than one doctor to obtain opioids, and hoarding, are all signs of pseudoaddiction, rather than true addiction. This publication remains for sale online.

- b. Janssen sponsored, funded, and edited the Let’s Talk Pain website, which in 2009 stated: “pseudoaddiction . . . refers to patient behaviors that may occur when pain is under-treated Pseudoaddiction is different from true addiction because such behaviors can be resolved with effective pain management.”
- c. Endo sponsored a National Initiative on Pain Control (NIPC) CME program in 2009 titled Chronic Opioid Therapy: Understanding Risk While Maximizing Analgesia, which promoted pseudoaddiction by teaching that a patient’s aberrant behavior was the result of untreated pain. Endo substantially controlled NIPC by funding NIPC projects; developing, specifying, and reviewing content; and distributing NIPC materials.
- d. 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.”
- e. Purdue sponsored a CME program entitled “Path of the Patient, Managing Chronic Pain in Younger Adults at Risk for Abuse” in 2011. 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.
- f. Detailers for Purdue have directed doctors and their medical staffs in Arizona, including Pinal County, to PartnersAgainstPain.com, which contained false and misleading materials describing pseudoaddiction.
- g. Purdue and Cephalon sponsored APF’s *Treatment Options: A Guide for People Living with Pain* (2007), which states: “Pseudo-addiction describes patient behaviors that may occur when pain is undertreated Pseudo-addiction can be distinguished from true addiction in that this behavior ceases when pain is effectively treated.” (emphasis added.)

146. The medical community now rejects the concept of pseudoaddiction, and does not recommend that opioid dosages be increased if a patient is not experiencing pain relief. To the contrary, widely accepted opioid treatment guidelines now provide that “[p]atients who do not experience clinically meaningful pain relief early in treatment . . . are unlikely to

1 experience pain relief with longer-term use,” and that prescribing clinicians should “reassess[]
2 pain and function within 1 month” in order to decide whether to “minimize risks of long-term
3 opioid use by discontinuing opioids” because the patient is “not receiving a clear benefit.”

4 147. Even one of the Manufacturer Defendants has effectively repudiated the concept
5 of pseudoaddiction. In finding that “[t]he pseudoaddiction concept has never been empirically
6 validated and in fact has been abandoned by some of its proponents,” the NY AG, in its 2016
7 settlement with Endo, reported that “Endo’s Vice President for Pharmacovigilance and Risk
8 Management testified to [the NY AG] that he was not aware of any research validating the
9 ‘pseudoaddiction’ concept” and acknowledged the difficulty in distinguishing “between
10 addiction and ‘pseudoaddiction.’ ”³⁵ Consistent with this testimony, Endo agreed not to “use
11 the term ‘pseudoaddiction’ in any training or marketing” in New York.³⁶

12 148. The Manufacturer Defendants also falsely told doctors and patients that
13 addiction risk screening tools, such as patient contracts, urine drug screens, and similar
14 strategies, would both allow prescribers to reliably identify and safely prescribe opioids to
15 patients who were predisposed to (or exhibited warnings signs of) opioid addiction and
16 misuse, as well as be efficacious enough to essentially rule out the risks of such addition and
17 misuse—even for patients receiving long-term opioid therapy. These misrepresentations were
18 especially insidious because the Manufacturer Defendants aimed them at general practitioners
19 and family doctors who lack the time and expertise to closely manage higher-risk patients on
20 opioids. The Manufacturer Defendants’ misrepresentations made these doctors feel more
21 comfortable prescribing opioids to their patients, and patients more comfortable starting on
22 opioid therapy for chronic pain. Some illustrative examples of these deceptive claims that
23 were made by, are continuing to be made by, and/or have not been corrected by the
24 Manufacturer Defendants after March 21, 2011 are described below:

- 25 a. Endo paid for a 2007 supplement in the Journal of Family Practice written
26 by a doctor who became a member of Endo’s speakers bureau in 2010. The

27 ³⁵ In the Matter of Endo Health Solutions Inc. *et al*, Assurance No. 15-228, p. 7, ¶ 23 (NY
AG, Mar. 1, 2016), https://www.ag.ny.gov/pdfs/Endo_AOD_030116-Fully_Executed.pdf.

28 ³⁶ *Id.*, p. 15, ¶ 41.e.

supplement, entitled *Pain Management Dilemmas in Primary Care: Use of Opioids*, emphasized the effectiveness of screening tools, claiming that patients at high risk of addiction could safely receive chronic opioid therapy using a “maximally structured approach” involving toxicology screens and pill counts.

- b. Purdue sponsored a November 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.”
- c. 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.
- d. Since at least May 21, 2011, detailers for Purdue have touted and continue to tout to doctors in Arizona, including Pinal County, the reliability and effectiveness of screening or monitoring patients as a tool that would virtually eliminate the risks of opioid abuse and addiction.

149. Consistent with what the Manufacturer Defendants already knew—but failed to disclose—at all times relevant to this action, opioid treatment guidelines now confirm that the Manufacturer Defendants’ statements were false, misleading, and unsupported at the time they were made by the Manufacturer Defendants. These guidelines note 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, opioid treatment guidelines now recognize that available risk screening tools “show insufficient accuracy for classification of patients as at low or high risk for [opioid] abuse or misuse” and counsel that prescribers “*should not overestimate* the ability of these tools to rule out risks from long-term opioid therapy.”

4. The Manufacturer Defendants Peddled Falsehoods to Keep Patients Away from Safer Alternatives

A. Deception about Lower-Dose Opioids

150. The Manufacturer Defendants deceptively claimed that its opioids provided

1 more effective pain relief than traditional immediate-release opioids (sometimes called
2 “IROs”). For instance, Purdue’s records show that the sales reps repeatedly claimed that
3 OxyContin’s “steady state is better than peak and trough w/ [IROs].” Purdue claimed that
4 OxyContin provides a “full tank of gas,” but immediate-release opioids require “stopping at
5 each exit to refuel.” Purdue bolstered these misrepresentations with marketing materials that
6 misrepresented data to indicate that Purdue drugs provided more consistent pain relief than
7 more frequently dosed, lower-dose opioids. On information and belief, each of the
8 Manufacturer Defendants engaged in similarly illegal and deceptive conduct regarding the
9 deception about lower-dose opioids.

10 **B. Deception about Quality of Life**

11 151. The Manufacturer Defendants also steered patients away from safer alternatives
12 with the false claim that its opioids improve patients’ “quality of life.” For instance, Purdue’s
13 internal documents admit that “Purdue has no clinical studies or other substantial evidence
14 demonstrating that a Purdue Product will improve the quality of a person’s life.”
15 Nevertheless, Purdue sales reps repeatedly claimed that its opioids improve quality of life.
16 Purdue also devised and funded third-party publications to say that opioids give patients the
17 “quality of life we deserve.” On information and belief, each of the Manufacturer Defendants
18 engaged in similarly illegal and deceptive conduct regarding the deception about quality of
19 life.

20 **C. Deception about Risk of Abuse**

21 152. In addition to visiting prescribers and pharmacists hundreds of thousands of
22 times, the Manufacturer Defendants distributed thousands of copies of its deceptive
23 publications, including *Providing Relief, Preventing Abuse; Resource Guide for People with*
24 *Pain; Exit Wounds; Opioid Prescribing: Clinical Tools and Risk Management Strategies;*
25 *Responsible Opioid Prescribing;* and *Clinical Issues in Opioid Prescribing. Purdue’s In The*
26 *Face of Pain.*

27 **5. The Manufacturer Defendants Downplayed Opioids Withdrawal**

28 153. To downplay the risk and impact of addiction and make doctors feel more

1 comfortable starting patients on opioids, the Manufacturer Defendants falsely claimed that
2 opioid dependence can easily be addressed by tapering and that opioid withdrawal is not a
3 problem, and failed to disclose the increased difficulty of stopping opioids after long-term use.
4 For example, a 2011 non-credit educational program sponsored by Endo, entitled *Persistent*
5 *Pain in the Older Adult*, claimed that withdrawal symptoms can be avoided by tapering a
6 patient's opioid dose by 10%-20% for 10 days. Purdue sponsored APF's A Policymaker's
7 Guide to Understanding Pain & Its Management, which claimed that "[s]ymptoms of physical
8 dependence can often be ameliorated by gradually decreasing the dose of medication during
9 discontinuation" without mentioning any hardships that might occur. This publication was
10 available on APF's website until the organization dissolved in May 2012. And detailers for
11 Janssen have told and continue to tell prescribers in Arizona, including prescribers in Pinal
12 County, that their patients would not experience withdrawal if they stopped using opioids.

13 154. The Manufacturer Defendants deceptively minimized the significant symptoms
14 of opioid withdrawal that, per widely accepted opioid treatment guidelines, include drug
15 craving, anxiety, insomnia, abdominal pain, vomiting, diarrhea, sweating, tremor, rapid
16 heartbeat, spontaneous abortion and premature labor in pregnant women, and the unmasking
17 or exacerbating of anxiety, depression, and addiction.

18 155. The Manufacturer Defendants also grossly understated the difficulty of tapering,
19 particularly after long-term opioid use. Widely accepted opioid treatment guidelines now
20 emphasize that the duration of opioid use and the dosage of opioids prescribed should be
21 "limit[ed]" to "minimize the need to taper opioids to prevent distressing or unpleasant
22 withdrawal symptoms," because "physical dependence on opioids is an expected physiologic
23 response in patients exposed to opioids for more than a few days." These guidelines further
24 state that "tapering opioids can be especially challenging after years on high dosages because
25 of physical and psychological dependence" and highlights the difficulties, including the need
26 to carefully identify "a taper slow enough to minimize symptoms and signs of opioid
27 withdrawal" and to "pause[] and restart[]" tapers depending on the patient's response.
28 Likewise, regulators have acknowledged 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.”

156. Some prescribers and many patients in Pinal County relied on the truth of the Manufacturers Defendants’ representations about both the benefits of opioid analgesics and the risks of opioid addiction. Because each of the Manufacturer Defendants willfully concealed the truth about their products and knew their representations were false at the time they were made, Pinal County’s citizens are forced to pay the price for Defendants’ misconduct.

6. The Manufacturer Defendants Hid the Greater Risks to Patients at Higher Dosages of Opioids

157. The Manufacturer Defendants were in the best position to know, and in fact did know, that—relative to the general population—the risk of opioid-related death increases exponentially after a patient takes opioids for several consecutive months.

158. Specifically, the Manufacturer Defendants 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 the Manufacturer Defendants’ 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 of these deceptive claims that were made by, are continuing to be made by, and/or have not been corrected by the Manufacturer Defendants after May 21, 2011 are described below:

- a. Actavis’s predecessor created a patient brochure for Kadian in 2007 that stated, “Over time, your body may become tolerant of your current dose. You may require a dose adjustment to get the right amount of pain relief. This is not addiction.” Upon information and belief, based on Actavis’s acquisition of its predecessor’s marketing materials along with the rights to Kadian, Actavis continued to use these materials in 2009 and beyond.
- b. Purdue and Cephalon 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.³⁷

- c. Endo sponsored a website, painknowledge.com, which claimed in 2009 that opioid dosages may be increased until “you are on the right dose of medication for your pain.” The website was still accessible online after May 21, 2011.
- d. Endo distributed a pamphlet edited by a KOL entitled *Understanding Your Pain: Taking Oral Opioid Analgesics*, which was still available after May 21, 2011 on Endo’s website. In Q&A format, it asked “If I take the opioid now, will it work later when I really need it?” The response is, “The dose can be increased. . . . You won’t ‘run out’ of pain relief.”
- e. Janssen sponsored a patient education guide entitled *Finding Relief: Pain Management for Older Adults* (2009), which was distributed by its sales force. This guide listed dosage limitations as “disadvantages” of other pain medicines but omitted any discussion of risks of increased opioid dosages.
- f. Through March 2015, 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.
- g. 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. This publication is still available online.
- h. Purdue sponsored a CME entitled Overview of Management Options that is still available for CME credit. The CME was edited by a KOL and taught that NSAIDs and other drugs, but not opioids, are unsafe at high dosages.

³⁷ The Manufacturer Defendants frequently contrasted the lack of a ceiling dosage for opioids with the risks of a competing class of analgesics: over-the-counter nonsteroidal anti-inflammatories (or NSAIDs). The Manufacturer Defendants deceptively describe the risks from NSAIDs while failing to disclose the risks from opioids. (See, e.g., *Case Challenges in Pain Management: Opioid Therapy for Chronic Pain* (Endo) (describing massive gastrointestinal bleeds from long-term use of NSAIDs and recommending opioids); *Finding Relief: Pain Management for Older Adults* (Janssen) (NSAIDs caused kidney or liver damage and increased risk of heart attack and stroke, versus opioids, which cause temporary “upset stomach or sleepiness” and constipation).)

- i. Purdue presented a 2015 paper at the College on the Problems of Drug Dependence challenging the correlation between opioid dosage and overdose.
- j. Since at least May 21, 2011, Purdue’s detailers have told doctors in Arizona, including in Pinal County, that they should increase the dose of OxyContin, rather than the frequency of use, to address early failure.

159. Through a series of internal strategy presentations and other communications with its sales force and prescriber-accomplices, Purdue aimed to “drive” patients toward higher doses of opioids for longer periods by dramatically increasing the supply. Apparently unsatisfied with a supply-centric strategy, however, Purdue also sought to increase consumer demand for opioids, namely by offering discounts to patients on their first prescriptions. These discounts ultimately proved to be one of Purdue’s most powerful tactics to keep patients on opioids longer, as Purdue’s return on investment from these discounts was a staggering 4.28—*i.e.*, every \$1,000,000 Purdue gave away in first-time patient discounts came back to Purdue as \$4,280,000 in revenue.

Drive appropriate titration and length of therapy with continuing patients, to maintain total Kg within 2% of forecast

Purdue internal strategy presentation from 2012

160. These claims conflict with the scientific evidence, as confirmed by widely accepted opioid treatment guidelines. These guidelines explain that the “[b]enefits of high-dose opioids for chronic pain are not established,” and the “risks for serious harms related to opioid therapy increase at higher opioid dosage.” More specifically, these guidelines explain that “there is now an established body of scientific evidence showing that overdose risk is increased at higher opioid dosages.” Opioid treatment guidelines also provide that “there is an increased risk for opioid use disorder, respiratory depression, and death at higher dosages,” because “the available data do suggest a relationship between increasing opioid dose and risk of certain adverse events.” Specifically, the clinical research “appear[s] to credibly suggest a positive association between high-dose opioid use and the risk of overdose and/or overdose

1 mortality.” In fact, a recent study found that 92% of persons who died from an opioid-related
2 overdose were initially prescribed opioids for chronic pain. In light of this evidence,
3 prescribing clinicians are now advised to “avoid increasing dosages” above 90 morphine
4 milligram equivalents (“MMEs”) per day.

5 161. Finally, the Manufacturer Defendants’ deceptive marketing of the so-called
6 abuse-deterrent properties of some of their opioids has created false impressions that these
7 opioids can prevent and curb addiction and abuse. Indeed, in a 2014 survey of 1,000 primary
8 care physicians, nearly half reported that they believed abuse-deterrent formulations are
9 inherently less addictive.

10 162. These abuse deterrent formulations (“AD opioids”) are harder (but not
11 impossible) to crush, chew, or grind; become gelatinous when combined with a liquid, making
12 them harder to inject; or contain a counteragent such as naloxone that is activated if the tablets
13 are tampered. Though at all times relevant to this action the Manufacturer Defendants falsely
14 claimed that AD opioids “cannot be crushed,” these claims were conclusively debunked by a
15 2015 study, finding that AD opioids are, in fact, “not impossible” to abuse. They can be
16 defeated—often quickly and easily—by those determined to do so. Moreover, they do not
17 stop oral intake, the most common avenue for opioid misuse and abuse, and do not reduce the
18 rate of misuse and abuse by patients who become addicted after using opioids long-term as
19 prescribed or who escalate their use by taking more pills or higher doses.

20 163. Because of these significant limitations on AD opioids and because of the
21 heightened risk for misconceptions and for the false belief that AD opioids can be prescribed
22 safely, regulators have admonished the Manufacturer Defendants that any communications
23 from the sponsor companies regarding AD properties must be truthful and not misleading
24 (based on a product’s labeling), and supported by sound science taking into consideration the
25 totality of the data for the particular drug. Claims for AD opioid products that are false,
26 misleading, and/or insufficiently proven do not serve the public health.³⁸

27 164. Despite this admonition, the Manufacturer Defendants have made and continue
28

1 to make misleading claims about the extent to which their AD opioids can prevent or reduce
2 abuse and addiction.

3 165. For example, Endo has marketed Opana ER as tamper- or crush-resistant and
4 less prone to misuse and abuse since at least May 21, 2011 even though: (1) Endo’s petition to
5 approve Opana ER as abuse-deterrent was rejected in 2012; (2) regulators found in 2013 that
6 there was no evidence that Opana ER “would provide a reduction in oral, intranasal or
7 intravenous abuse”; and (3) Endo’s own studies, which it failed to disclose, showed that
8 Opana ER could still be ground and chewed—contrary to Endo’s claims about Opana ER’s
9 abuse-deterrent properties. Indeed, Endo’s advertisements for the 2012 reformulation of
10 Opana ER falsely claimed that Opana ER could not be crushed, creating the impression that
11 the drug was more difficult to abuse. On information and belief, detailers for Endo continue
12 to reiterate these false statements to Arizona prescribers and patients, including prescribers
13 and patients in and around Pinal County.

14 166. In the 2016 settlement with the NY AG, Endo agreed not to make statements in
15 New York that Opana ER was “designed to be, or is crush resistant.” The NY AG found those
16 statements false and misleading because there was no difference in the ability to extract the
17 narcotic from Opana ER. The NY AG also found that Endo failed to disclose its own
18 knowledge of the crushability of redesigned Opana ER in its marketing to formulary
19 committees and pharmacy benefit managers.

20 167. Because Opana ER could be “readily prepared for injection” and was linked to
21 outbreaks of HIV and a serious blood disease, in 2017, regulators requested that Endo
22 withdraw Opana ER from the market.

23 168. Likewise, Purdue has engaged and continues to engage in deceptive marketing
24 of its AD opioids—*i.e.*, reformulated Oxycontin and Hysingla—since at least May 21, 2011.
25 Before April 2013, Purdue did not market its opioids based on their abuse deterrent properties.
26 However, numerous Arizona prescribers report that detailers from Purdue have regularly used

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28 ³⁸ *Ibid.*

1 the so-called abuse deterrent properties of Purdue’s opioid products as a primary selling point
2 to differentiate those products from their competitors. Specifically, these detailers: (1) claim
3 that Purdue’s AD opioids prevent tampering and cannot be crushed or snorted; (2) claim that
4 Purdue’s AD opioids prevent or reduce opioid misuse, abuse, and diversion, are less likely to
5 yield a euphoric high, and are disfavored by opioid abusers; (3) Purdue’s AD opioids are
6 “safer” than other opioids; and (4) fail to disclose that Purdue’s AD opioids do not impact oral
7 abuse or misuse and that its abuse deterrent properties can be defeated.

8 169. These statements and omissions by Purdue are false and misleading and conflict
9 with or are inconsistent with the label for Purdue’s AD opioids—which indicates that abusers
10 do seek them because of their high likability when snorted, that their abuse deterrent
11 properties can be defeated, and that they can be abused orally notwithstanding their abuse
12 deterrent properties and which does not indicate that AD opioids prevent or reduce abuse,
13 misuse, or diversion.

14 170. To the contrary, testimony in litigation against Purdue and other evidence
15 indicates that Purdue knew and should have known that “reformulated OxyContin is not better
16 at tamper resistance than the original OxyContin” and is still regularly tampered with and
17 abused. Websites and message boards used by drug abusers, such as bluelight.org and reddit,
18 also report a variety of ways to tamper with OxyContin and Hysingla, including through
19 grinding, microwaving then freezing, or drinking soda or fruit juice in which the tablet has
20 been dissolved. Even Purdue’s own website describes a study it conducted that found
21 continued abuse of OxyContin with so-called abuse deterrent properties. Finally, there are no
22 studies indicating that Purdue’s AD opioids are safer than any other opioid products.

23 171. A 2015 study also shows that many opioid addicts are abusing Purdue’s AD
24 opioids through oral intake or by defeating the abuse deterrent mechanism. Indeed, one-third
25 of the patients in the study defeated the abuse deterrent mechanism and were able to continue
26 inhaling or injecting the drug. And to the extent that the abuse of Purdue’s AD opioids was
27
28

1 reduced, those addicts simply shifted to other drugs such as heroin.³⁹ Despite this, J. David
2 Haddox, the Vice President of Health Policy for Purdue, falsely claimed in 2016 that the
3 evidence does not show that Purdue’s AD opioids are being abused in large numbers.

4 172. Similarly, widely accepted clinical guidelines for opioid therapy state that “[n]o
5 studies” support the notion that “abuse-deterrent technologies [are] a risk mitigation strategy
6 for deterring or preventing abuse,” noting that the technologies “do not prevent opioid abuse
7 through oral intake, the most common route of opioid abuse, and can still be abused by
8 nonoral routes.” Regulatory agencies have further reported that their staff could not find “any
9 evidence showing the updated opioids [ADFs] actually reduce rates of addiction, overdoses, or
10 death.”⁴⁰

11 173. These false and misleading claims about the abuse deterrent properties of their
12 opioids are especially troubling. First, the Manufacturer Defendants are using these claims in
13 a spurious attempt to rehabilitate their image as responsible opioid manufacturers. Indeed,
14 Purdue has conveyed that its sale of AD opioids is “atonement” for its earlier sins even though
15 its true motive was to preserve the profits it would have lost when its patent for OxyContin
16 expired. Purdue introduced its first AD opioid days before that patent would have expired and
17 petitioned regulators to withdraw its non-AD opioid as unsafe and; thereby, prevent generic
18 competition. Second, these claims are falsely targeting doctors and other prescribing
19 clinicians’ concerns about the toll caused by the explosion in opioid prescriptions and use and
20 encouraging these clinicians to prescribe AD opioids under the mistaken belief that these
21 opioids are safer, even though they are not. Finally, these claims are causing prescribing
22 clinicians to prescribe more AD opioids—which are far more expensive than other opioid
23 products even though they provide little or no additional benefit.

24 _____
25 ³⁹ Cicero, Theodore J., and Matthew S. Ellis, *Abuse-deterrent formulations and the*
26 *prescription opioid abuse epidemic in the United States: lessons learned from Oxycontin*, 72.5
JAMA Psychiatry, 424-30 (2015).

27 ⁴⁰ Perrone, *Drugmakers push profitable, but unproven, opioid solution*, The Associated Press
28 (Dec. 15, 2016), <https://publicintegrity.org/state-politics/drugmakers-push-profitable-but-unproven-opioid-solution>.

1 174. These numerous, longstanding misrepresentations of the risks and benefits of
2 long-term opioid use spread by Defendants successfully convinced prescribing clinicians and
3 patients to mistakenly discount those risks.

4 **7. The Manufacturer Defendants Grossly Overstated the Benefits of**
5 **Chronic Opioid Therapy**

6 175. To convince doctors and patients that opioids should be used for the long-term
7 treatment of chronic pain, the Manufacturer Defendants also had to persuade them that there
8 was a significant upside to long-term opioid use. However, widely accepted clinical
9 guidelines for opioid therapy now make clear that there is “insufficient evidence to determine
10 the long-term benefits of opioid therapy for chronic pain.” In fact, these guidelines found that
11 “[n]o evidence shows a long-term benefit of opioids in pain and function versus no opioids for
12 chronic pain with outcomes examined at least 1 year later (with most placebo-controlled
13 randomized trials \leq 6 weeks in duration)” and that other treatments were more or equally
14 beneficial and less harmful than long-term opioid use.

15 176. Likewise, regulators recognize the lack of evidence to support long-term opioid
16 use. In 2013, for instance, one regulator stated it was “not aware of adequate and well-
17 controlled studies of opioids use longer than 12 weeks.” Despite this, the Manufacturer
18 Defendants falsely and misleadingly touted the benefits of long-term opioid use and falsely
19 and misleadingly suggested that these benefits were supported by scientific evidence. On
20 information and belief, not only have the Manufacturer Defendants failed to correct these false
21 and misleading claims, they continue to make them today in the State of Arizona and in Pinal
22 County.

23 177. For example, the Manufacturer Defendants falsely claimed that long-term opioid
24 use improved patients’ function and quality of life. Some illustrative examples of these
25 deceptive claims that were made by, are continuing to be made by, and/or have not been
26 corrected by the Manufacturer Defendants after May 21, 2011 are described below:

- 27 a. Actavis distributed an advertisement that claimed that the use of Kadian to
28 treat chronic pain would allow patients to return to work, relieve “stress on
your body and your mental health,” and help patients enjoy their lives.

- b. Endo distributed advertisements that claimed that the use of Opana ER for chronic pain would allow patients to perform demanding tasks like construction work or work as a chef and portrayed seemingly healthy, unimpaired subjects.
- c. Janssen sponsored and edited a patient education guide entitled *Finding Relief: Pain Management for Older Adults* (2009) – which states as “a fact” that “opioids may make it easier for people to live normally.” The guide lists expected functional improvements from opioid use, including sleeping through the night, returning to work, recreation, sex, walking, and climbing stairs and states that “[u]sed properly, opioid medications can make it possible for people with chronic pain to ‘return to normal.’”
- d. Purdue ran a series of advertisements for OxyContin in 2012 in medical journals entitled “Pain vignettes,” which were case studies featuring patients with pain conditions persisting over several months and recommending OxyContin for them. The ads implied that OxyContin improves patients’ function.
- e. *Responsible Opioid Prescribing* (2007), sponsored and distributed by Endo, Cephalon and Purdue, taught that relief of pain by opioids, by itself, improved patients’ function.
- f. Purdue and Cephalon 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.”
- g. Endo’s NIPC website painknowledge.com claimed in 2009 that with opioids, “your level of function should improve; you may find you are now able to participate in activities of daily living, such as work and hobbies, that you were not able to enjoy when your pain was worse.” Elsewhere, the website touted improved quality of life (as well as “improved function”) as benefits of opioid therapy. The grant request that Endo approved for this project specifically indicated NIPC’s intent to make misleading claims about function, and Endo closely tracked visits to the site.
- h. Endo was the sole sponsor, through NIPC, of a series of non-credit educational programs titled *Persistent Pain in the Older Patient*, which claimed that chronic opioid therapy has been “shown to reduce pain and improve depressive symptoms and cognitive functioning.” The CME was disseminated via webcast.
- i. Janssen sponsored, funded, and edited a website, *Let’s Talk Pain*, in 2009, which featured an interview edited by Janssen claiming that opioids allowed a patient to “continue to function.”

- j. 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."
- k. In a 2015 video on Forbes.com discussing the introduction of Hysingla ER, Purdue's Vice President of Health Policy, J. David Haddox, talked about the importance of opioids, including Purdue's opioids, to chronic pain patients' "quality of life," and complained that government statistics do not take into account that patients could be driven to suicide without pain relief.
- l. Since at least May 21, 2011, Purdue's, Endo's, Teva's and Janssen's sales representatives have conveyed and continue to convey to prescribers in Arizona, including in Pinal County, the message that opioids will improve patient function.

178. These claims find no support in the scientific literature. Regulators and industry stakeholders have made this clear for years. Most recently, widely accepted clinical guidelines for opioid therapy concluded "there is no good evidence that opioids improve pain or function with long-term use, and . . . complete relief of pain is unlikely." As illustrated below, this conclusion is reinforced throughout these guidelines:

- *"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."*

179. Industry guidelines for opioid therapy also note 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 or recovery do not improve their function and quality of life.

180. Consistent with these guidelines, regulators have also repudiated Defendants’ claim that opioids improved function and quality of life. In 2010, for instance, regulators warned Actavis, in response to its advertising described above, that “[w]e are not aware of substantial evidence or substantial clinical experience demonstrating that the magnitude of the effect of the drug [Kadian] has in alleviating pain, taken together with any drug-related side effects patients may experience . . . results in any overall positive impact on a patient’s work, physical and mental functioning, daily activities, or enjoyment of life.” And in 2008, regulators sent a warning letter to an opioid manufacturer, making it clear “that [the claim that] patients who are treated with the drug experience an improvement in their overall function, social function, and ability to perform daily activities . . . has not been demonstrated by substantial evidence or substantial clinical experience.”

181. The Manufacturer Defendants also falsely and misleadingly emphasized or exaggerated the risks of competing products like NSAIDs, so that prescribing clinicians and patients would look to opioids first for the treatment of chronic pain. For example, the Manufacturer Defendants, before and after May 21, 2011, have overstated the number of deaths from NSAIDS and have prominently featured the risks of NSAIDS, while minimizing or failing to mention the serious risks of opioids. Once again, based on the scientific evidence, these misrepresentations by the Manufacturer Defendants contravene widely accepted clinical guidelines for opioid therapy as well as pronouncements by and guidance from regulators. Indeed, the labels for ER/LA opioids in 2013 and IR opioids in 2016 were changed to state that opioids should only be used as a last resort “in patients for which alternative treatment options” like non-opioid drugs “are inadequate.” And widely accepted clinical guidelines for opioid therapy state that NSAIDs, not opioids, should be the first-line treatment for chronic pain, particularly arthritis and lower back pain.

8. The Manufacturer Defendants Also Engaged in Other Unlawful and Unfair Misconduct

182. Since at least 2010, Purdue’s sales representatives have pressed doctors to prescribe its opioids in order to be rewarded with talks paid by Purdue.

1 183. Although regulators have repeatedly informed Purdue about its legal “obligation
2 to design and operate a system to disclose . . . suspicious orders of controlled substances” and
3 to inform regulators “of suspicious orders when discovered,” Purdue also unlawfully and
4 unfairly failed to report or address illicit and unlawful prescribing of its drugs after 2010,
5 despite knowing about it for years.

6 184. For over a decade, Purdue has been able to track the distribution and prescribing
7 of its opioids down to the retail and prescriber levels. Through its extensive network of sales
8 representatives, Purdue had and continues to have knowledge of the prescribing practices of
9 thousands of doctors in Arizona and could identify Arizona doctors and other prescribing
10 clinicians who displayed red flags. Using this information, Purdue has maintained a database
11 since 2002 of prescribing clinicians suspected of inappropriately prescribing its drugs. Rather
12 than report these clinicians to regulators such as state medical boards or law enforcement
13 authorities (as Purdue is legally obligated to do) or cease marketing to them, Purdue used the
14 list to demonstrate the high rate of diversion of OxyContin—the same OxyContin that Purdue
15 had promoted as less addictive—in order to persuade regulators to bar the manufacture and
16 sale of generic copies of the drug because the drug was too likely to be abused.

17 185. In an interview with the Los Angeles Times, Purdue’s senior compliance officer
18 acknowledged that in five years of investigating suspicious pharmacies, Purdue failed to take
19 action—even where Purdue employees personally witnessed the diversion of its drugs. The
20 same was true of prescribers; despite Purdue’s knowledge of illegal prescribing, Purdue did
21 not report until after law enforcement shut down clinics that overprescribed OxyContin tablets
22 and that Purdue’s district manager described internally as “an organized drug ring.” In doing
23 so, Purdue protected its own profits at the expense of public health and safety.

24 186. This misconduct by Purdue is ongoing. In 2016, the NY AG found that,
25 between January 1, 2008 and March 7, 2015, Purdue’s sales representatives, at various times,
26 failed to timely report suspicious prescribing and continued to detail those prescribers even
27 after they were placed on a “no-call” list.

28 187. As Dr. Mitchell Katz, director of the Los Angeles County Department of Health

1 Services, said in a Los Angeles Times article, “Any drug company that has information about
2 physicians potentially engaged in illegal prescribing or prescribing that is endangering
3 people’s lives has a responsibility to report it.” The NY AG’s settlement with Purdue
4 specifically cited the company for failing to adequately address suspicious prescribing. Yet,
5 on information and belief, Purdue continues to profit from the prescriptions of such prolific
6 prescribers in Arizona, including in Pinal County.

7 188. Like Purdue, Defendant Endo has been cited for its failure to set up an effective
8 system for identifying and reporting suspicious prescribing. In its settlement agreement with
9 Endo, the NY AG found that Endo failed to require sales representatives to report signs of
10 abuse, diversion, and inappropriate prescribing; paid bonuses to sales representatives for
11 detailing prescribers who were subsequently arrested or convicted for illegal prescribing; and
12 failed to prevent sales representatives from visiting prescribers whose suspicious conduct had
13 caused them to be placed on a no-call list. The NY AG also found that, in certain cases where
14 Endo’s sales representatives detailed prescribers who were convicted of illegal prescribing of
15 opioids after May 21, 2011, those representatives could have recognized potential signs of
16 diversion and reported those prescribers but failed to do so.

17 **F. Although the Manufacturer Defendants Knew That Their Marketing of**
18 **Opioids Was False and Misleading, They Fraudulently Concealed Their**
19 **Misconduct**

20 189. The Manufacturer Defendants, both individually and collectively, made,
21 promoted, and profited from their misrepresentations about the risks and benefits of opioids
22 for chronic pain even though they knew that their misrepresentations were false and
23 misleading. The history of opioids, as well as research and clinical experience over the last 20
24 years, established that opioids were highly addictive and responsible for a long list of very
25 serious adverse outcomes. Regulators warned the Manufacturer Defendants of this, and
26 Purdue entered into settlements in the hundreds of millions of dollars to address similar
27 misconduct that occurred before 2008. The Manufacturer Defendants had access to scientific
28 studies, detailed prescription data, and reports of adverse events, including reports of

1 addiction, hospitalization, and deaths—all of which made clear the harms from long-term
2 opioid use and that patients are suffering from addiction, overdoses, and death in alarming
3 numbers. More recently, regulators have issued pronouncements based on the medical
4 evidence that conclusively expose the known falsity of the Manufacturer Defendants’
5 misrepresentations, and Endo and Purdue have recently entered agreements prohibiting them
6 from making some of the same misrepresentations described in this Complaint in New York.

7 190. Moreover, at all times relevant to this Complaint, the Manufacturer Defendants
8 took steps to avoid detection of and to fraudulently conceal their deceptive marketing and
9 unlawful, unfair, and fraudulent conduct. For example, the Manufacturer Defendants
10 disguised their own role in the deceptive marketing of chronic opioid therapy by funding and
11 working through third parties like Front Groups and KOLs. The Manufacturer Defendants
12 purposefully hid behind the assumed credibility of these individuals and organizations and
13 relied on them to vouch for the accuracy and integrity of the Manufacturer Defendants’ false
14 and misleading statements about the risks and benefits of long-term opioid use for chronic
15 pain.

16 191. The Manufacturer Defendants also never disclosed their role in shaping, editing,
17 and approving the content of information and materials disseminated by these third parties
18 The Manufacturer Defendants exerted considerable influence on these promotional and
19 “educational” materials in emails, correspondence, and meetings with KOLs, Front Groups,
20 and public relations companies that were not, and have not yet become, public. For example,
21 painknowledge.org, which is run by the NIPC, did not disclose Endo’s involvement. Other
22 Manufacturer Defendants, such as Purdue and Janssen, ran similar websites that masked their
23 own direct role.

24 192. Finally, the Manufacturer Defendants manipulated their promotional materials
25 and the scientific literature to make it appear that these items were accurate, truthful, and
26 supported by objective evidence when they were not. The Manufacturer Defendants distorted
27 the meaning or import of studies they cited and offered them as evidence for propositions the
28 studies did not support. The lack of support for the Manufacturer Defendants’ deceptive

1 messages was not apparent to medical professionals who relied upon them in making
2 treatment decisions, nor could it have been detected by Plaintiff.

3 193. Thus, the Manufacturer Defendants successfully concealed from the medical
4 community, patients, and health care payors facts sufficient to arouse suspicion of the claims
5 that Plaintiff now asserts. Plaintiff did not know of the existence or scope of the Manufacturer
6 Defendants' industry-wide fraud and could not have acquired such knowledge earlier through
7 the exercise of reasonable diligence.

8 194. As detailed in allegations below, the Sacklers were intimately aware of the
9 potential liabilities against the Purdue entities because the Sacklers controlled the companies.
10 The Sacklers personally participated in the misconduct or at least acquiesced to the
11 misconduct by way of their knowledge of the wrongful acts combined with their failure to act.
12 The Sacklers also performed multiple fraudulent transfers of billions of dollars to enrich
13 themselves while leaving the Purdue entities hopelessly undercapitalized if ever forced to pay
14 for the injuries they had caused.

15 **G. By Knowingly Causing an Explosion in Opioid Prescribing, Use, Misuse,**
16 **Abuse, and Addiction Through Their Deceptive Marketing Schemes and**
17 **Unlawful and Unfair Business Practices, Each Manufacturer Defendant**
18 **Has Created or Assisted in the Creation of a Public Nuisance in Pinal**
19 **County**

20 **1. The Manufacturer Defendants' Deceptive Marketing Scheme Has**
21 **Caused and Continues to Cause a Huge Increase in Opioid**
22 **Prescriptions and Use in Pinal County**

23 195. The Manufacturer Defendants' misrepresentations deceived and continue to
24 deceive doctors and patients in Pinal County about the risks and benefits of long-term opioid
25 use. Studies also reveal that some doctors and many patients are not aware of or do not
26 understand these risks and benefits. Indeed, patients often report that they were not warned
27 they might become addicted to opioids prescribed to them. As reported in January 2016, a
28 2015 survey of more than 1,000 opioid patients found that 4 out of 10 were not told opioids

1 were potentially addictive. Indeed, Arizona residents in treatment for opioid addiction,
2 including citizens of Pinal County, confirm that they were never told that they might become
3 addicted to opioids when they started taking them, were told that they could easily stop using
4 opioids, or were told that the opioids they were prescribed were less addictive than other
5 opioids.

6 196. The Manufacturer Defendants knew and should have known that their
7 misrepresentations about the risks and benefits of long-term opioid use were false and
8 misleading when they made them.

9 197. The Manufacturer Defendants' deceptive marketing scheme and their unlawful
10 and unfair business practices caused and continue to cause doctors and other clinicians in
11 Pinal County to prescribe opioids for chronic pain conditions such as back pain, headaches,
12 arthritis, and fibromyalgia. Absent the Manufacturer Defendants' deceptive marketing
13 scheme and their unlawful and unfair business practices, these doctors would not have
14 prescribed as many opioids to as many patients, and there would not have been as many
15 opioids available for misuse and abuse or as much demand for those opioids.

16 198. The Manufacturer Defendants' deceptive marketing scheme and their unlawful
17 and unfair business practices also caused and continue to cause patients in Arizona, including
18 patients in Pinal County, to purchase and use opioids for their chronic pain believing they are
19 safe and effective. Absent Defendants' deceptive marketing scheme, fewer patients would be
20 using opioids long-term to treat chronic pain, and those patients using opioids would be using
21 less of them. The Manufacturer Defendants' deceptive marketing and their unlawful and
22 unfair business practices have caused and continue to cause the prescribing and use of opioids
23 to explode in Pinal County.

24 199. In Pinal County, the Manufacturer Defendants' deceptive marketing of the
25 abuse-deterrent properties of their opioids during the past few years has been particularly
26 effective. For example, one survey reports that pain specialists were more likely to recognize
27 that OxyContin had abuse deterrent properties and to prescribe OxyContin specifically
28 because of those properties. Further, prescribers who knew of OxyContin's abuse deterrent

1 properties were using more of it than those who did not know it was an AD opioid. Although
2 sales of AD opioids still represent only a small fraction of opioids sold (less than 5% of all
3 opioids sold in 2015), they represent a disproportionate share of opioid sales revenue (\$2.4
4 billion or approximately 25% in opioid sales revenue in 2015).

5 200. The dramatic increase in opioid prescriptions and use corresponds with the
6 dramatic increase in the Manufacturer Defendants' spending on their deceptive marketing
7 scheme. The Manufacturer Defendants' spending on opioid marketing totaled approximately
8 \$91 million in 2000. By 2011, that spending had tripled to \$288 million.

9 **2. By Causing an Explosion in Opioid Prescriptions and Use, the**
10 **Manufacturer Defendants Have Created or Assisted in the Creation**
11 **of a Public Nuisance in Pinal County**

12 201. The escalating number of opioid prescriptions written by doctors who were
13 deceived by the Manufacturer Defendants' deceptive marketing scheme is the cause of a
14 correspondingly dramatic increase in opioid addiction, overdose, and death throughout the
15 U.S. and Arizona, including in Pinal County.

16 202. Representing the NIH's National Institute of Drug Abuse in hearings before the
17 Senate Caucus on International Narcotics Control in May 2014, Dr. Nora Volkow explained
18 that "aggressive marketing by pharmaceutical companies" is "likely to have contributed to the
19 severity of the current prescription drug abuse problem."

20 203. In August 2016, U.S. Surgeon General Vivek Murthy published an open letter to
21 be sent to physicians nationwide, enlisting their help in combating this "urgent health crisis"
22 and linking that crisis to deceptive marketing. He wrote that the push to aggressively treat
23 pain, and the "devastating" results that followed, had "coincided with heavy marketing to
24 doctors . . . [m]any of [whom] were even taught – incorrectly – that opioids are not addictive
25 when prescribed for legitimate pain."

26 204. Scientific evidence demonstrates a strong correlation between opioid
27 prescriptions and opioid abuse. A 2016 report explained that "[o]pioid pain reliever
28 prescribing has quadrupled since 1999 and has increased in parallel with [opioid] overdoses."

1 Patients receiving prescription opioids for chronic pain account for the majority of overdoses.
2 For these reasons, the report concluded that efforts to rein in the prescribing of opioids for
3 chronic pain are critical “to reverse the epidemic of opioid drug overdose deaths and prevent
4 opioid-related morbidity.”

5 205. Contrary to the Manufacturer Defendants’ misrepresentations, most opioid
6 addiction begins with legitimately prescribed opioids. In 2011, 71% of people who abused
7 prescription opioids got them through friends or relatives, not from pill mills, drug dealers or
8 the internet. Numerous prescribing clinicians and substance abuse counselors in Arizona note
9 that many of their patients who misuse or abuse opioids started with legitimate prescriptions,
10 confirming the important role that doctors’ prescribing habits have played in the opioid
11 epidemic.

12 206. As regulators observed in 2016, the opioid epidemic is getting worse, not better.
13 The overprescribing of opioids for chronic pain caused by the Manufacturer Defendants’
14 deceptive marketing scheme has also resulted in a dramatic rise in the number of infants in
15 Arizona who are born addicted to opioids due to prenatal exposure and suffer from neonatal
16 abstinence syndrome (“NAS”). These infants face painful withdrawal and may suffer long-
17 term neurologic and cognitive impacts.

18 207. The Manufacturer Defendants’ creation, through false and misleading
19 advertising and other unlawful and unfair conduct, of a virtually limitless opioid market has
20 significantly harmed Pinal County. The Manufacturer Defendants’ success in extending the
21 market for opioids to new patients and chronic pain conditions has created an abundance of
22 drugs available for non-medical and criminal use and fueled a new wave of addiction and
23 injury. It has been estimated that 60% of the opioids that are abused come, directly or
24 indirectly, through doctors and other prescribing clinicians’ prescriptions.

25 208. The rise in opioid addiction caused by the Manufacturer Defendants’ deceptive
26 marketing scheme has also resulted in an explosion in heroin use. Almost 80% of those who
27 used heroin in the past year previously abused prescription opioids.

28 209. Many patients who become addicted to opioids will lose their jobs. Some will

1 lose their homes and their families. Some will get treatment and fewer will successfully
2 complete it; many of those patients will relapse, returning to opioids or some other drug. Of
3 those who continue to take opioids, some will overdose—some fatally, some not. Others will
4 die prematurely from related causes—falling or getting into traffic accidents due to opioid-
5 induced somnolence; dying in their sleep from opioid-induced respiratory depression;
6 suffering assaults while engaging in illicit drug transactions; or dying from opioid-induced
7 heart or neurological disease.

8 210. Absent each Manufacturer Defendants’ deceptive marketing scheme and their
9 unlawful and unfair business practices, the public health crisis caused by opioid misuse, abuse,
10 and addiction in Pinal County, would have been averted or much less severe.

11 211. These harms in Pinal County, caused by the Manufacturer Defendants’
12 deceptive marketing schemes and unlawful and unfair business practices are a public nuisance
13 because they are “injurious to health” and interfere “with the comfortable enjoyment of life”
14 and “property,” and because they “affect[] at the same time” “entire communit[ies]” and
15 “neighborhoods” and “any considerable number of persons.” A.R.S. 13-2917(A).

16 **3. The Manufacturer Defendants Knew and Should Have Known That**
17 **Their Deceptive Marketing Schemes Would Create or Assist in the**
18 **Creation of This Public Nuisance in Pinal County**

19 212. The Manufacturer Defendants knew or should have known about these harms
20 that their deceptive marketing and unlawful and unfair business practices have caused and
21 continue to cause in Pinal County. The Manufacturer Defendants closely monitored their
22 sales and the habits of prescribing clinicians, including clinicians in Pinal County. Their sales
23 representatives, who visited clinicians and attended CMEs, knew which prescribers were
24 receiving their messages and how they were responding. The Manufacturer Defendants also
25 had access to and carefully watched government and other data that tracked the explosive rise
26 in opioid use, addiction, injury, and death. They knew—and, indeed, intended—that their
27 misrepresentations would persuade prescribing clinicians in Pinal County to prescribe, and
28 patients in Pinal County to use, their opioids for chronic pain.

4. The Manufacturer Defendants’ Conduct and Role in Creating or Assisting in the Creation of the Public Nuisance Is Not Excused by the Actions of any Third Parties

213. The Manufacturer Defendants’ actions are not permitted nor excused by the fact that their drug labels may have allowed or did not exclude the use of opioids for chronic pain. Approval of opioids for certain uses did not give the Manufacturer Defendants license to misrepresent the risks and benefits of opioids. Indeed, the Manufacturer Defendants’ misrepresentations were directly contrary to both clinical guidelines for opioid therapy as well as pronouncements by and guidance from regulators.

214. Nor is the Manufacturer Defendants’ causal role broken by the involvement of doctors and other prescribing clinicians. Defendants’ marketing efforts were ubiquitous and highly persuasive. Their deceptive messages tainted virtually every source prescribing clinicians could rely on for information and prevented them from making informed treatment decisions. The Manufacturer Defendants also were able to harness and hijack what these clinicians’ good intentions—namely, that opioids represented a means of relieving their patients’ suffering and of practicing medicine more compassionately.

H. The Manufacturer Defendants’ Fraudulent Marketing Has Led To Record Profits

215. While the use of opioids has taken an enormous toll on Pinal County and its citizens, the Manufacturer Defendants have realized blockbuster profits. In 2014 alone, opioids generated \$11 billion in revenue for drug companies like the Manufacturer Defendants. Indeed, financial information indicates that each Manufacturer Defendant experienced a material increase in sales, revenue, and profits from the false and misleading advertising and other unlawful and unfair conduct described above.

I. The Sacklers Led Purdue’s Misconduct

216. Arizona laws against both the creation of a public nuisance as well as unfair and deceptive conduct in commerce applies to individuals regardless of whether they are officers, directors, or employees. Holding individuals personally liable for their misconduct does not

1 require piercing a corporate veil. Individuals are personally liable if: (a) they participated in
2 the misconduct; or (b) they knew about the misconduct and failed to stop it; or (c) they should
3 have known about the misconduct and they failed to stop it.⁴¹ In this case, the Individual
4 Defendants made the decisions to break the law; they controlled the unfair and deceptive
5 conduct; and they personally collected many millions of dollars from the deception.

6 217. Each individual defendant knowingly and intentionally sent sales representatives
7 to promote opioids to prescribers in Arizona thousands of times.

8 218. Each individual defendant knew and intended that the sales reps in Arizona
9 would unfairly and deceptively promote opioid sales that are risky for patients, including by:

- 10 • falsely blaming the dangers of opioids on patients instead of the addictive drugs;
- 11 • pushing opioids for elderly patients, without disclosing the higher risks;
- 12 • pushing opioids for patients who had never taken them before, without disclosing
13 the higher risks;
- 14 • pushing opioids as substitutes for safer medications, with improper comparative
15 claims;
- 16 • falsely assuring prescribers and patients that reformulated OxyContin was safe;
- 17 • pushing prescribers and patients to use higher doses of opioids, without disclosing
18 the higher risks;
- 19 • pushing prescribers and patients to use opioids for longer periods of time, without
20 disclosing the higher risks; and
- 21 • pushing opioid prescriptions by doctors that Purdue knew were writing dangerous
22 prescriptions.

21 219. Each individual defendant knew and intended that the sales representatives
22 would not tell prescribers and patients in Arizona and Pinal County the truth about Purdue's
23 opioids. Indeed, they knew and intended these unfair and deceptive tactics to achieve their
24 purpose by concealing the truth.

25 220. Each individual defendant knew and intended that prescribers, pharmacists, and
26 patients in Arizona would rely on Purdue's deceptive sales campaign to prescribe, dispense,
27 and take Purdue opioids. Securing that reliance was the purpose of the sales campaign.

28 _____
⁴¹ See A.R.S. § 10-830.

221. Each individual defendant 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 across the State of Arizona as well as in Pinal County.

222. Each individual defendant knew and intended that staff reporting to them would reinforce these misleading acts through thousands of additional acts in Pinal County including by sending deceptive publications to Plaintiff's local prescribers and deceptively promoting Purdue opioids at Plaintiff's local healthcare facilities and other institutions.

223. Each individual defendant knew and intended that staff reporting to them would reinforce these misleading acts through thousands of additional acts in Arizona, including by sending deceptive publications to Arizona prescribers and deceptively promoting Purdue's opioids in Pinal County.

224. Each individual defendant knowingly and intentionally took money from Purdue's deceptive business in Arizona.

225. Each individual defendant knowingly and intentionally sought to conceal his or her misconduct.

1. Richard Sackler, Beverly Sackler, David Sackler, Ilene Sackler Lefcourt, Jonathan Sackler, Kathe Sackler, Mortimer Sackler, and Theresa Sackler

226. The opioid epidemic can be largely traced back to eight people in a single family—the Sacklers—who made decisions for their own pecuniary benefit that caused much of the opioid epidemic. The Sackler family owns Purdue, and have always held a majority of the seats on its Board. They controlled their own privately held drug company, and as a result, the Sacklers had the power to decide how their addictive narcotics were sold. They hired hundreds of workers to carry out their plan, and they fired those who failed to sell enough drugs. They got more patients on opioids, at higher doses, and for longer, than ever before. And to reward themselves, they paid themselves billions of dollars. They should be held accountable now.

2. The Sacklers' Misconduct Leading To The 2007 Judgment

227. The misconduct of Richard, Beverly, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler was neither new, nor accidental. Indeed, it was particularly unfair, deceptive, unreasonable, and unlawful because they already had been given a second chance. From the 1990s until 2007, they presided over a decade of illegal and immoral conduct, which led to criminal convictions, a judgment of this Court, and commitments that Purdue would not deceive doctors and patients again. That background confirms that their subsequent and sustained misconduct was knowing and intentional.

228. Purdue Frederick Company, the Sacklers' first drug company, was purchased by them in 1952. In 1990, they created Purdue Pharma Inc. and Purdue Pharma L.P. Richard, Beverly, Ilene, Jonathan, Kathe, Mortimer, and Theresa Sackler took seats on the Board.⁴² For events before July 2012, this Complaint uses "the Sacklers" to refer to them. David Sackler joined the Board in July 2012. From that time forward, "the Sacklers" includes him as well.

229. The Sacklers insisted that the family control Purdue at all times. From 1990 until today, the family has consistently 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."

230. Purdue launched OxyContin in 1996. It quickly earned the superlative "honor" of becoming one of the deadliest drugs of all time. One scientist, Curtis Wright, who evaluated OxyContin wrote in his original review, admonished Purdue that "Care should be taken to limit competitive promotion."⁴³ The Sacklers disagreed.

231. The Sacklers were—and have always been—behind Purdue's decision to

⁴² Purdue Pharma Inc.'s 1991 filings with the Secretary of State of Connecticut state that it was incorporated in New York on October 2, 1990. Richard, Ilene, Jonathan, and Kathe Sackler are all listed as directors on the earliest (1991) report. Beverly, Mortimer, and Theresa all appear on the 1995 report. (See Office of Secretary of State Denise W. Merrill, <https://www.concord-sots.ct.gov/CONCORD/online?sn=PublicInquiry&eid=9740>.)

⁴³ Curtis Wright ultimately secured OxyContin's approval for widespread use. Shortly afterward, Curtis Wright left his government position and joined Purdue within two years of his departure.

1 deceive doctors and patients about the risks and benefits of Purdue’s opioids. In 1997,
2 Richard Sackler, Kathe Sackler, and other Purdue executives determined that doctors had the
3 beneficial but crucial misconception that OxyContin was weaker than morphine, which led
4 them to prescribe OxyContin much more often, even as a substitute for Tylenol. The truth
5 was that OxyContin is more potent than morphine. Richard directed Purdue staff not to tell
6 doctors the truth, because the truth would reduce OxyContin sales.

7 232. In 1999, Richard Sackler became the President of Purdue. Jonathan, Kathe, and
8 Mortimer were Vice Presidents. The company hired hundreds of sales representatives and
9 taught them all the false claims they would need to sell drugs. Purdue managers tested the
10 sales representatives on the most important false statements during training at company
11 headquarters. In February of 2001, a federal prosecutor reported 59 deaths from OxyContin in
12 a single state. Meanwhile, Richard Sackler came up with Purdue’s grand plan for the
13 onslaught of negative publicity for his massive money-maker: blame and stigmatize people
14 who become addicted to opioids. Sackler wrote, “We have to hammer on the abusers in every
15 way possible. They are the culprits and the problem. They are reckless criminals.”

16 233. The Sacklers delighted in their success by landing on the front page of the *New*
17 *York Times* which reported that “OxyContin’s sales have hit \$1 billion, more than even
18 Viagra’s.” The only dark spot? The article reported that “OxyContin has been a factor in the
19 deaths of at least 120 people, and medical examiners are still counting.”⁴⁴

20 234. When *Time* magazine published an article about OxyContin deaths, Purdue
21 employees told Richard Sackler they were worried. Richard responded with his thematic
22 message to the staff: *Time*’s coverage of people who lost their lives to OxyContin was not
23 “balanced,” and the deaths were the fault of “the drug addicts,” instead of Purdue. “We intend
24 to stay the course and speak out for people in pain—who far outnumber the drug addicts
25 abusing our product.”

26 _____
27 ⁴⁴ Meier, Barry, *Sales of Painkiller Grew Rapidly, But Success Brought a High Cost* (Mar. 5,
28 2001) <https://www.nytimes.com/2001/03/05/business/sales-of-painkiller-grew-rapidly-but-success-brought-a-high-cost.html>.

235. Meanwhile, Purdue kept pushing opioids and people kept dying. Soon, the company was engulfed in a wave of investigations by state attorneys general and regulators. In 2003, Richard Sackler left his position as President of Purdue. After a few more years of investigation, Jonathan, Kathe, and Mortimer Sackler resigned from their positions as Vice Presidents. But those resignations were superficial. The Sacklers remained in control of the company and continued to direct Purdue's deceptive marketing campaign.

236. By 2006, prosecutors found damning evidence that Purdue intentionally deceived doctors and patients about its opioids. In May 2007, The Purdue Frederick Company confessed to a felony and effectively went out of business. However, the Sacklers continued their opioid business in two other companies: Purdue Pharma Inc. and Purdue Pharma L.P.

237. The Sacklers voted to admit in an Agreed Statement of Facts that, for more than six years, supervisors and employees *intentionally* used to deceive doctors about OxyContin: "Beginning on or about December 12, 1995, and continuing until on or about June 30, 2000, 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."⁴⁵

238. The Sacklers entered into a plea agreement that stated: "Purdue is pleading guilty as described above because Purdue is in fact guilty."⁴⁶ Those intentional violations of the law happened while Richard Sackler was President; Jonathan, Kathe, and Mortimer were Vice Presidents; and Richard, Jonathan, Kathe, Mortimer, Ilene, Beverly, and Theresa Sackler were all on the Board. 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. As part of the agreement, the family promised to comply with rules that prohibit deception about Purdue opioids. They were required to complete hours of training to ensure that they understood the rules. They were

⁴⁵ See, e.g., Attachment B to Plea Agreement in *United States v. The Purdue Frederick Co., Inc.*, Case No. 1:07-cr-00029-JPJ: Purdue Agreed Statement of Facts, ("PASF") at ¶ 20.

⁴⁶ 2007-05-09 Plea Agreement. <https://www.ctnewsjunkie.com/upload/2016/02/usdoj-purdue->

1 required to report any deception. Richard, Beverly, Ilene, Jonathan, Kathe, Mortimer, and
2 Theresa Sackler each certified in writing to the government that he or she had read and
3 understood the rules and would obey them.⁴⁷

4 239. Finally, the Sacklers voted to enter into a Consent Judgment (“2007 Judgment”).
5 The 2007 Judgment ordered that Purdue “shall not make any written or oral claim that is false,
6 misleading, or deceptive” in the promotion or marketing of OxyContin. The judgment further
7 required that Purdue provide balance regarding risks and benefits in all promotion of
8 OxyContin. That judgment required balance in presentation of the risks of taking higher doses
9 for longer periods and the risks of addiction, overdose, and death.⁴⁸

10 240. The 2007 Judgment also required that Purdue establish and follow an abuse and
11 diversion detection program to identify high-prescribing doctors who show signs of
12 inappropriate prescribing, stop promoting drugs to them, and report them to the authorities:

13 “Upon identification of potential abuse or diversion,” Purdue
14 must conduct an inquiry and take appropriate action, “which may
15 include ceasing to promote Purdue products to the particular
16 Health Care Professional, providing further education to the
Health Care Professional about appropriate use of opioids, or
providing notice of such potential abuse or diversion to
appropriate medical, regulatory or law enforcement authorities.”⁴⁹

17 241. The 2007 Judgment and related agreements should have ended the Sacklers’
18 misconduct for good. Instead, the Sacklers decided to expand their deceptive sales campaign
19 to make more money from more patients on more dangerous doses of opioids.

20 3. The Sacklers Continue Their Misconduct from The 2007 Judgment

21 242. From the 2007 Judgment to 2018, the Sackler family controlled Purdue’s
22 deceptive sales campaign. They directed the company to hire hundreds more sales
23 representatives to visit doctors thousands more times than they otherwise could. They insisted

24 _____
25 [guilty-plea-5-10-2007.pdf](#).

26 ⁴⁷ 2007-05-09 Plea Agreement. [https://www.ctnewsjunkie.com/upload/2016/02/usdoj-
purdue-guilty-plea-5-10-2007.pdf](https://www.ctnewsjunkie.com/upload/2016/02/usdoj-purdue-guilty-plea-5-10-2007.pdf).

27 ⁴⁸ 2007-05-15 Consent Judgment, *Commonwealth v. Purdue Pharma L.P. et al.*, No. 07-
1967(B), Mass. Super. Ct.

28 ⁴⁹ *Id.*

1 that sales representatives repeatedly visit the most prolific prescribers. They directed
2 representatives to encourage doctors to prescribe more of the highest doses of opioids. They
3 studied and adopted unlawful tactics to keep patients on opioids longer and then ordered staff
4 to use them. They asked for detailed reports about doctors suspected of misconduct, how
5 much money Purdue made from them, and how few of them Purdue had reported to the
6 authorities. The family was well informed: They sometimes demanded more detail than
7 anyone else in the entire company, so staff had to create special reports just for them. Richard
8 Sackler even went into the field to promote opioids to doctors and supervise representatives
9 face-to-face.

10 243. The Sacklers' iron rule impacted everyone in the company from the top down.
11 When they berated sales managers, the managers turned around and passed angry messages to
12 the sales representatives in the field. When Richard Sackler complained to sales managers,
13 sales managers threatened their sales representatives with termination.

14 244. In July 2007, staff informed the Sacklers that more than 5,000 cases of "adverse
15 events" had been reported to Purdue in just the first three months of 2007. Staff also told the
16 Sacklers that Purdue received 572 "Reports of Concern" about abuse and diversion of Purdue
17 opioids during Q2 2007. Shockingly, staff reported to the Sacklers that they completed only
18 21 field inquiries in response to these reports. Staff also told the Sacklers that they received
19 more than 100 calls to Purdue's compliance hotline during the quarter, which was a
20 "significant increase," but Purdue did not report any of the hotline calls or Reports of Concern
21 to regulators or law enforcement authorities.

22 245. Purdue's intentional failure to report abuse and diversion continued unabated,
23 even though the 2007 Judgment required Purdue to report "potential abuse or diversion to
24 appropriate medical, regulatory or law enforcement authorities." Instead of reporting
25 dangerous prescribers, or even directing sales representatives to stop visiting them, the
26 Sacklers chose to keep pushing opioids to whoever prescribed the most.

27 246. The Sacklers were further aware that Purdue staff members continued to mail
28 out thousands of deceptive marketing materials. The single most-distributed material was

1 volume #1 of Purdue’s “*Focused and Customized Education Topic Selections in Pain*
2 *Management*” (“FACETS”). In FACETS, Purdue falsely instructed doctors and patients that
3 physical dependence on opioids is not dangerous and instead improves patients’ “quality of
4 life.” In the same material, Purdue also falsely told doctors and patients that signs of addiction
5 are actually “pseudoaddiction,” and that doctors should respond by prescribing more opioids.
6 Staff told the Sacklers that another of the publications they had sent most often to doctors was
7 “*Complexities in Caring for People in Pain.*” In it, Purdue again reiterated the false claim
8 that warning signs of addiction are really “pseudoaddiction” that should be treated in the worst
9 way possible: with more opioids.

10 247. At the same time, Purdue was making more money than expected. A few
11 months earlier, there had been a projected a profit of \$407,000,000; now it expected more than
12 \$600,000,000. The Sacklers had every reason to know that Purdue employed 301 sales
13 representatives to promote opioids and that sales representatives were the largest group of
14 Purdue employees by far. In comparison, Purdue employed only 34 people in drug discovery.

15 248. As a result of Purdue’s overwhelming number of sales representatives—which
16 varied from a low of 300 reps in mid-2007 to a peak of over 700 representatives in 2015—the
17 impact of Purdue on Arizona and Pinal County was significant and direct—from the 2007
18 felony conviction to 2018, Purdue sales representatives visited Plaintiff’s local prescribers
19 regularly.

20 249. In August of 2007, Howard Udell was serving as Purdue’s top lawyer, even after
21 his 2007 criminal conviction for assisting Purdue in misleading doctors and patients by
22 claiming that OxyContin was less prone to abuse than similar drugs. He warned the Sacklers
23 about the negative press OxyContin was receiving.

24 250. In October of 2007, the Sacklers learned that Purdue received 284 Reports of
25 Concern about abuse and diversion of Purdue’s opioids in Q3 2007, and they conducted only
26 46 field inquiries in response. Moreover, they received 39 tips to Purdue’s compliance hotline
27 during the quarter, but Purdue did not report any of them to the authorities.

28 251. By late 2007, Purdue expected to collect more than half its total revenue from

1 sales of 80mg OxyContin—its most powerful, most profitable, and most addictive pill.

2 252. In January 2008, the Sacklers had every reason to know that Purdue still
3 employed 304 sales representatives and they were succeeding at the goal of promoting higher
4 doses of opioids. Purdue’s net sales were just over \$1 billion in 2007, almost double what the
5 company had projected. OxyContin accounted for more than 90% of those sales.

6 253. Purdue received 689 Reports of Concern about abuse and diversion of Purdue’s
7 opioids in Q4 2007, and they conducted only 21 field inquiries in response. Purdue received
8 83 tips to Purdue’s compliance hotline during the quarter, but Purdue did not report any of
9 them to the authorities. The Sacklers did nothing to comply with their obligations.

10 254. Instead of complying with their legal obligations, the Sacklers wanted more
11 details on tactics for pushing sales, including the distribution and use of savings cards for
12 Purdue opioids.

13 255. The Sacklers made it a point to become personally involved in various decision-
14 making process of the company, ranging from selling opioids door-to-door and arranging in-
15 person visits to doctor’s offices and hospitals, to pressuring Purdue’s sales forces to increase
16 orders—whatever the cost.

17 256. The Sacklers also ensured that their top-performing sales representatives were
18 rewarded. For example, top sales representatives were rewarded with bonuses and lavish, all-
19 expense-paid vacations to tropical islands, hoping all the while that Purdue’s relatively less
20 productive sales representatives would hone in on the perks of increasing their sales, and
21 ignore the clear risks of pushing higher doses of Purdue’s opioids on vulnerable patients.

22 257. By 2008, Purdue was working on a crush-proof reformulation of OxyContin to
23 extend Purdue’s patent monopoly. The Sacklers learned that another company was planning
24 clinical research to test whether crush-proof opioids were actually safer for patients. The
25 Sacklers decided not to do the research because they wanted the profits from a new product.

26 258. In March of 2008, Richard Sackler focused on Purdue’s strategy for selling more
27 OxyContin. In response to clear indications that Purdue’s VP of Sales, Russell Gasdia, had
28 doubts about the company’s increasingly aggressive sales tactics, Richard Sackler

1 immediately ramped up the pressure, both pushing staff to sell more of the highest doses of
2 opioids and get more pills in each prescription, as well as seeking to identify tactics for
3 exceeding prior sales numbers. Under Sackler's direction, Purdue began preparing plans for
4 how adding sales representatives, opioid savings cards, and promoting more intermediate
5 doses of OxyContin could help increase sales.

6 259. Staff told these Sacklers that they would use opioid savings cards to meet the
7 challenge of keeping OxyContin scripts at the same level in 2008 as in 2007.

8 260. In April of 2008, staff told the Sacklers that Purdue employed 304 sales
9 representatives and that the representatives had obtained data showing which pharmacies
10 stocked higher strengths of OxyContin, which helped them convince area doctors to prescribe
11 the highest doses. At that time, the Sacklers learned that Purdue received 853 Reports of
12 Concern about abuse and diversion of Purdue opioids in Q1 2008, and they had conducted
13 only 17 field inquiries in response. Staff also reported to the Sacklers that they received 83
14 tips to Purdue's compliance hotline during the quarter, but did not report any of them to the
15 authorities.

16 261. On April 18, 2008, Richard Sackler felt it important to install a CEO who would
17 be loyal to the family. He recommended John Stewart the position because of his loyalty.
18 Richard also proposed that the family should either sell Purdue in 2008 or, if they could not
19 find a buyer, milk the profits out of the business and "distribute more free cash flow" to
20 themselves.

21 262. When the Sacklers directed Purdue to pay their family, they knew and intended
22 that they were paying themselves from opioid sales in Arizona. Purdue and the Sacklers
23 tracked revenue and staff reported to the Sacklers that prescriptions of Purdue's highest doses
24 provided seven-figure revenues per year and represented a significant percentage of Purdue's
25 overall revenues from high-dose opioids.

26 263. In May of 2008, the Sacklers received more ideas from Purdue staff about ways
27 to promote Purdue's opioids. One strategy that particularly pleased the Sacklers was to deflect
28 blame from Purdue's addictive drugs by stigmatizing people who become addicted. "KEY

1 MESSAGES THAT WORK” included this dangerous lie: “It’s not addiction, it’s abuse. It’s
2 about personal responsibility.” This blame-the-victim, not-the-culprit approach has
3 characterized the Sacklers’ response to the opioid crisis they helped create.

4 264. Meanwhile, Richard Sackler pushed Purdue’s opioid savings cards. 67,951
5 patients had used Purdue’s opioid savings cards, and that the cards provided a discount on a
6 patient’s first five prescriptions. Predictably, after five prescriptions, many patients would
7 face significant withdrawal symptoms if they tried to stop taking opioids. 27% of patients
8 (more than 18,000 people) had used the cards for all five prescriptions.

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

15 266. Staff also told the Sacklers that they promoted Purdue’s opioids in various
16 presentations, which echoed the company’s messaging from presentations such as “*The*
17 *Assessment and Management of Chronic Pain with an Emphasis on the Appropriate Use of*
18 *Opioid Analgesics*” and “*The Role of Urine Drug and other Biofluid Assays in Pain*
19 *Management.*” Through these presentations, the Sacklers intentionally ensured that a
20 dangerous (and false) message would be disseminated to Arizona doctors and elsewhere—*i.e.*,
21 Purdue’s opioids were the best way to manage chronic pain and that urine tests protected
22 patients from addiction were both part of Purdue’s unfair and deceptive scheme.

23 267. In October of 2008, surveillance data monitored by Purdue indicated a “wide
24 geographic dispersion” of abuse and diversion of OxyContin “throughout the United States.”
25 The Sacklers learned that “availability of the product” and “prescribing practices” were key
26 factors driving abuse and diversion of OxyContin. On the same day, Purdue had begun a new
27 “Toppers Club sales contest” for sales representatives to win bonuses, based on how much a
28 representative increased OxyContin use in her territory and how much the representative

1 increased the broader prescribing of opioids—the same “availability of product” and
2 “prescribing practices” factors that worsen the risk of diversion and abuse. Purdue also knew
3 it received 163 tips to Purdue’s compliance hotline during Q3 2008, but did not report any of
4 them to the authorities.

5 268. To the contrary, the Sacklers’ decided to expand Purdue’s sales forces, which
6 effectively increased both the number of in-person visits to Arizona prescribers, as well as the
7 disastrous consequences that would follow.

8 269. The Sacklers wanted to hire a new staff member who would contact prescribers
9 electronically and would promote Purdue opioids through the deceptive website *Partners*
10 *Against Pain*.

11 270. Purdue received 122 tips to Purdue’s compliance hotline during the first quarter
12 of 2009, one of which was from an outside monitor. The Sacklers did nothing to stop the
13 compliance problems, including the improper use of OxyContin marketing materials and
14 opioid savings cards.

15 271. In addition to disregarding non-compliance, the Sacklers further instructed
16 Purdue management to disregard supervision requirements under federal law mandating
17 that—in order to mitigate the high risk of misconduct by sales representatives—Purdue
18 managers needed to supervise sales representatives in-person at least five days each year.⁵⁰

19 272. Still, the Sacklers and Purdue created new sales territories and expanded sales
20 staff. The expansion was focused on the most prolific opioid prescribers, because “there are a
21 significant number of the top prescribers” that Purdue had not been able to visit with its
22 smaller force of sales reps.

23 273. By July of 2009, Purdue employed 429 sales reps. Richard Sackler was not
24 satisfied with that number, wanting more.

25 274. By August of 2009, the 80mg OxyContin pill was far-and-away Purdue’s best
26 performing drug. Purdue sold many more kilograms of active ingredient in the 80mg dose

27 _____
28 ⁵⁰ Purdue Corporate Integrity Agreement section III.K., p. 23-24 (May 8, 2007),
<http://www.pharmacomplianceforum.org/docs/resources/PurdueCIA.pdf>.

1 than any other dose (about 1,000 kilograms: literally a ton of oxycodone).

2 275. Purdue and the Sacklers reviewed their newest OxyContin sales campaign, with
3 the slogan: *Options*. The *Options* campaign exemplified the strategy that Purdue would
4 follow for years to come—pushing doctors and patients up the ladder to higher doses. To
5 make it easy for sales representatives to promote higher doses, suggesting that doctors could
6 or should adjust the patient’s dose as frequently as every one-to-two days. They planned to
7 advertise the *Options* campaign in medical journals reaching 245,000 doctors.

8 276. By 2009, more than 160,000 patients had used Purdue’s opioid savings cards,
9 more than doubling the result reported to the Sacklers the summer before. Purdue and the
10 Sacklers also decided to advertise OxyContin using a special television network and that
11 thousands of doctors would be given free digital video recorders for their home televisions, in
12 exchange for watching advertisements for drugs.

13 277. As set forth throughout this Complaint, the Sackler Defendants paved the way
14 for the opioid epidemic in Pinal County by organizing and ensuring the execution of an
15 intentional, underhanded strategy to combine strong-arm sales tactics with misrepresentation
16 about the benefits and risks of Purdue’s opioids, and to debase and defame Purdue’s victims.
17 The Sacklers accomplished their goal through not only their individual and combined actions,
18 but also through the actions of their executive-agents, including Peter Boer, Judith Lewent,
19 Cecil Pickett, Paulo Costa, Ralph Snyderman, John Stewart, Russel Gasdia, Mark Timney and
20 Craig Landau. And they did so while making themselves extraordinarily wealthy. Ultimately,
21 a single family, the Sacklers, drove much of the opioid epidemic, at the expense of Pinal,
22 Arizona, as well as the entire nation.

23 **J. John Kapoor and Michael Babich Led Insys’s Misconduct**

24 278. John Kapoor (“Kapoor”), the founder and majority owner of Insys, and Michael
25 Babich (“Babich”), the former CEO and President of Insys, led a nationwide conspiracy to
26 profit using bribes and fraud to cause the illegal distribution of Subsys.

27 279. Kapoor and Babich conspired to bribe practitioners in various states, including
28 in Arizona, many of whom operated pain clinics, in order to get them to prescribe Subsys. In

1 exchange for bribes and kickbacks, the practitioners wrote large numbers of prescriptions for
2 patients, many of whom were not diagnosed with cancer, and therefore did not need Subsys.

3 280. Kapoor and Babich also conspired to mislead and defraud health insurance
4 providers who were reluctant to approve payment for the drug when it was prescribed for non-
5 cancer patients. They achieved this goal by setting up a “reimbursement unit” which was
6 dedicated to obtaining prior authorization directly from insurers and pharmacy benefit
7 managers.

8 281. Kapoor and Babich fueled the opioid epidemic by paying doctors to needlessly
9 prescribe Subsys for patients who did not need it, and without complying with Arizona law,
10 thus putting patients at risk and contributing to the current opioid crisis. Kapoor and Babich
11 committed fraud, placing profit before patient safety, to sell a highly potent and addictive
12 opioid.

13 **K. Distributor Defendants’ Violation of Duty**

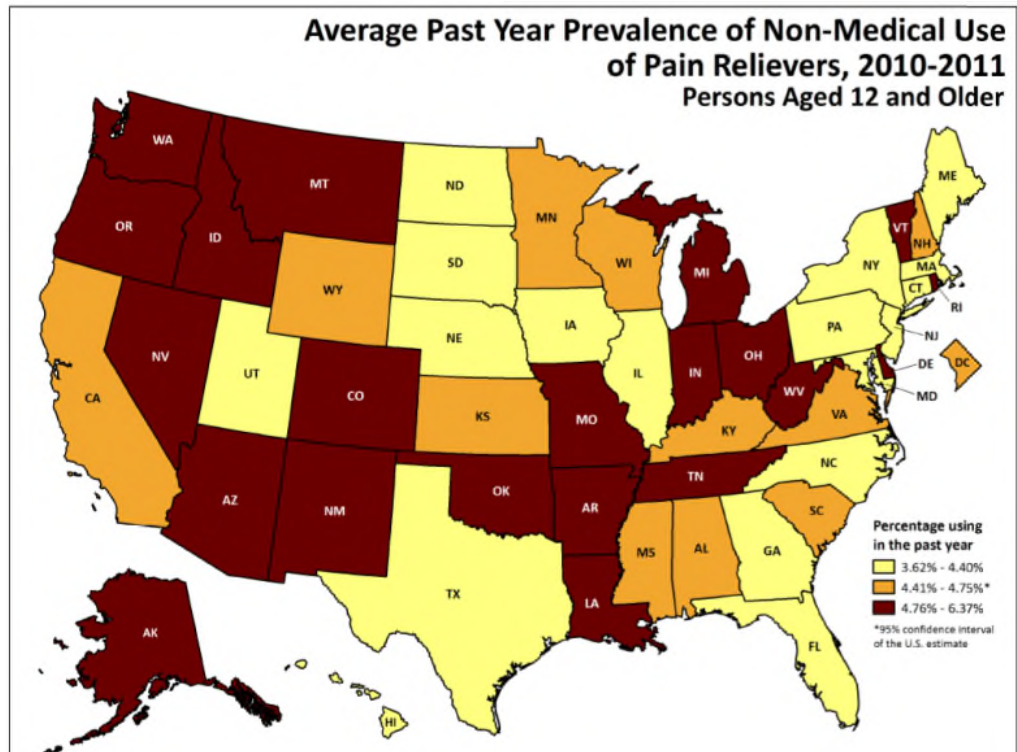
14 282. Distributor Defendants have a duty to exercise reasonable care under the
15 circumstances. This involves a duty not to create a foreseeable risk of harm to others.
16 Additionally, one who engages in affirmative conduct and thereafter realizes or should realize
17 that such conduct has created an unreasonable risk of harm to another is under a duty to
18 exercise reasonable care to prevent the threatened harm.

19 283. Specifically, under A.R.S. § 36-2523(A), all “[p]ersons registered to
20 manufacture, distribute or dispense controlled substances”—*i.e.*, “Registrants”—are obligated
21 to design and operate a system to disclose to the registrant suspicious orders of controlled
22 substances, especially opioids. Each of the Distributor Defendants is a registrant for purposes
23 of this section and, therefore, must satisfy certain reporting requirements of any and all
24 “suspicious orders.” Orders of controlled substances that are either unusual in size or
25 frequency, or otherwise substantially deviate from a normal pattern, qualify as “suspicious
26 orders.”

L. Distributor Defendants Knew or Should Have Known they Were Facilitating Widespread Opioid Diversion

284. Opioid diversion in the supply chain has always been a widespread problem and has been highly publicized. Numerous publications, studies and other materials promulgated by Arizona agencies and regulators as well as professional health organizations have highlighted the epidemic rate of opioid abuse and overdose rates in Pinal County, as well as throughout the United States.

285. Prescription drug abuse is one of the fastest-growing drug problems in the United States, particularly in Arizona. In 2010-2011, 4/76%-6.37% of Arizonans engaged in non-medical use of pain relievers.



286. To combat the problem of opioid diversion, regulators provided guidance to distributors on the requirements of suspicious order reporting in numerous venues, publications, documents, and final agency actions.

287. Since 2006, regulators have conducted one-on-one briefings with distributors regarding downstream customer sales, their due diligence responsibilities, and their legal and

1 regulatory responsibilities (including the responsibility to know their customers and report
2 suspicious orders). The distributors were provided with data on controlled substance
3 distribution patterns and trends, including data on the volume of orders, frequency of orders,
4 and percentage of controlled vs. non-controlled purchases. The distributors were also given
5 case studies, legal findings against other registrants, and profiles of their customers whose
6 previous purchases may have reflected suspicious ordering patterns. These materials pointed
7 out “red flags” distributors should look for in order to identify potential diversion, to help
8 distributors understand their duties with respect to diversion control.

9 288. Since 2007, regulators have hosted conferences to provide distributors with
10 updated information about diversion trends and regulatory changes that affect the drug supply
11 chain, the distributor initiative, and suspicious order reporting. All of the major distributors,
12 including AmerisourceBergen and Cardinal Health attended at least one of these conferences.
13 The conferences allowed the distributors to ask questions, raise concerns, and request
14 clarification on policies and procedures intended to prevent opioid diversion.

15 289. Since 2008, regulators have participated in numerous meetings and events with
16 the legacy Healthcare Distribution Management Association (“HDMA”), now known as the
17 Healthcare Distribution Alliance (“HDA”), an industry trade association for wholesalers and
18 distributors. Regulatory representatives have provided guidance to the association concerning
19 suspicious order monitoring, and the association has published guidance documents for its
20 members on suspicious order monitoring, reporting requirements, and the diversion of
21 controlled substances.⁵¹ (HDMA, “Industry Compliance Guidelines: Reporting Suspicious
22 Orders and Preventing Diversion of Controlled Substances,” (2008).

23 290. On September 27, 2006 and again on December 27, 2007, regulators sent letters
24 to all relevant opioid distributors providing guidance on suspicious order monitoring of
25 controlled substances and the responsibilities and obligations of the registrant to conduct due

26 _____
27 ⁵¹ See, e.g., HDA.org, Issues in Distribution, *Prescription Drug Abuse and Diversion* (2018)
28 (describing various resources “address[ing] the industry’s approach to countering diversion
and ensuring the safe supply of medicines to licensed entities across the supply chain”),

1 diligence on controlled substance customers as part of a program to maintain effective controls
2 against diversion. These letters reminded these distributors that they were required by law to
3 exercise due diligence to avoid filling orders that may be diverted into the illicit market.
4 These letters explained that as part of the legal obligation to maintain effective controls
5 against diversion, the distributor is required to exercise due care in confirming the legitimacy
6 of all orders prior to filling.

7 291. In late-2007, regulators sent a follow-up letter to all relevant opioid distributors,
8 providing guidance and reinforcing the legal requirements outlined in the correspondence
9 referenced in above. This letter reminded these distributors that suspicious orders must be
10 reported when discovered and monthly transaction reports of excessive purchases did not meet
11 the regulatory criteria for suspicious order reporting. The letter also advised these distributors
12 that they must perform an independent analysis of a suspicious order prior to the sale to
13 determine if controlled substances would likely be diverted, and that filing a suspicious order
14 and then completing the sale does not absolve the registrant from legal responsibility.

15 292. The Distributor Defendants were also on notice that their own industry group,
16 the HDMA, published Industry Compliance Guidelines titled “Reporting Suspicious Orders
17 and Preventing Diversion of Controlled Substances” that stressed the critical role of each
18 member of the supply chain in distributing controlled substances.

19 293. Opioid distributors themselves recognized the magnitude of the problem and, at
20 least rhetorically, their legal responsibilities to prevent diversion. They have made statements
21 assuring the public they are supposedly undertaking a duty to curb the opioid epidemic.

22 294. For example, a Cardinal executive recently claimed that it uses “advanced
23 analytics” to monitor its supply chain; Cardinal assured the public it was being “as effective
24 and efficient as possible in constantly monitoring, identifying, and eliminating any outside
25 criminal activity.”

26 295. These assurances, in addition to obligations imposed by law, show that

27 _____
28 <https://www.hda.org/issues/prescription-drug-abuse-and-diversion>.

Distributor Defendants understand and have undertaken a duty to protect the public against diversion from their supply chains, and to curb the opioid epidemic.

296. However, despite these statements and duties, Distributor Defendants have knowingly or negligently allowed diversion. Their misconduct has resulted in numerous civil fines and other penalties recovered regulators.

297. In 2008, Cardinal Health paid a \$34 million penalty to settle allegations about opioid diversion taking place at several of its warehouses. Again in 2012, Cardinal reached an administrative settlement to resolve allegations of opioid diversion between 2009 and 2012 in multiple states. Even more recently, in December 2016, Cardinal settled similar allegations of opioid diversion, paying \$34 million plus penalties. During the investigation of Cardinal, evidence was discovered that Cardinal's own investigator warned Cardinal against selling opioids to a particular pharmacy that was suspected of opioid diversion. Cardinal took no action, failed to report these suspicious transactions, and did not cut off the supply of drugs to the pharmacy. Instead, Cardinal's opioid shipments to the pharmacy increased to almost 2 million doses of oxycodone in one year, while other comparable pharmacies were receiving approximately 69,000 doses/year.

298. In 2007, AmerisourceBergen lost its license to send controlled substances from a distribution center amid allegations that it was not controlling shipments of prescription opioids to Internet pharmacies. Again in 2012, AmerisourceBergen was implicated for failing to protect against the diversion of particular controlled substances into non-medically necessary channels. It has been reported that AmerisourceBergen has been subpoenaed for documents in connection with a grand jury proceeding seeking information on the company's "program for controlling and monitoring diversion of controlled substances into channels other than for legitimate medical, scientific and industrial purposes."

299. Although these Distributor Defendants have been penalized by law enforcement authorities, these penalties have not changed their conduct. They pay fines as a cost of doing business in an industry which generates billions of dollars in revenue.

300. Plaintiff does not bring causes of action based on violations of federal statutes

1 and regulations. However, the existence of these complicated regulatory schemes shows
2 Defendants' intimate knowledge of the dangers of diversion of prescription opioids and the
3 existence of a thriving illicit market for these drugs. The Distributor Defendants breached
4 their duties to Plaintiff despite this knowledge and longstanding regulatory guidance of how to
5 deter and prevent diversion of prescription opioids.

6 **M. The Pharmacy-Distributor Defendants Knew or Should Have Known They Were**
7 **Facilitating Widespread Opioid Diversion**

8 301. Pharmacy Distributor Defendants Walgreen Arizona Drug Co.; Walmart Inc.
9 f/k/a Wal-Mart Stores, Inc. d/b/a Wal-Mart Pharmacy Warehouse # 32 and Wal-Mart
10 Pharmacy Warehouse # 45; and Smith's Food and Drug Centers Inc. d/b/a Fry's Pharmacies
11 and Fry's Food and Drug Stores earned enormous profits by flooding the State of Arizona,
12 including Pinal County, with prescription opioids. They gained unique knowledge of the
13 oversupply of prescription opioids through the extensive data and information they developed
14 and maintained as both distributors and dispensaries. Rather than act to stem the flow of
15 opioids into communities like Pinal County, the Pharmacy-Distributor Defendants participated
16 in and profited from the oversupply.

17 302. The Pharmacy-Distributor Defendants have publicly acknowledged the risks of
18 opioids and assured the public that public health and safety are their highest priorities.
19 However, their public representations belied their own wrongdoing that contributed to the
20 opioid epidemic. The Pharmacy-Distributor Defendants have recklessly or negligently
21 permitted opioid diversion to occur, engaging in a consistent pattern of illegally distributing
22 prescription opioids, while failing to uphold their duty to report such suspicious orders.

23 303. For instance, in 2016, Walgreens issued a press release captioned "Walgreens
24 Leads Fight Against Prescription Drug Abuse with New Programs to Help Curb Misuse of
25 Medications and the Rise in Overdose Deaths."⁵² However, on information and belief,

26 _____
27 ⁵² Press Release, Walgreens, Walgreens Leads Fight Against Prescription Drug Abuse with New
28 Programs to Help Curb Misuse of Medications and the Rise in Overdose Deaths (Feb. 9,
2016), <http://news.walgreens.com/press-releases/general-news/walgreens-leads-fight-against->

1 Walgreens, the second-largest pharmacy store chain in the United States, has been penalized
2 for serious and flagrant violations regarding its distribution of opioids.

3 304. Similarly, in 2017, Walmart acknowledged the need for a “solution to the
4 [opioid] epidemic” and noted the epidemic has “devastated so many families and communities
5 across America.”⁵³ However, on information and belief, Walmart has also paid settlements to
6 resolve allegations of violations in connection with Walmart’s distribution of opioids to
7 various states, including Texas.

8 **N. The Pharmacy Defendants Understood But Violated Their Duties**

9 305. Pharmacy Defendants Bashas’ Inc. d/b/a Bashas’ United Drug; Smith’s Food &
10 Drug Centers Inc. d/b/a Fry’s Pharmacies and Fry’s Food and Drug Stores; American Drug
11 Stores Inc. d/b/a Osco Drug, Inc. a/k/a Osco Drug #968; Safeway Inc.; Sun Life Family Health
12 Center; Vaden Corp.; Walgreen Arizona Drug Co. d/b/a Walgreens Pharmacy # 01076,
13 Walgreens Pharmacy # 06129, Walgreens Pharmacy # 02963, Walgreens Pharmacy # 04188,
14 Walgreens Pharmacy # 06333, Walgreens Pharmacy # 06440, Walgreens Pharmacy # 09264,
15 Walgreens Pharmacy # 09460, Walgreens Pharmacy # 09652, Walgreens Pharmacy # 10505
16 and Walgreens Pharmacy # 10998; Walmart, Inc. f/k/a Wal-Mart Stores, Inc. d/b/a Wal-Mart
17 Pharmacies a/k/a Wal-Mart Pharmacy 10-1218, Wal-Mart Pharmacy 10-1381, Wal-Mart
18 Pharmacy 10-2778, Wal-Mart Pharmacy 10-3751 and Wal-Mart Pharmacy 10-4430; and
19 d/b/a/ Costco Pharmacy # 436, Costco Pharmacy # 481, and Costco Pharmacy # 1028, earned
20 enormous profits by flooding the State of Arizona, including Pinal County, with prescription
21 opioids. They gained unique knowledge of the oversupply of prescription opioids through the
22 extensive data and information they developed and maintained as both distributors and
23 dispensaries. Rather than act to stem the flow of opioids into communities like Pinal County,
24 they participated in and profited from the oversupply. Further, on information and belief, each

25 _____
26 [prescription-drug-abuse-with-new-programs-to-help-curb-misuse-of-medications-and-the-rise-in-overdose-deaths.htm](https://www.walgreens.com/about/press-releases/2017/10/26/walgreens-supports-state-of-emergency-declaration-on-opioids).

27 ⁵³ Press Release, Walmart, Walmart Supports the State of Emergency Declaration on Opioids
28 (Oct. 26, 2017), <https://news.walmart.com/2017/10/26/walmart-supports-state-of-emergency-declaration-on-opioids>.

1 of the Pharmacy Defendants has committed and continues to commit serious and flagrant
2 violations of their duties under Arizona law regarding—*inter alia*—recordkeeping and
3 dispensing opioids to Pinal County patients.

4 **O. The Prescriber Defendants Facilitated Defendants’ Scheme**

5 306. Defendant Harinder K. Takyar and healthcare providers like him (“Prescriber
6 Defendants”) represent an important component of the Manufacturer Defendants’ scheme to
7 flood the State of Arizona, including Pinal County, with a wildly unnecessary amount of
8 opioids. In return for the Manufacturer Defendants’ bribes, kickbacks and/or all- expenses-
9 paid “speaking engagements,” and/or significant revenues to their respective businesses, the
10 Prescriber Defendants facilitated the Manufacturer Defendants’ scheme by (i) passing out
11 “savings cards” to encourage patients who had never tried opioids before (“opioid naïve”
12 patients) to buy the Manufacturer Defendants’ drugs; (ii) increasing these patients’ respective
13 dosages without regard for the risk that the patients would become addicted; and/or (iii)
14 prescribing, dispensing, selling, possessing and/or maintaining opioids in in violation of
15 applicable Arizona laws and Arizona regulations.

16 307. Prescriber Defendant Harinder K. Takyar is a formerly licensed Medical Doctor
17 who for years treated and prescribed opioids to Pinal County patients. On information and
18 belief, Defendant Takyar is known for prescribing unreasonably high dosages of opioids to
19 Pinal County patients without a legitimate medical purpose, and has been investigated as an
20 overprescriber of opioids; for example, in October of 2017, Defendant Takyar’s authority to
21 prescribe opioids was revoked, on the grounds that he “routinely prescribed large quantities of
22 oxycodone,” in violation of the applicable standard of care. Prior to surrendering his license
23 to practice medicine in 2018, Defendant Takyar maintained an office in the Town of Florence,
24 Arizona, which is located in Pinal County. As reported on OpenPaymentsData.CMS.gov,
25 Defendant Takyar has received undisputed payments from opioid manufacturers. Among
26 other violations of Arizona laws and prevailing medical standards applicable to Pinal County
27 clinicians and patients, Defendant Takyar facilitated the Defendants’ scheme by (1) violating
28 restrictions on his authority to prescribe opioids pursuant to his Consent Agreement for

1 Practice Restriction with the Arizona State Board of Medicine; (2) deviating from the standard
2 of care by prescribing opioids to patients whose medical and clinical histories demonstrated
3 unreasonably high risks of opioid diversion and/or abuse; (3) administering opioids to patients
4 without conducting necessary physical exams; (4) falsely documenting that medically
5 necessary exams were performed prior to administering opioids to his patients, even though no
6 such exams took place; (5) failing to substantiate and justify the opioids he prescribed to
7 patients; and (6) placing his patients at risk of opioid-related overdose or otherwise creating an
8 addictive state or contributing to a pre-existing addictive state by failing to monitor patients’
9 opioid prescribing, failing to access the Arizona Controlled Substance Monitoring Program
10 prior to such prescribing, and failing to conduct urine screens to mitigate the serious risks of
11 opioid-related harm to which Defendant Takyar exposed his patients by prescribing opioids
12 inappropriately.

13 **P. Each of the Defendant’s Misconduct Has Injured and Continues to Injure**
14 **Pinal County and Its Citizens**

15 308. In addition to the significant social costs associated with illicit drug use,
16 Defendants’ predatory and willful misrepresentations in manufacturing, marketing and/or
17 distributing opioids have imposed enormous tax-based economic damages on Pinal County,
18 including tax revenue expended incident to providing various public services that Pinal
19 County is required to provide to its citizens under Arizona law, including healthcare- and
20 crime-related costs. These revenues would not have been expended but for the opioid crisis
21 that Defendants willfully and foreseeably caused in Arizona generally and Pinal County
22 specifically.

23 309. As Defendants’ opioids continue to wreak havoc on Pinal County’s community
24 and incapacitate and/or kill Pinal County’s citizens, Pinal County has also been deprived of
25 the benefits these citizens would have conferred to Pinal County’s community but for
26 Defendants’ wrongful conduct. Pinal County has lost both the productivity of Pinal County’s
27 citizens who have been hospitalized, incarcerated, killed, or otherwise incapacitated by
28 Defendants’ dangerous products, including the property and/or sales taxes these citizens

1 would have paid had Defendants’ simply told the truth about the risks and benefits of opioids.

2 **1. Tax Revenue Expended—Healthcare-Related Costs**

3 310. Drugs kill more Arizonans each year than motor vehicle accidents.⁵⁴ Indeed,
4 the number of drug-related deaths in Arizona is among the highest in the nation and continues
5 to increase each year.

6 311. While Defendants reaped billions of dollars in profits from their deceptive
7 conduct, Pinal County suffered—and continues to suffer—irreparable damage in the form of
8 increased healthcare-related costs, which Arizona law requires that Pinal County pay to
9 protect the health and safety of its citizenry. Pinal County would not have incurred these costs
10 had Defendants not concealed the true dangers (and misrepresented the true benefits) of the
11 relevant opioids. In particular, each of the Defendants has directly and proximately caused
12 Pinal County to divert precious tax dollars and local resources from the County’s coffers, in
13 order to address its citizens’ increasing need for county-funded, opioid-related health services,
14 including: (a) specialty services—*e.g.*, skilled nursing care, substance abuse treatment, pain
15 management clinics, etc.; (b) emergency medical treatment for the Pinal County jail
16 population; and (c) family services and other social programs. As the opioid epidemic that
17 Defendants created and/or failed to abate in Pinal County has raged, Plaintiff has paid and
18 continues to pay the significant, increasing costs of providing these important public services
19 to patients suffering from opioid addiction, opioid withdrawal, and other opioid-related
20 conditions.

21 312. Pursuant to A.R.S. § 36-2913, the County also makes financial contributions to
22 provide Arizona Health Care Cost Containment System (“AHCCCS”) enrollees in Pinal
23 County with the healthcare items and services they need. Pinal participates in several
24 AHCCCS programs. Enrollment in these programs is limited to particularly vulnerable
25 populations—such as elderly and low-income persons, as well as individuals suffering from

26 _____
27 ⁵⁴ Executive Office of the President of the United States, *Arizona Drug Control Update -*
28 *2010*, p. 1 (2010), https://obamawhitehouse.archives.gov/sites/default/files/docs/state_profile-arizona.pdf.

1 certain disabilities or other serious medical conditions.⁵⁵ Plaintiff’s contributions to AHCCCS
2 cover a wide variety of healthcare services, including specialty services such as hospital and
3 skilled nursing care as well as substance abuse treatment and pain management.

4 313. Moreover, as a direct and proximate result of the Defendants’ misdeeds as
5 described in this Complaint, Plaintiff has been forced to make increasingly large expenditures
6 to the Pinal County Health Department. including for health services, vital records,
7 immunizations, family counseling and drug testing, as well as other programs provided to
8 families that have been and continue to be negatively impacted by the opioid epidemic that
9 Defendants created, precipitated and/or failed to abate in Pinal County.

10 (a) **Specialty Treatment Admissions—Skilled Nursing Care,**
11 **Substance Abuse Treatment, Pain Management Clinics**

12 314. A substantial portion of the County’s allocations to AHCCCS go to skilled
13 nursing facility (“SNF”) care. SNFs provide long-term care for vulnerable patients who
14 require nursing care institution services because they cannot live independently. Since late-
15 April of 2018, the Arizona Opioid Epidemic Act (“AOEA”) has both generally required that
16 Arizona prescribers limit initial prescriptions for opioids to no more than a five-day supply,
17 and generally prohibited these providers from issuing prescriptions for more than 90 morphine
18 milligram equivalents (“MMEs”).⁵⁶ However, these general provisions do not apply to
19 patients receiving SNF care; hence, SNF patients in Pinal County who have never received an
20 opioid prescription—*i.e.*, “Opioid Naïve” patients—remain uniquely vulnerable to adverse,
21 opioid-related incidents.⁵⁷

22 315. In addition, since 2010, the County has made significant expenditures to provide
23 the people of Pinal County with medically necessary substance abuse treatment.

24 ⁵⁵ See A.R.S. §§ 36-2901(6).

25 ⁵⁶ See A.R.S. §§ 32-3248(A), (B)(6)

26 ⁵⁷ See *id.*; see also Arizona State Board of Pharmacy, *Frequently Asked Questions: 2018*
27 *Arizona Opioid Epidemic Act*, p. 1-2 (Apr. 18, 2018),
28 https://pharmacypmp.az.gov/sites/default/files/Opioid%20Epidemic%20Act%20FAQ_04182018.pdf.

1 316. Pinal County’s specialty treatment-related expenditures also involve pain
2 management services. Pursuant to A.A.C. R9-10-1021, “[a] medical director of an outpatient
3 treatment center that is authorized to provide pain management services shall ensure that . . .
4 [these] services are provided under the direction of . . . [a] physician, or . . . [a] nurse
5 practitioner licensed . . . with advanced pain management certification from a nationally
6 recognized accreditation or certification entity.”⁵⁸ Where pain management services involve
7 opioids, Arizona law further requires that the “medical practitioner discuss[] the risks and
8 benefits of using a controlled substance with a patient,” as well as document the discussion in
9 the patient’s medical record, along with the patient’s history of substance abuse disorder, the
10 nature and intensity of the patient’s pain and the objectives used to determine whether the
11 patient is being successfully treated.”⁵⁹ As a direct and proximate result of the Defendants’
12 misconduct, Pinal County has allocated—and continues to allocate—enormous portions of its
13 general and special revenues to finance AHCCCS and Health Department services, to meet the
14 medical needs of the people of Pinal County.

15 **(b) Emergency Medical Treatment—Opioid-Related**
16 **Emergencies**

17 317. The number of opioid-related encounters in Arizona hospitals increased from
18 20,365 in 2009 to 51,473 in 2016—an increase of roughly 153%.⁶⁰ Opioids have a significant
19 impact upon Arizona’s medical care system due to the volume of encounters involving
20 opioids, and the costs of these encounters. While the full economic burden of opioids upon
21 the healthcare system is difficult to precisely calculate, a reasonable measure may be derived
22 using hospital reported charges adjusted using national cost to charges ratios. Using this
23 approach, the cost of all ‘opioid-related’ encounters in Arizona from 2009-2015 increased by

24 _____
25 ⁵⁸ A.A.C. R9-10-1021.1.

26 ⁵⁹ See A.A.C. R-10-1021.3.

27 ⁶⁰ Arizona Department of Health Services, *2016 Arizona Opioid Report*, p. 5-6 (2016),
28 <https://www.azdhs.gov/documents/audiences/clinicians/clinical-guidelines-recommendations/prescribing-guidelines/arizona-opioid-report.pdf>.

1 125% and—in 2016—equaled \$341,457.011.⁶¹ The average cost per opioid-related unique
2 encounter is \$8,241.⁶²

3 318. As utilization of county-funded, opioid-related emergency medical services
4 (“EMS”) has increased in Pinal County, the County has made—and continues to make—
5 enormous contributions to provide its jail populations with these life-saving services.

6 319. On information and belief, the incidence of opioid-related hospitalizations in
7 Pinal County—which can be tracked by various medical billing and documentation codes,
8 such as the Healthcare Common Procedure Coding System (“HCPCS”) and the American
9 Medical Association’s Current Procedural Terminology (CPT), including National Drug
10 Codes (NDCs) and International Classification of Diseases (“ICD”) codes—similarly
11 increased during the relevant period.

12 320. As the number of opioid-related hospital encounters in Pinal County has
13 ballooned, the costs of treatment and supplies have also increased. This increase has
14 strained—and continues to strain—Plaintiff’s coffers, which provide the financial resources
15 needed to respond appropriately to an increasingly large demand for opioid-related emergency
16 medical services among Pinal County’s jail population.

17 321. For example, Pinal County dedicates substantial tax revenues to finance the
18 provision of healthcare services to the inmate populations of various correctional facilities
19 within the County. The County contracts with third-party providers, such as Wexford
20 Correctional Health, to provide these health services to inmates of Pinal County Adult
21 Detention Center, Pinal County Youth Justice Center and other correctional facilities within
22 the County. Healthcare providers such as Wexford Correctional Health (“Wexford”) use the
23 County’s funding to provide various opioid-related services to these inmates, including—but
24 not limited to—the administration of opioid antagonists (*e.g.*, Naloxone, Narcan) to inmates
25 suffering from opioid-related conditions. For example, inmates often arrive to Plaintiff’s jails

26 _____
27 ⁶¹ Arizona Department of Health Services, *2016 Arizona Opioid Report*, p. 5 (2016),
28 <https://www.azdhs.gov/documents/audiences/clinicians/clinical-guidelines-recommendations/prescribing-guidelines/arizona-opioid-report.pdf>.

1 in opioid-related respiratory distress, requiring Wexford's nursing staff to administer
2 Naloxone or other opioid antagonists to these inmates to save their lives. These nurses report
3 that the opioid crisis has increased the liability and work load for nurses, detention officers
4 and other correctional staff, as these patients/inmates require closer observation and increased
5 time from both medical and detention staff in providing care. Moreover, inmates often
6 experience severe withdrawal and require hospitalization for management.

7 322. Moreover, Plaintiff's correctional staff also report that these problems are
8 frequently present with new intakes to Plaintiff's jails, who swallow drugs prior to their arrest
9 or during the arrest process in order to bring opiates or other illegal drugs into the
10 facility. These new inmates often share these drugs with other inmates, putting them at risk
11 for overdose or death and requiring additional resources from the County to mitigate this
12 risk. Plaintiff's correctional staff often see the same inmates return repeatedly throughout the
13 year as they commit crimes to support their addiction. These correctional staff members have
14 also noted an increase in the number of inmates who admit to using opioids, with fentanyl
15 numbers especially increasing within the past year. Plaintiff has learned that these inmates'
16 addictions started with the use of legally prescribed narcotics, with inmates turning to street
17 drugs when they can no longer fill their opioid prescriptions. In large part, these inmates
18 decide to buy illicit opioids because they are much easier to obtain and often cheaper than
19 prescription opioids, particularly for individuals who live in the relatively more rural areas of
20 Pinal where public transportation is sparse.

21 323. At the same time, the costs of providing emergency medical services in opioid
22 emergencies have likewise increased, making the administration of opioid antagonists, such as
23 Narcan and Naloxone, more expensive.

24 **(c) Family Services And Other Social Programs**

25 324. Defendants' actions that fueled the opioid crisis have also devastated many
26 American families, and the child welfare system has felt the effects. Between 2010 and 2012,

27 _____
28 ⁶² *Id.*, *supra*, n. 216 at p. 6.

1 after more than a decade of sustained declines in the national foster care caseload, the number
2 of children entering foster care started to rise—just as opioid deaths began to spike.⁶³ Today,
3 more than 258,000 children are in the foster care system nationwide, nearly 18,000 of which
4 are right here in Arizona.⁶⁴ Plaintiff dedicates substantial portions of its tax revenues to help
5 support the health and safety of these vulnerable populations by funding opioid-related public
6 services and programs for families and children, including opioid-related ancillary services.

7 325. Arizona’s foster-care system is designed to protect children from abuse and
8 neglect, removing children from their homes if they face an “unreasonable risk of harm.”⁶⁵
9 The Arizona Department of Child Safety (“ADCS”) defines “unreasonable risk of harm” to
10 mean that “the totality of the circumstances specific to the incident, the behavior and/or action
11 or inaction of the parent, guardian or custodian placed the child at a level of risk of harm to
12 which a reasonable (ordinarily cautious) parent, guardian or custodian would not have
13 subjected the child.”⁶⁶ ADCS has characterized the increase in opioid-related cases in
14 emergency departments as “alarming,” and the Arizona Substance Abuse Partnership
15 (“ASAP”) has likewise recognized the importance of removing a child living in home in
16 which opioid abuse is occurring.

17 326. The number of Arizona children that are removed from their homes by the state
18 foster care system—*i.e.*, the “Removal Rate”—is about three-times higher than the national
19

20 ⁶³ Laura Radel, *Substance Use, the Opioid Epidemic, and the Child Welfare System: Key*
21 *Findings from a Mixed Methods Study*, p. 2 (Mar. 7, 2018),
<https://aspe.hhs.gov/system/files/pdf/258836/SubstanceUseChildWelfareOverview.pdf>.

22 ⁶⁴ Mary Jo Pitzl, ‘Biggest challenge, biggest opportunity’: DCS aims to keep more kids at
23 home, THE ARIZONA REPUBLIC (Feb. 4, 2018),
<https://www.azcentral.com/story/news/local/arizona-investigations/2018/02/04/child-welfare-agency-policy-aims-clearly-define-when-safe-leave-kids-home/881208001/>.

24 ⁶⁵ Bob Ortega, *A Horrifying Journey through Arizona foster care, and why we don’t know*
25 *how many more children may be abused*, THE ARIZONA REPUBLIC (Jun. 4, 2017),
26 <https://www.azcentral.com/story/news/local/arizona-investigations/2017/06/04/arizona-foster-care-child-abuse/362836001/>.

27 ⁶⁶ Department of Economic Security—Division of Children Youth and Families, *Child and*
28 *Family Services: Annual Progress Report 2012, State of Arizona*, p. 225 (Jun., 2012),
<https://dcs.az.gov/file/5405/download?token=1ZRcWAmV>.

1 average.⁶⁷ Moreover, from 2013 to 2016, the Removal Rate increased by roughly 30
2 percent⁶⁸—well outside the normal range, even for states hit hardest by the opioid epidemic,⁶⁹
3 and after factoring in Arizona’s high childhood poverty rate.⁷⁰ As a result, the state-financed
4 Arizona child welfare agencies and their community partners that provide foster care
5 payments and certain foster care services struggle to meet families’ needs—with many
6 counties experiencing at least a 50% increase in their respective caseloads and local agencies
7 reporting family members across multiple generations are more frequently becoming addicted
8 to, or dying from, opioids.⁷¹ To help protect the health and safety of affected families and
9 children in the County who both have been negatively impacted by the above-referenced
10 trends in Arizona’s foster care system and are in need of opioid-related services that are not
11 accessible through state welfare agencies or their community partners, Pinal County has spent
12 and continues to spend its own tax revenues to support these families with county-funded
13 services and other programs, including opioid-related ancillary services.

14 327. Moreover, the costs to the County associated with providing these services and
15 programs have increased over the arc of the opioid epidemic, as evidenced by government
16 data. In March of 2018, for instance, regulators confirmed that “the high levels of opioid sales

17 ⁶⁷ B. Ortega, *Arizona’s DCS: Why are kids taken away? Too often the answer is unknown*,
18 THE ARIZONA REPUBLIC (Mar. 14, 2017),
19 <https://www.azcentral.com/story/news/local/arizona-investigations/2017/01/22/arizona-department-child-safety-why-kids-taken-away-too-often-answer-unknown/96539080/>; see
20 also L. Radel, *supra*, Note 69 at p. 8 (“Child welfare caseloads nationally increased by 10
21 percent between fiscal years 2012 and 2016.”)

22 ⁶⁸ Nicole Carrol, *Arizona child welfare: There are some issues we just won’t let go*, THE
23 ARIZONA REPUBLIC (Aug. 28, 2016), <https://www.azcentral.com/story/news/local/arizona-investigations/2016/08/28/arizona-child-welfare-there-some-issues-we-just-wont-let-go/89313770/>.

24 ⁶⁹ E. Birnbaum, *Opioid crisis sending thousands of children into foster care*, THE HILL (Jun.
25 20, 2018), <https://thehill.com/policy/healthcare/393129-opioid-crisis-sending-thousands-of-children-into-foster-care>.

26 ⁷⁰ Emily Bregel, *Despite state progress in Arizona, ‘a lot of desperation, isolation’*, ARIZONA
27 DAILY STAR (Mar. 9, 2018), https://tucson.com/news/local/despite-state-progress-in-arizona-a-lot-of-desperation-isolation/article_fb7af064-224b-11e8-a96b-fbbdaba17d9c.html.

28 ⁷¹ See L. Radel, *supra*, Note 69 at p. 4.

1 and drug overdose deaths spreading across the nation in recent years raise the concern that
2 additional counties may experience increased child welfare caseloads in the coming years.”⁷²
3 These regulators reported that, while drug-related hospitalization rates vary widely between
4 substances such as opioids, stimulants and hallucinogens, the opposite is true with respect to foster
5 care, such that “a 10 percent increase in hospitalizations due to any of these substance types
6 corresponded with approximately a 2 percent increase in foster care entry rates.”⁷³ On information
7 and belief, as the rate of foster care entries has increased in the County as a result of the opioid
8 epidemic, the demand for county-funded family services, ancillary service and other public assistance
9 from the County has also increased for these vulnerable individuals.

10 328. To address that demand, Plaintiff has provided—and continues to provide—a
11 variety of services and programs that are vitally important to abating the opioid epidemic in
12 Pinal County that resulted from Defendants’ misconduct as described in this Complaint.. For
13 example, staff members of Plaintiff’s correctional facilities acknowledge the increased need
14 for such services and programs and emphasize that these services and programs are a critical
15 component of abating the opioid epidemic in the County. These staff members report that
16 many of the inmates in Pinal County who have been or currently are incarcerated for opioid-
17 related crime come from addicted families, in which opioid abuse is both ubiquitous and
18 considered “normal.” To rehabilitate these individuals and mitigate the risk of opioid-related
19 recidivism, the County has paid and continues to pay significant portions of its tax revenues in
20 connection with providing these inmates with various ancillary services and other forms of
21 county-funded public assistance geared toward reversing the physiological and psychological
22 damage that opioid addiction has had on these inmates and their families.

23 329. Because Plaintiff allocates its own funds to provide ancillary and other public
24 services to protect the health and safety of Pinal’s citizenry who are suffering from opioid-
25 related family crises, and because these services would not have been required or would have
26 been required to a lesser degree absent the Defendants’ misconduct, Pinal County has

27 _____
28 ⁷² See L. Radel, *supra*, Note 69 at p. 8-9.

⁷³ See L. Radel, *supra*, Note 69 at p. 4-5.

1 accordingly been damaged by the impact of Defendants’ misconduct in the form of increased
2 expenditures for family services and other social programs, such as those referenced above.

3 **(d) County Tax Expenditures For Public Health Department**
4 **Services**

5 330. Plaintiff currently finances the Pinal County Public Health District (the
6 “District”) through a local health tax. Revenues from the County’s health tax help fund any
7 array of services—including opioid-related services—performed by the District for the benefit
8 of Plaintiff’s citizenry, including, *inter alia*, immunizations and other community health
9 services as well as data analytics and reporting.

10 331. As a direct, proximate result of the Defendants’ misdeeds as described in this
11 Complaint, the County’s allocations to the District—which, *inter alia*, protects the health and
12 safety of Plaintiff’s citizenry by providing and arranging for health and social services,
13 including opioid-related services—have increased significantly over the arc of the opioid
14 epidemic in Pinal County.

15 **2. Tax Revenue Expended—Crime-Related Costs**

16 332. In addition to imposing on Plaintiff significantly higher healthcare-related costs,
17 Defendants’ scheme has spread thin Plaintiff’s resources by causing a sharp uptick in criminal
18 justice costs, including those associated with opioid-related arrests, investigations and other
19 local police and court programs. The funds necessary to maintain the day-to-day operating
20 expenses and equipment for these programs come from Plaintiff’s revenues from Plaintiff’s
21 local taxes. Indeed, while the health-related damages that the Defendants’ foreseeably caused
22 to the County are sizable, the County’s opioid-related tax expenditures in the criminal justice
23 context are staggering.

24 333. For example, the County made significant allocations to the following law
25 enforcement efforts as a direct and proximate result of Defendants’ misconduct described in
26 this Complaint: (a) the sheriff, (b) drug investigations and diversion (c) intensive supervision,
27 (d) probation, (e) criminal justice attorneys, (f) jail services, and (g) court costs.

28 **(a) Pinal County Sheriff’s Office**

1 334. While the County has expended significant funds to abate the opioid epidemic
2 through increased investment in Pinal County Sheriff's Office ("PCSO"), the epidemic—
3 ignited and continually fueled by Defendants' ongoing misconduct—remains a constant threat
4 to the health and safety of Pinal's citizens. To date, the PCSO has lawfully seized and
5 disposed of nearly 300 lbs. of prescription medication, including opioids. Absent Defendants'
6 misconduct as described in this Complaint, the County's expenditures associated with
7 financing the PCSO's aforementioned efforts would not have been incurred by the County or
8 would have been significantly smaller.

9 **(b) Drug, Gang & Violent Crime Investigations**

10 335. Pinal County has dedicated and continues to dedicate significant resources to
11 identify, investigate, arrest, and prosecute criminals who facilitate drug diversion in the
12 County. Plaintiff has suffered and continues to suffer sizeable expenditures in an effort to
13 mitigate opioid diversion in the County. Absent Defendants' misconduct as described in this
14 Complaint, these expenditures would not have been incurred by the County or would have
15 been significantly smaller.

16 **(c) Supervision and Probation**

17 336. The County also expends substantial funds to finance supervision and probation
18 for adults and juveniles over the last several years. Thousands of these individuals were or are
19 under supervision and/or on probation because of drug-related crimes, including opioid-related
20 crimes. Indeed, since 2009, Pinal has conducted thousands of opioid drug tests on adult
21 probationees, a significant portion of whom tested positive for opioids. Absent Defendants'
22 misconduct as described in this Complaint, Plaintiff's expenditures associated with these
23 probationees would not have been incurred by the County or would have been significantly
24 smaller.

25 **(d) Criminal Justice Attorneys**

26 337. In abating the public nuisance that the Defendants created and/or exacerbated in
27 Pinal County—which remains ongoing—the County has incurred significant costs on the
28 County's criminal justice attorneys, including prosecutors and public defenders. From 2017-

2018, for example, the Pinal County Attorney’s Office (“PCAO”) prosecuted over 500 cases involving opioids. Absent Defendants’ misconduct as described in this Complaint, these expenditures would not have been incurred by the County or would have been significantly smaller.

(e) Jail Services

338. The County’s efforts to abate the ongoing public nuisance that the Defendants created and/or exacerbated in Pinal County have also led to significant increases in jail services costs. Plaintiff’s correctional officers report that the opioid crisis has increased the liability and world load for correctional staff, including detention officers and other security personnel. Inmates suffering from opioid addiction and other opioid-related health conditions require closer observation and increased security to prevent opioid diversion, which is particularly common among newly arriving inmates, who swallow opioids (*e.g.*, fentanyl) before or during the arrest process in order to smuggle these opioids into Plaintiff’s jails and share them with other inmates, placing these inmates at risk of overdose and death. Absent Defendants’ misconduct as described in this Complaint, the County’s expenditures associated with opioid-related jail services would not have been incurred by the County or would have been significantly smaller.

(f) Court Costs

339. As the Defendants’ misconduct has continually frustrated the County’s efforts to protect the health and safety of its citizens, the County has allocated and continues to allocate substantial sums to finance the operation of courts. Absent Defendants’ misconduct as described in this Complaint, these expenditures would not have been incurred by the County or would have been significantly smaller.

340. Further, the County’s contributions to community punishment programs for drug offenders have increased in recent years. Absent Defendants’ misconduct as described in this Complaint, these expenditures would not have been incurred by the County or would have been significantly smaller.

(g) Arrests and Investigations to Protect Public Health and

Safety

341. The effects of Defendants’ deceptive marketing and distribution scheme has further impacted Plaintiff by creating various public nuisances—including public health and safety hazards—which Plaintiff is obligated to abate. Plaintiff has dedicated substantial tax dollars to maintain the public safety of places, such as county parks, schools and public lands, where patients-turned-addicts attempt to congregate. Plaintiff has also dedicated significant funds to enable the Pinal County Sheriff’s Office (“PCSO”) to mitigate the increase in drug and property crimes committed by opioid addicts who are both actively looking to feed their addictions, as well as suffering from serious medical conditions associated with the spread of opioid abuse, including—*inter alia*—Hepatitis B and C, HIV, sexually transmitted diseases and methicillin-resistant staphylococcus aureus (“MRSA”).

342. From 2000 to 2018, there were many recorded opioid overdose cases in Pinal County, each of which required the dedicated time of several law enforcement officers to perform various tasks, including—but not limited to—investigations, arrests, bookings, report writing, evidence impounding, scene security and follow up time. During the same time period, Pinal County law enforcement agencies made many arrests for drug-related charges, including for possession and/or sale of opioids and opioid-related paraphernalia.

343. In abating the opioid nuisance to protect the health and safety of citizens of Pinal County, Plaintiff has suffered pecuniary damages, proximately caused by Defendants’ misrepresentations and omissions of material fact.

3. Tax Revenue Forgone

344. Tax revenue forgone is a consequence of incapacitation. The principal events associated with incapacitation include specialty treatment, hospitalization, incarceration and death. As a result of such incapacitation, the citizens of Pinal County who became addicted to Defendants’ opioids are unable to work or contribute to Pinal County’s financial health through sales, property and other taxes.

345. The Pinal County Health Department (the “Department”) reports hundreds of overdoses in Pinal County. Roughly 11% of those overdoses were fatal. Whether or not the

1 overdose was fatal, roughly one-third of these overdoses involved the administration of
2 Naloxone to treat opioid-related respiratory distress. Most of these overdoses occurred among
3 adults aged 25-44 years. Moreover, over a dozen infants have been born in Pinal County
4 suffering from neonatal abstinence syndrome (“NAS”).

5 (a) **Specialty Treatment—SNFs, Substance Abuse Treatment,**
6 **Pain Management Treatment, etc.**

7 346. As a direct consequence of the Defendants’ misconduct as described in this
8 Complaint, the number of individuals who became addicted to the Manufacturer Defendants’
9 drugs increased. Once addicted, these individuals draw on Plaintiff’s public services without
10 contributing to Plaintiff’s community. These individuals have become incapacitated by their
11 addictions and, instead of working, struggle to function and resist relapse.

12 347. The lost tax revenue attributable to these patients is especially significant for
13 Plaintiff, as the vast majority of such patients would—but for their addiction—be productive
14 members of Plaintiff’s community.

15 (b) **Hospitalization**

16 348. Patients who are hospitalized in connection with opioid-related emergencies are
17 likewise unable to contribute to Pinal County’s financial health with their labor or through the
18 payment of taxes. Indeed, in 2018 the Arizona Department of Public Health reported that 97%
19 of patients suffering from an opioid-related emergency survived the immediate pre-hospital
20 event.⁷⁴ Moreover, government estimates indicate that opioid-related hospital stays are
21 consistently longer than those attributable to both hallucinogens and stimulants, including
22 cocaine and methamphetamine.⁷⁵ Longer hospital stays are usually more expensive and lead
23 to larger losses of productivity for the hospitalized patient.

24 349. Even if patients survive the immediate pre-hospital event and are successfully

25 _____
26 ⁷⁴ AHCCCS—Division of Health Care Management, *Annual Report on Substance Abuse*
27 *Treatment Programs: State Fiscal Year 2016*, p. 1, 3 (Dec. 31, 2016),
https://www.azahcccs.gov/shared/Downloads/Reporting/AHCCCSDrugAbuseTreatmentProgramsReport_36-2023.pdf.

28 ⁷⁵ See L. Radel, *supra*, Note 69 at p. 4.

1 stabilized at, and discharged from, the treating hospital, these patients are frequently referred
2 to specialty treatment facilities in Pinal County and continue to be incapacitated by their
3 addictions.

4 (c) **Death**

5 350. According to government estimates, some 50,000 Americans died from an
6 opioid overdose in 2016—*i.e.*, 137 people per day, and roughly one person every 12
7 minutes.⁷⁶ The emotional devastation caused by Defendants’ despicable actions is impossible
8 to quantify; however, as described above, the purely economic consequences of the opioid
9 epidemic can and have been successfully tracked in terms of lives, lost productivity,
10 healthcare, criminal justice and other costs. Accordingly, in 2017 President Donald Trump’s
11 Council of Economic Advisers estimated that the economic consequences to the nation of the
12 opioid drug epidemic cost the United States \$504 billion in 2015 alone, prompting the
13 President to declare the opioid crisis a nationwide public health emergency.

14 351. Plaintiff has been hit even harder by the opioid crisis. In the past decade, 5,932
15 Arizonans died from opioid-induced causes. Many Pinal County individuals died in recent
16 years from opioid-related causes, who would not have died but for the Defendants’
17 misconduct as described in this Complaint.

18 **WAIVER OF CERTAIN CLAIMS FOR RELIEF**

19 352. Pinal County expressly disclaims and waives any and all right to recovery,
20 whether financial, injunctive, or equitable, relating to or arising out of the distribution by any
21 person of any product, or the provision of any service, pursuant to any exclusive contracts
22 with the federal government, including—but not limited to—McKesson Corporation’s
23 (“McKesson”) Pharmaceutical Prime Vendor Contract (“PPV Contract”) with the United
24 States Department of Veteran Affairs and other, similarly exclusive distribution contracts
25 between any Defendants and any federal government agencies or other federal entities.
26 Specifically, Pinal County expressly disclaims and waives any and all right to recover against

27 _____
28 ⁷⁶ Money.com, *Here’s What I Would Cost to Fix the Opioid Crisis, According to 5 Experts*
(Nov. 27, 2017), <http://money.com/money/5032445/cost-fix-opioid-crisis/>.

1 any of the Distributor or Pharmacy Distributor Defendants under the terms and conditions of
2 any PPV Contract or any similar contract.

3 353. Pinal County further commits that it will not, in any forum, rely on or raise the
4 PPV Contract or any similar contract in connection with its allegations and/or prosecution in
5 this matter.

6 354. Pinal County agrees that should Defendants present evidence sufficient for the
7 trier of fact to determine that Pinal County's injuries were caused, in whole or in part, by the
8 distribution of products or provision of services through the PPV or similarly exclusive
9 contracts with federal government agencies or entities, Defendants are entitled to a reduction
10 of their liability proportionately by the extent to which the trier of fact determines that any
11 injury to Pinal County was caused by goods or products distributed and/or services provided
12 through the PPV or any similar contract.

13 **V. CAUSES OF ACTION**

14 **FIRST CAUSE OF ACTION**

15 **PUBLIC NUISANCE**

16 **Violations of Arizona Revised Statutes § 13-2917**

17 **(Against All Defendants)**

18 355. Plaintiff re-alleges and incorporates by reference each of the allegations
19 contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause
20 of Action.

21 356. A.R.S. § 13-2917(A)(1) provides that "[i]t is a public nuisance" for anything
22 "[t]o be injurious to health, indecent, offensive to the senses or an obstruction to the free use
23 of property that interferes with the comfortable enjoyment of life or property by an entire
24 community or neighborhood or by a considerable number of persons."

25 357. A.R.S. § 13-2917(A) notes that a public nuisance is "no less a nuisance because
26 the extent of the annoyance or damage inflicted is unequal."

27 358. Plaintiff brings this action under A.R.S. § 13-2917(C) to abate, enjoin, and
28 prevent the public nuisance created by the Defendants.

359. Each Defendant, acting individually and in concert, has created or assisted in the creation of a condition that is injurious to the health and interferes with the comfortable enjoyment of life and property of entire communities or neighborhoods or of any considerable number of persons in Pinal County in violation of A.R.S. § 13-2917.

360. The public nuisance is substantial and unreasonable. Defendants' actions caused and continue to cause the public health epidemic described above in the County, and that harm outweighs any offsetting benefit.

361. Defendants knew or should have known that their promotion, distribution, and prescribing of opioids was false and misleading and that their deceptive marketing scheme and other unlawful, unfair, and fraudulent actions would create or assist in the creation of the public nuisance—*i.e.*, the opioid epidemic.

362. Defendants' actions were, at the very least, a substantial factor in opioids becoming widely available and widely used. Defendants' actions were, at the very least, a substantial factor in deceiving doctors and patients about the risks and benefits of opioids for the treatment of chronic pain, sabotaging these practitioners' ability to protect their patients from opioid-related injuries and conditions. Without Defendants' actions, opioid use, misuse, abuse, and addiction would not have become so widespread, and the opioid epidemic that now exists would have been averted or much less severe.

363. The public nuisance—*i.e.*, the opioid epidemic—created, perpetuated, and maintained by Defendants can be abated and further recurrence of such harm and inconvenience can be abated.

364. Pursuant to A.R.S. § 13-2917(C), the County requests an order providing for abatement of the public nuisance that Defendants created or assisted in the creation of, and enjoining Defendants from future violations A.R.S. § 13-2917.

365. Additionally, as a direct and proximate cause of the public nuisance that Defendants' created, the County has suffered and will continue to suffer harm, and is entitled to damages in an amount to be determined at trial.

SECOND CAUSE OF ACTION

NEGLIGENCE

(Against All Defendants)

366. Pinal County re-alleges and incorporates by reference each of the allegations contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause of Action.

367. Under Arizona law, a cause of action arises for negligence when a defendant owes a duty to a plaintiff and breaches that duty, and proximately causes the resulting injury.

368. Each Defendant owed a duty of care to Pinal County, including but not limited to taking reasonable steps to prevent the misuse, abuse, and over-prescription of opioids.

369. In violation of this duty, Defendants failed to take reasonable steps to prevent the misuse, abuse, and over-prescription of opioids by misrepresenting the risks and benefits associated with opioids and by distributing and prescribing dangerous quantities of opioids.

370. As set forth, the Manufacturer Defendants' misrepresentations include falsely claiming that the risk of opioid addiction was low, falsely instructing doctors and patients that prescribing more opioids was appropriate when patients presented symptoms of addiction, falsely claiming that risk-mitigation strategies could safely address concerns about addiction, falsely claiming that doctors and patients could increase opioid doses without added risk, and falsely claiming that long-term opioid use could actually restore function and improve a patient's quality of life without posing significant additional risks. Each of these misrepresentations made by Defendants violated the duty of care to Pinal County.

371. The Distributor Defendants knew of the serious problem posed by prescription opioid diversion and were under a legal obligation to take reasonable steps to prevent diversion.

372. The Distributor Defendants negligently distributed suspiciously large quantities of potent opioids and failed to report such distributions. As such, the Distributor Defendants violated their duty of care by moving these dangerous products into Pinal County in such quantities, facilitating misuse and abuse of opioids.

373. Plaintiff is not asserting a cause of action under the federal Controlled Substances Act or other federal controlled substances laws, including—but not limited to—the federal laws referenced above.

374. As a direct and proximate cause of Defendants’ unreasonable and negligent conduct, Pinal County has suffered and will continue to suffer harm, and is entitled to damages in an amount to be determined at trial.

THIRD CAUSE OF ACTION

NEGLIGENCE PER SE

(Against All Defendants)

375. Pinal County re-alleges and incorporates by reference each of the allegations contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause of Action.

376. Defendants’ actions violate Arizona statutes designed to protect the public from harm. In particular, Defendants’ actions violate A.R.S. § 36-2501 *et seq.* (the “AZCSA”) and Arizona requirements regarding the dispensing of medication.

377. A.R.S. § 36-2523 requires all AZCSA registrants—which includes manufacturers and distributors—under the AZCSA to maintain records in accordance with Arizona’s regulations on the dispensing of medication.

378. A.R.S. § 36-2524 states that certain controlled substances shall be distributed by an AZCSA registrant to another registrant only pursuant to an authorized order form.

379. A.R.S. § 36-2531(A)(3) prohibits and makes it unlawful for any person to intentionally or knowingly refuse or fail to make, keep or furnish any record, notification, order form, statement, invoice, or information required under the AZCSA.

380. A.R.S. § 36-2531(A)(6) prohibits and makes it unlawful for any person to intentionally or knowingly sell, buy, exchange or give away any preparation subject to the AZCSA, unless the preparation is used for a legitimate medical purpose and in compliance with the AZCSA.

381. A.R.S. § 36-2531(C)(1) prohibits and makes it unlawful for any person

1 intentionally or knowingly to distribute as a registrant certain controlled substances, except
2 pursuant to an order form in accordance with the AZCSA.

3 382. A.R.S. § 36-2531(2) prohibits and makes it unlawful for any person intentionally
4 or knowingly to furnish false or fraudulent material information in, or omit any material
5 information from, any application, report or other document required to be kept or filed under
6 the CSA or any record required to be kept by the AZCSA.

7 383. A.R.S. § 36-2531(E) states that a person shall not provide a false prescription for
8 a controlled substance or knowingly or intentionally acquire or obtain possession of a
9 controlled substance by means of forgery, fraud, deception or subterfuge, including the
10 forgery or falsification of a prescription or the nondisclosure of a material fact.

11 384. A.R.S. Title 32, Chapter 18 governs the Arizona Board of Pharmacy and
12 statutory requirements for dispensing medication.

13 385. A.R.S. § 32-1964(A) states that “[e]very proprietor, manager or pharmacist in
14 charge of a pharmacy shall keep in the pharmacy a book or file in which that person places the
15 original of every prescription order of drugs, devices or replacement soft contact lenses that
16 compounded or dispensed at the pharmacy. This information shall be serially numbered,
17 dated and filed in the order in which the drugs, devices or replacement soft contact lenses were
18 compounded or dispensed. A prescription order shall be kept for at least seven years. The
19 proprietor, manager or pharmacist shall produce this book or file in court or before any grand
20 jury on lawful order. The book or file of original prescription orders is open for inspection at
21 all times by the prescribing medical practitioner, the board and its agents and officers of the
22 law in performance of their duties.”

23 386. A.R.S. § 32-1983(B) provides that, “[a] full service wholesale permittee may
24 furnish prescription-only drugs to a pharmacy or medical practitioner. The full service
25 wholesale permittee must first verify that person holds a valid license or permit.”

26 387. A.R.S. § 32-1983(C) provides that, “[t]he full service wholesale permittee must
27 deliver prescription-only drugs to an authorized person or agent of that premises if: (1) [t]he
28 full service wholesale permittee properly establishes the person's identity and authority; and

(2) [d]elivery to an authorized person or agent is used only to meet the immediate needs of a particular patient of the authorized person.”

388. A.R.S. § 32-1983(D) provides that, “[a] full service wholesale permittee may furnish prescription-only drugs to a pharmacy receiving area if a pharmacist or authorized receiving personnel sign, at the time of delivery, a receipt showing the type and quantity of the prescription-only drug received. Any discrepancy between receipt and the type and quantity of the prescription-only drug actually received must be reported to the full service wholesale permittee by the next business day after the delivery to the pharmacy receiving area.”

389. A.R.S. § 32-1983(E) provides that, “[a] full service wholesale permittee shall not accept payment for or allow the use of a person or entity’s credit to establish an account for the purchase of prescription-only drugs from any other person other than the owner of record, the chief executive officer or the chief financial officer listed on the license or permit of a person or entity legally authorized to receive prescription-only drugs. Any account established for the purchase of prescription-only drugs must bear the name of the licensee or permittee.”

390. Defendants’ acts regarding the manufacture, distribution, and prescribing of opioids described in detail above violated each and every one of these Arizona laws. Defendants are liable for negligence *per se* in that the Defendants violated applicable Arizona laws, statutes, and regulations, in the manner in which they advertised, marketed, sold, and/or distributed opioid products. Plaintiff is a member of the class meant to be protected by the laws, statutes, and regulations which Defendants violated, and Plaintiff’s injuries were caused by the violations. Further, Pinal County’s citizens are within the class which these laws were designed to protect, and the harm to Plaintiff’s citizens is of the nature the laws were designed to prevent. Consequently, Defendants’ violations constitute negligent acts *per se* under Arizona law.

FOURTH CAUSE OF ACTION

UNJUST ENRICHMENT

(Against All Defendants)

391. Pinal County re-alleges and incorporates by reference each of the allegations contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause of Action.

392. Each Defendant was required to take reasonable steps to prevent the misuse, abuse, and over-prescription of opioids.

393. Rather than prevent or mitigate or wide proliferation of opioids into Pinal County, each Defendant instead chose to place its monetary interests first and each Defendant profited from prescription opioids sold in Pinal County.

394. Each Defendant also failed to maintain effective controls against the unintended and illegal use of the prescription opioids it or he manufactured, distributed, or prescribed, again choosing instead to place its or his monetary interests first.

395. Each Defendant therefore received a benefit from the sale, distribution, or prescription of prescription opioids to and in Pinal County, and these Defendants have been unjustly enriched at the expense of Pinal County.

396. As a result, Pinal County is entitled to damages on its unjust enrichment claim in an amount to be proven at trial.

FIFTH CAUSE OF ACTION

NEGLIGENT FAILURE TO WARN

(Against the Manufacturer Defendants)

397. Pinal County re-alleges and incorporates by reference each of the allegations contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause of Action.

398. At all relevant times, the Manufacturer Defendants had a duty to exercise reasonable and ordinary care and skill and in accordance with applicable standards of conduct in adequately warning the medical profession about the risk of addiction from the use of

1 opioid products, and not to over-promote and over-market opioid products so as to nullify,
2 cancel out and render meaningless any written warnings about addiction, however inadequate,
3 about the risk of addiction from the use of opioid products.

4 399. The Manufacturer Defendants breached their duty to exercise reasonable and
5 ordinary care by affirmatively misleading and subsequently failing to warn the medical
6 profession about the true risk of addiction from the use of opioid products. Moreover, the
7 Manufacturer Defendants so over-promoted the products to nullify, cancel out and render
8 meaningless any warnings in the labels about any addiction risk due to the Manufacturer
9 Defendants' marketing, sales and promotional efforts that were designed to stimulate the use
10 of opioid products in situations and for patients who should not have been using those drugs or
11 should have used them only as a last resort before other means were used or other less
12 addictive and dangerous drugs were prescribed.

13 400. As a direct and proximate cause of the Manufacturer Defendants' unreasonable
14 and negligent conduct, Pinal County has suffered and will continue to suffer harm, and is
15 entitled to damages in an amount to be determined at trial.

16 **SIXTH CAUSE OF ACTION**

17 **FRAUDULENT TRANSFER**

18 **Violation of A.R.S. § 44-1004**

19 **(Against The Sackler Defendants)**

20 401. Pinal County re-alleges and incorporates by reference each of the allegations
21 contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause
22 of Action.

23 402. As alleged herein, Defendants' negligence was willful, malicious, oppressive,
24 and fraudulent, entitling Pinal County to punitive damages

25 403. As set forth above, Pinal County possesses a variety of causes of action against
26 Purdue and the other Defendants, and as soon as final judgment is entered in this action, Pinal
27 County will possess a right to payment from Purdue.

28 404. Pinal County has been harmed because Pinal County is informed and believes

1 that Purdue has been transferring assets to the Sacklers and other shareholders for years in
2 order to avoid paying the judgment that will be owed Pinal County, as well as the multitude of
3 other plaintiffs that have commenced litigation against Purdue nationwide for its role in
4 creating the opioid epidemic.

5 405. Pinal County is informed and believes that Purdue transferred assets to the
6 Sacklers and other shareholders with the intent to hinder, delay, or defraud Purdue's creditors,
7 including Pinal County.

8 406. Pinal County was harmed as a result of these transfers, and Pinal County is
9 entitled to void them pursuant to Arizona Revised Statute § 44-1004.

10 **SEVENTH CAUSE OF ACTION**

11 **CIVIL CONSPIRACY**

12 **(Against The Sackler Defendants)**

13 407. Pinal County re-alleges and incorporates by reference each of the allegations
14 contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause
15 of Action.

16 408. As alleged above, Purdue and the Sacklers engaged in a knowing and willful
17 conspiracy between themselves to fraudulently transfer assets from Purdue to the Individual
18 Defendants and other shareholders in order to hinder, delay, and defraud Plaintiff in the
19 collection of its judgment against Purdue entered in this action.

20 409. After the Sacklers became aware in or about 1999 that Purdue faced potential
21 liability because of the addictive nature of OxyContin, Purdue and the Sacklers conspired to
22 shield the proceeds of their wrongdoing from creditors like Pinal County by stripping Purdue
23 every year of hundreds of millions of dollars of profits from the sale of OxyContin and other
24 opioid-containing medications via distributions from Purdue to shareholders, including the
25 Sacklers and their extended family.

26 410. Purdue and the Sacklers, with knowledge and intent, agreed to the overall
27 objective of their fraudulent scheme and participated in a coordinated, common course of
28 conduct to commit acts of fraud.

1 411. Purdue and the Sacklers acted with a common understanding or design to
2 commit unlawful acts, as alleged herein, and acted purposely, without a reasonable or lawful
3 excuse, which directly and proximately caused the injuries alleged herein.

4 412. Purdue and the Sacklers acted with malice, purposely, intentionally, unlawfully,
5 and without a reasonable or lawful excuse.

6 413. As a proximate result of Purdue and the Sacklers' conspiracy and the
7 distributions of billions of dollars in profits to the Sacklers, Pinal County is informed and
8 believes that Purdue lacks sufficient assets to satisfy its liabilities to Pinal County pursuant to
9 the judgment entered in this action.

10 414. As a result of Purdue and the Sacklers' conspiracy, Pinal County is entitled to
11 compensatory damages in an amount to be proved at trial.

12 415. As alleged herein, Purdue and the Sacklers' conspiracy was willful, malicious,
13 oppressive, and fraudulent, entitling Pinal County to punitive damages.

14 **EIGHTH CAUSE OF ACTION**

15 **Violations of the Arizona Consumer Fraud Act**

16 **A.R.S. § 44-1521 *et seq.***

17 **(Against all Defendants)**

18 416. Pinal County re-alleges and incorporates by reference each of the allegations
19 contained in the preceding paragraphs of this Complaint as though fully alleged in this Cause
20 of Action.

21 417. The Arizona Consumer Fraud Act is codified at A.R.S. § 44-1521 *et seq.*
22 ("AZCFA"). The AZCFA establishes a comprehensive framework for redressing the
23 violations of applicable law. The conduct at issue in this case falls within the scope of the
24 AZCFA.

25 418. The AZCFA prohibits the "use or employment . . . of any deception, deceptive
26 or unfair act or practice, fraud, false pretense, false promise, misrepresentation, or
27 concealment, suppression, or omission of any material fact with intent that others rely on such
28 concealment, suppression, or omission, in connection with the sale or advertisement of any

merchandise” Ariz. Rev. Stat. Ann. §44-1522. Defendants have engaged in and continue to engage in the same pattern of unfair methods of competition, and unfair and/or deceptive conduct pursuant to a common practice of misleading the public regarding the purported benefits and risks of opioids.

419. But for these unfair method of competition and unfair and/or deceptive acts or practices in the conduct of trade or commerce, Pinal County would not have incurred the massive costs related to the epidemic caused by Defendants, as fully described above.

420. Logic, common sense, justice, policy, and precedent indicate the Manufacturing Defendants’ unfair and deceptive conduct has caused the damage and harm complained of herein. The Manufacturing Defendants knew or reasonably should have known that their statements regarding the risks and benefits of opioids were false and misleading, and that their statements were causing harm from their continued production and marketing of opioids. All Defendants knew or reasonably should have known that the proliferation of prescription opioids were causing damage to Pinal County. Thus, the harms caused by Defendants’ unfair and deceptive conduct to Pinal County were reasonably foreseeable, including the financial and economic losses incurred by Pinal County.

VI. PRAYER FOR RELIEF

Pinal County prays that the Court issue:

1. An Order declaring that Defendants have created a public nuisance in violation of A.R.S. § 13-2917;
2. An Order enjoining Defendants from performing any further acts in violation of A.R.S. § 13-2917;
3. An Order mandating that Defendants abate the public nuisance that they created in the County in violation of A.R.S. § 13-2917;
4. An Order that Defendants are negligent under Arizona law;
5. An Order that Defendants have been unjustly enriched at Pinal County’s expense under Arizona law;
6. An Order that Pinal County is entitled to recover all measure of damages

permissible under the statutes identified herein and under common law, in an amount to be proven at trial;

7. An Order that judgment be entered against Defendants in favor of Pinal County;

8. An Order that Pinal County is entitled to attorney's fees and costs pursuant to any applicable provision of law;

9. An Order voiding any fraudulent transfer by the Sacklers;

10. Compensatory damages in a sum to be proven at trial;

11. Punitive damages against Purdue and the Sacklers in a sum to be proven at trial;

12. An Order that the conduct alleged herein violates the Arizona Consumer Fraud Act;

13. An Order that Pinal County is entitled to damages pursuant to the Arizona Consumer Fraud Act;

14. An Order awarding any other and further relief deemed just and proper, including pre-judgment and post-judgment interest on the above amounts; and

15. An award of attorneys' fees and costs pursuant to the Arizona Consumer Fraud Act, *e.g.* A.R.S. § 44-1534.

VII. JURY TRIAL DEMAND

421. Pinal County demands a trial by jury on all claims and of all issues so triable.

DATED: September 25, 2019

FENNEMORE CRAIG, P.C.

/s/ J. Christopher Gooch

J. Christopher Gooch

Scott Day Freeman

Attorneys for Plaintiff

Pinal County