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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR SNOHOMISH COUNTY

CITY OF EVERETT, a Washington
municipal corporation,

Plaintiff,

v.

PURDUE PHARMA, L.P., a Delaware
limited partnership; PURDUE PHARMA,
INC., a New York corporation; THE
PURDUE FREDERICK COMPANY, INC.,
a New York corporation; and JOHN AND
JANE DOES 1 THROUGH 10, individuals
who are executives, officers, and/or directors
of Purdue,

Defendants.

Case No. **17 2 00469 31**

COMPLAINT

Plaintiff City of Everett ("Everett"), for causes of action against defendants Purdue
Pharma, L.P., Purdue Pharma, Inc., The Purdue Frederick Company, Inc., and John and Jane
Does 1 through 10 (collectively, "Purdue") alleges as follows:

I. SUMMARY

1. For the benefit of the public, Everett seeks to hold Purdue — the manufacturer,
seller, and promoter of OxyContin — accountable for knowingly, recklessly, and/or negligently
supplying OxyContin to obviously suspicious physicians and pharmacies and enabling the illegal
diversion of OxyContin into the black market, including to drug rings, pill mills, and other
dealers for dispersal of the highly addictive pills in Everett.

1 2. Purdue's deceptive practices in the marketing of OxyContin are well-known and
2 have resulted in a federal criminal guilty plea and numerous settlements with various states,
3 including the State of Washington. Following the revelations of Purdue's deceptive marketing
4 practices, Purdue agreed to implement effective controls against the illegal diversion of
5 OxyContin.

6 3. Existing regulations also required Purdue to track suspicious orders and notify
7 law enforcement if criminal activity was suspected. Despite those regulations and Purdue's own
8 agreement, however, Purdue continued to knowingly, recklessly, and/or negligently aid criminal
9 activity in order to maximize its profits.

10 4. For example, beginning in approximately 2008, a drug ring in the Los Angeles
11 area engaged in a pattern of transparently false OxyContin orders, for the purpose of distributing
12 OxyContin on the black market. Purdue had both constructive and actual knowledge, and/or
13 recklessly or negligently disregarded, that the orders facilitated by the illegal drug ring were not
14 legitimate and that OxyContin was being diverted to the black market. But Purdue took no
15 action and instead continued to supply massive and disturbing quantities of OxyContin pills to
16 the drug ring until it was ultimately shut down by law enforcement. Put simply, Purdue
17 knowingly, recklessly, and/or negligently supplied a Schedule II controlled substance to drug
18 traffickers in order to generate enormous profits.

19 5. In fact, for several years, Purdue collected, tracked, and monitored extensive data
20 evidencing the illegal trafficking of OxyContin, including the dissemination of alarming
21 quantities of pills through the drug ring in the Los Angeles area and (on information and belief)
22 other clearly suspect physicians and pharmacies in Everett and other areas within the State of
23 Washington. Despite its obligations, however, Purdue intentionally, recklessly, and/or
24 negligently failed to disclose such data to enforcement authorities or stop the flow of OxyContin
25 into the black market.

26 6. Purdue knew about (and/or recklessly or negligently disregarded) the suspicious

1 orders from prescribing records, pharmacy orders, field reports from sales representatives, and
2 Purdue's own surveillance operations. Purdue could have (and should have) reported and
3 stopped the flow of OxyContin into the black market, including the prevention of illegal
4 diversion through drug rings, pill mills, and other dealers in Everett, and (for example) the drug
5 ring that operated in the Los Angeles area, which was "clearly diversion," and dispersed pills in
6 Everett. But Purdue intentionally, recklessly, and/or negligently chose not to follow or
7 implement the readily available and required measures, in order for Purdue to continue to reap
8 large and obscene profits from its sales of OxyContin.

9 7. As a direct result of Purdue's misconduct, huge quantities of OxyContin were
10 disseminated from Purdue to drug rings, pill mills, and other dealers and into the black market
11 within Everett. The resulting drug abuse, addiction, and crime caused by Purdue have imposed,
12 and will continue to impose, sizeable costs on Everett, both social and economic.

13 8. For example, Everett has spent, and will need to continue to spend, significant
14 amounts of taxpayer dollars combating OxyContin abuse and addiction, including substantial
15 costs for law enforcement, prosecution, emergency medical services, prisons and jails, probation,
16 and public works. And nearly every department of Everett, from the fire department to the parks
17 department, has been forced to devote substantial time, money, and resources to the harms
18 caused by Purdue.

19 9. In addition, Purdue's wrongful and tortious conduct also fueled a heroin crisis in
20 Everett.

21 10. The cost to remedy and remediate the extensive damage inflicted on Everett by
22 Purdue is enormous. For example, significant and substantial sums are required to fund
23 addiction treatment, detox and rehabilitation facilities, social services and housing, and
24 prevention and education programs. Additional sums are also needed for law enforcement,
25 diversion programs, and emergency medical services.

26 11. In short, Purdue's improper actions of placing profits over the welfare of the

1 citizens of Everett have caused and will continue to cause substantial damages to Everett.
2 Purdue is liable for its intentional, reckless, and/or negligent misconduct and should not be
3 allowed to evade responsibility for its callous and unconscionable practices. By this lawsuit,
4 Everett seeks to hold Purdue accountable for the benefit of the public.

5 **II. PARTIES**

6 12. Plaintiff City of Everett is a first-class city located in Snohomish County,
7 Washington, incorporated pursuant to Chapter 35.22 RCW, and duly organized and existing by
8 virtue of the laws of the State of Washington. Everett brings this action in its sovereign capacity
9 and for the benefit of the public, pursuant to the powers delegated by the State of Washington, in
10 the traditional sovereign function of providing for public safety, health, and welfare, and
11 recovering any other applicable forms of relief available for monetary damages and removal of
12 the public nuisance caused by Purdue.

13 13. Defendant Purdue Pharma, L.P. is a Delaware limited partnership with its
14 principal place of business in Stamford, Connecticut. At all relevant times, defendant Purdue
15 Pharma, L.P. was in the business of manufacturing, selling, promoting, and/or distributing
16 OxyContin throughout the United States, including in Everett.

17 14. Defendant Purdue Pharma, Inc. is a New York corporation with its principal place
18 of business in Stamford, Connecticut. On information and belief, defendant Purdue Pharma, Inc.
19 is the general partner of defendant Purdue Pharma, L.P. and supervised and managed its
20 operations. At all relevant times, defendant Purdue Pharma, Inc. was in the business of
21 manufacturing, selling, promoting, and/or distributing OxyContin throughout the United States,
22 including in Everett.

23 15. Defendant The Purdue Frederick Company, Inc. is a New York corporation with
24 its principal place of business in Stamford, Connecticut. At all relevant times, defendant The
25 Purdue Frederick Company, Inc. was in the business of manufacturing, selling, promoting,
26 and/or distributing OxyContin throughout the United States, including in Everett.

1 d. Purdue knowingly, recklessly, and/or negligently supplied OxyContin to
2 obviously suspicious physicians and pharmacies and/or enabled or failed to prevent the illegal
3 diversion of OxyContin into the black market, including through drug rings, other dealers, and
4 (on information and belief) physicians and pharmacies in Everett and other areas within the State
5 of Washington.

6 e. On information and belief, Purdue has sold a significant number of
7 OxyContin pills in the State of Washington and/or with intent, actual knowledge, and/or reckless
8 or negligent disregard that such pills would reach the State of Washington, through channels both
9 legal and illegal. Purdue further had actual knowledge and/or recklessly or negligently
10 disregarded that its OxyContin sales would lead to abuse, addiction, and other harmful social
11 impacts within the State of Washington.

12 f. Purdue's misconduct has caused actual injury in and to Everett, which
13 injury occurred in the State of Washington.

14 g. On information and belief, Purdue has purposely directed its activities and
15 has consummated numerous transactions involving OxyContin in the State of Washington, and/or
16 has performed acts by which Purdue purposely availed itself of the privilege of conducting
17 activities in the State of Washington, thereby invoking the benefits and protections of the law of
18 the State of Washington.

19 19. Venue in this Court is proper because Everett resides in this County. Venue in
20 this Court is also proper because, *inter alia*, Purdue transacts business in this County and/or
21 transacted business in this County at the time the causes of action arose.

22 IV. STATEMENT OF FACTS

23 A. Purdue Aggressively Promotes and Deceptively Markets OxyContin by 24 Manipulating Alleged Benefits and Minimizing Known Risks.

25 20. Oxycodone is an "opioid," which is a synthetic chemical derivative of opium.
26 Oxycodone is chemically related to other opium-derived substances such as morphine, heroin,
and hydrocodone.

1 21. Similar to other opioids, oxycodone is a potent analgesic, but it also has an
2 extremely high potential to become addictive, particularly when used for extended periods.
3 Oxycodone is, therefore, classified as a Schedule II narcotic under the Controlled Substances
4 Act. Other Schedule II controlled substances include cocaine and methamphetamine.

5 22. Even users who begin taking oxycodone under medical supervision and for a
6 legitimate purpose are at risk of developing an addiction. Like other opioids, oxycodone is also
7 illegally used as a recreational drug to achieve a euphoric state or “high.” Users of oxycodone
8 (both legitimate and illegitimate) build up a tolerance to the drug, requiring ever-larger doses to
9 meet their needs, which also increases the risk of overdose and other complications.

10 23. In the 1990s, Purdue patented, obtained FDA approval for, and commercially
11 released OxyContin, an oral formulation of oxycodone. OxyContin was designed to gradually
12 release its oxycodone content over an extended period of time, with the purported benefit of
13 allegedly providing for a longer duration of pain relief than other oxycodone drugs.

14 24. However, abusers of OxyContin quickly discovered that by minimally processing
15 an OxyContin pill (such as by crushing it), the oxycodone content could be liberated for an
16 intense short-term high. Since OxyContin had a higher total oxycodone content than
17 formulations designed for immediate release, the potential for abuse and addiction posed by
18 OxyContin was tremendous.

19 25. Because it is an oral formulation of oxycodone, OxyContin is also designated as a
20 Schedule II narcotic, and its manufacture and distribution is subject to regulation and control by
21 the Drug Enforcement Administration (“DEA”), as well as a complement of state and local laws
22 and regulations. Schedule II narcotics are defined as drugs with a high potential for abuse, with
23 use potentially leading to severe psychological or physical dependence. Schedule II narcotics,
24 such as OxyContin, are also considered dangerous.

25 26. Due to the risk of addiction and other dangers, OxyContin and similar opioid
26 analgesics were traditionally prescribed for either a) acute pain issues requiring only a short

1 duration of analgesic therapy (such as post-surgical pain), or b) cancer patients or other
2 terminally ill individuals, for whom addiction risk was less significant.

3 27. To expand the market for OxyContin, Purdue engaged in a campaign to
4 exaggerate the benefits of and needs for OxyContin, while minimizing the known risks of
5 OxyContin, including addiction, abuse, and diversion. And to promote the sales of OxyContin,
6 Purdue aggressively marketed OxyContin to physicians for broader use. Purdue also deliberately
7 misrepresented the effectiveness and addiction risk of OxyContin, both to the FDA, to
8 physicians, and to the public via the drug's deceptive labeling.

9 28. Although Purdue is a private, family-owned corporation, on information and
10 belief Purdue has generated more than \$30 billion from the sales of OxyContin.

11 **B. Purdue Pleads Guilty to Federal Criminal Charges and Agrees to a Consent**
12 **Judgment with the State of Washington.**

13 29. In 2007, Purdue and several of its executives pled guilty to federal criminal
14 charges that they misled regulators, doctors, and patients about OxyContin's risk of addiction and
15 its potential to be abused. Purdue admitted that certain statements about OxyContin were made
16 to health care professionals that were inconsistent with the FDA-approved prescribing
17 information for OxyContin and the express warnings it contained about risks associated with the
18 medicine. Purdue also acknowledged that it marketed and promoted OxyContin "with the intent
19 to defraud or mislead." To resolve criminal and civil charges regarding the mislabeling and
20 deceptive marketing of OxyContin, Purdue agreed to pay fines and fees in excess of \$600
21 million.

22 30. Purdue was also sued in 2007 by several states, including the State of Washington.
23 In its lawsuit, the State of Washington alleged that "Purdue engaged in unfair or deceptive acts or
24 practices in its marketing, promotion and sale of OxyContin, including without limitation:
25 a) aggressively marketing OxyContin to a broad variety of doctors and patients, for an ever
26 expanding array of ailments, sometimes contrary to its label and indications, while failing to
adequately disclose and reasonably warn of and guard against the health and safety risks

1 associated with OxyContin, including the risks associated with misuse, abuse, dependence,
2 addiction and diversion; b) avoiding or minimizing the known risks of OxyContin, including the
3 risks of abuse, dependence, addiction and diversion; and c) employing a sales and incentive
4 program that failed to reasonably guard against OxyContin abuse and diversion.”

5 31. Purdue ultimately agreed to pay \$19.5 million as a multi-state settlement and also
6 settled with the State of Washington pursuant to a Consent Judgment filed in the State of
7 Washington. In the Consent Judgment, among other obligations, Purdue agreed to enact
8 safeguards to protect against the diversion of OxyContin.

9 32. Specifically, Purdue agreed to “establish, implement and follow an OxyContin
10 abuse and diversion detection program consisting of internal procedures designed to identify
11 potential abuse or diversion of OxyContin in certain settings (the ‘OxyContin Abuse and
12 Diversion Detection Program’). The OxyContin Abuse and Diversion Detection Program will
13 apply to Purdue employees and contract or third-party sales representatives, including Medical
14 Liaisons, who contact practicing Health Care Professionals in person or by telephone for the
15 purpose of promoting OxyContin. That Program directs those persons to report to the Office of
16 the General Counsel situations, including, but not limited to the following examples, to the extent
17 that such information or activities are observed or learned of by them: a) an apparent pattern of
18 an excessive number of patients for the practice type, such as long lines of patients waiting to be
19 seen, waiting rooms filled to standing-room-only capacity, or patient-prescriber interactions that
20 are exceedingly brief or non-existent; b) an atypical pattern of prescribing techniques or
21 locations, such as repeated prescribing from an automobile, or repeated prescribing at atypical
22 times, such as after usual office hours when the Health Care Professional is not on call;
23 c) information from a highly credible source or several sources (*e.g.*, pharmacists, law
24 enforcement, other health care workers) that a Health Care Professional or their patients are
25 abusing or diverting medications; d) sudden, unexplained changes in prescribing or dispensing
26 patterns that are not accounted for by changes in patient numbers or practice type; e) a Health

1 Care Professional who has a disproportionate number of patients who pay for office visits and
2 dispensed medications with cash; f) multiple allegations that individuals from a particular
3 practice have overdosed; or g) unauthorized individuals signing prescriptions or dispensing
4 controlled substances.”

5 33. In the Consent Judgment, each of defendants Purdue Pharma, L.P., Purdue
6 Pharma, Inc., and The Purdue Frederick Company, Inc. also “warrant[ed] and represent[ed] that
7 it and its predecessors, successors and assigns manufactured, sold and promoted OxyContin.”

8 34. Importantly, drug makers (like Purdue) are also required by federal law to alert the
9 DEA of suspicious orders. Pursuant to 21 U.S.C. § 823, manufacturers of controlled substances
10 (such as OxyContin) are required to register with the DEA, and must demonstrate that their
11 manufacture of such substances is in the public interest. In determining the public interest, the
12 DEA is required to evaluate, *inter alia*, “maintenance of effective controls against diversion,”
13 “compliance with applicable State and local law,” “prior conviction record of applicant under
14 Federal and State laws,” and “past experience in the manufacture of controlled substances.”

15 35. The DEA has also promulgated regulations which require any manufacturer or
16 distributor of controlled substances to “design and operate a system to disclose to the registrant
17 suspicious orders of controlled substances,” and to “inform the Field Division Office of the
18 Administration in his area of suspicious orders when discovered by the registrant.” 21 C.F.R.
19 1301.74(b). The regulation further states that “[s]uspicious orders include orders of unusual
20 size, orders deviating substantially from a normal pattern, and orders of unusual frequency.”

21 36. In 2007, the DEA sent letters to every registered manufacturer or distributor of
22 controlled substances, including (on information and belief) Purdue. As stated in the letter, “the
23 purpose of [the] letter [wa]s to reiterate the responsibilities of controlled substance manufacturers
24 and distributors to inform the DEA of suspicious orders in accordance with 21 C.F.R.
25 1301.74(b).”

26 37. In the letter, the DEA expressly warned that the regulation “requires that the

1 registrant inform the local DEA Division Office of suspicious orders when discovered by the
2 registrant.” The DEA also warned that “[r]egistrants are reminded that their responsibility does
3 not end merely with the filing of a suspicious order report. Registrants must conduct an
4 independent analysis of suspicious orders prior to completing a sale to determine whether the
5 controlled substances are likely to be diverted from legitimate channels. Reporting an order as
6 suspicious will not absolve the registrant of responsibility if the registrant knew, or should have
7 known, that the controlled substances were being diverted.”

8 38. In addition, the DEA warned that the “regulation specifically states that suspicious
9 orders include orders of an unusual size, orders deviating substantially from a normal pattern, and
10 orders of an unusual frequency. These criteria are disjunctive and are not all inclusive. For
11 example, if an order deviates substantially from a normal pattern, the size of the order does not
12 matter and the order should be reported as suspicious. Likewise, a registrant need not wait for a
13 ‘normal pattern’ to develop over time before determining whether a particular order is
14 suspicious. The size of an order alone, whether or not it deviates from a normal pattern, is
15 enough to trigger the registrant’s responsibility to report the order as suspicious. The
16 determination of whether an order is suspicious depends not only on the order patterns of the
17 particular customer, but also on the patterns of the registrant’s customer base and the patterns
18 throughout the relevant segment of the regulated industry.”

19 **C. Purdue Knowingly, Recklessly, and/or Negligently Supplies OxyContin to Drug**
20 **Rings, Pill Mills, and Other Dealers for Illegal Diversion in Everett.**

21 39. Despite federal, state, and local regulations, and Purdue’s own agreement in the
22 Consent Judgment, Purdue deliberately and repeatedly chose to maximize its profits at the
23 expense of the welfare of Everett and its citizens.

24 40. On information and belief, Purdue knowingly, recklessly, and/or negligently
25 supplied suspicious quantities of OxyContin to obviously suspicious physicians and pharmacies
26 in Everett (and other areas within the State of Washington) for the illegal diversion of OxyContin
within Everett, without disclosing suspicious orders as required by regulations. As part of its

1 wrongful pattern and practice, Purdue also circumvented its obligations by enabling and/or
2 failing to prevent the illegal diversion of OxyContin into the black market, including through
3 drug rings, pill mills, and other dealers in Everett, with actual knowledge and/or reckless or
4 negligent disregard that its highly addictive pills would be illegally trafficked and abused.

5 41. For example, in approximately 2008 a criminal drug ring formed in Los Angeles,
6 California with the objective of obtaining massive amounts of OxyContin and distributing
7 OxyContin for illegal use, which distribution ultimately included black market sales and other
8 dissemination in Everett. Specifically, the drug ring formed a clinic called Lake Medical to use
9 as a front for its racketeering operation. The drug ring recruited several physicians and other
10 staff to purportedly “practice” at Lake Medical.

11 42. The drug ring also employed “cappers” and “runners” to recruit and transport
12 phony patients, including homeless individuals, to Lake Medical. These individuals had no
13 legitimate medical need for OxyContin. At the clinic, the purported medical staff would generate
14 a bogus medical record and would then prescribe very powerful doses of OxyContin, particularly
15 the 80 milligram dose, which was referred to on the street as “80s” and was favored on the black
16 market among drug abusers, but only very rarely prescribed by legitimate doctors to actual
17 patients.

18 43. The phony patients were shuttled to one of several Los Angeles area pharmacies
19 to obtain the OxyContin. The drug ring kept the OxyContin and made a small cash payment or
20 other consideration to the phony patients. The drug ring distributed the OxyContin to various
21 places around the country, including in Everett, through gang networks and other means.

22 44. In particular, a drug dealer named Jevon Lawson (“Lawson”), who had moved to
23 Everett from Southern California, acquired substantial quantities of OxyContin from the drug
24 ring. On information and belief, Lawson’s source in the drug ring would arrange to have the
25 OxyContin pills transported to the State of Washington. The OxyContin was then ultimately
26 disseminated to, among others, drug abusers in Everett.

1 45. The drug ring and the associated pharmacies made massive orders of OxyContin,
2 which were completely out of line with the typical volume of orders for legitimate medical uses.
3 And these atypical orders were tracked by Purdue, which had access to highly detailed
4 prescription ordering data. Through its monitoring system, Purdue detected, or at very least
5 should have detected, the suspicious nature of the Lake Medical orders.

6 46. In fact, since at least 2002, Purdue has collected, tracked, and monitored extensive
7 data concerning suspicious physicians and pharmacies. On information and belief, Purdue's
8 database contains a list of more than 1,800 doctors, who Purdue suspected of recklessly
9 prescribing OxyContin for drug dealers or addicts. Purdue calls that list "Region Zero."

10 47. In 2008, Purdue added the name of at least one of Lake Medical's physicians,
11 Eleanor Santiago ("Santiago"), to Region Zero. Shortly after Lake Medical had opened, Purdue
12 was already tracking and suspicious of the enormous volume of prescriptions for 80s (*i.e.*, 80-
13 milligram OxyContin pills) written by Santiago. On information and belief, at nearly the same
14 time that Purdue added Santiago to Region Zero, a pharmacist informed Purdue that Lake
15 Medical was exploiting homeless individuals to acquire prescriptions for OxyContin.

16 48. Other pharmacists also provided similar information to Purdue. On information
17 and belief, Purdue received more than 10 reports that abnormal and suspicious OxyContin
18 prescriptions were being written at Lake Medical. Those additional notifications were provided
19 to Purdue in the months shortly after Purdue had already red-flagged Santiago by adding her
20 name to Region Zero.

21 49. In addition, in 2009, a District Manager for Purdue visited Lake Medical to
22 investigate the suspicious volume of prescriptions for OxyContin. The District Manager for
23 Purdue immediately concluded the clinic was a front for a criminal operation by an organized
24 drug ring and was "clearly diversion." That District Manager also instantly recognized that it
25 was too dangerous even to be present at the clinic.

26 50. In an email dated September 1, 2009, the District Manager told Purdue that the

1 DEA should be contacted:

2 -----Original Message-----

3 From: Ringler, Michele
4 Sent: Tuesday, September 01, 2009 7:24 PM
5 To: Crowley, Jack
6 Cc: Limer, Gina; Taggart, Bruce
7 Subject: RE: RE: [REDACTED]

8 Jack,

9 Thank you. The fires are actually very close to where I live, but my immediate neighborhood
10 has not had to evacuate. The air quality is terrible and they are anticipating that it will
11 take 2 weeks to put the fires out!

12 I'm glad to hear that the wholesaler is not going to be selling to this pharmacy, but I'm not
13 sure why they are going to call on those doctors. I think it is very dangerous for the
14 wholesaler to call on this clinic. I'm also very concerned that the owner of St. Paul's
15 Pharmacy is going to say something to these physicians that he was paid a visit by the Purdue
16 reps. This is clearly diversion. Shouldn't the DEA be contacted about this?

17 Michele

18
19 51. The District Manager also sent additional emails to Purdue's executives warning
20 that she was "very certain" that "this is an organized drug ring" and strenuously urged Purdue to
21 contact the DEA:

22 -----Original Message-----

23 From: Ringler, Michele
24 Sent: Wednesday, September 02, 2009 1:56 AM
25 To: Crowley, Jack
26 Cc: Limer, Gina; Taggart, Bruce
Subject: RE: [REDACTED]

Jack,

Thanks for all of the information. My concern with wholesalers going to this clinic is that if
they have no experience with this type of situation, it could be very dangerous. Obviously, it
is their prerogative to do so, but when I went to the clinic with my rep, it was packed with a
line out the door, with people who looked like gang members. I feel very certain that this is
an organized drug ring and when these doctor's get cut off, the people behind them are going
to be very angry. It just seems that trained professionals like the DEA would be better
equipped to do further investigation of this clinic. Hopefully the wholesalers will agree.

Thanks,

Michele

1 52. Based on, among other things, Purdue's own tracking system and investigation, as
2 well as the numerous pharmacy notifications, Purdue had actual and/or constructive knowledge
3 of, or recklessly and/or negligently disregarded, the fact that the OxyContin prescriptions by
4 Lake Medical were fraudulent and that extraordinary quantities of OxyContin were being
5 diverted.

6 53. In fact, the Executive Director of Controlled Substance Act Compliance for
7 Purdue admitted that a wholesaler had previously notified Purdue of the alarming circumstances,
8 and that one of the suspect pharmacies was in Purdue's monitoring system:

9 -----Original Message-----

10 From: Crowley, Jack

11 Sent: Tuesday, September 01, 2009 7:07 PM

12 To: Ringler, Michele

13 Cc: Taggart, Bruce; Limer, Gina

14 Subject: FW: [REDACTED]

15 One final comment - the wholesaler brought St. Paul's to my attention first.

16 While St. Paul's Pharmacy is on our Order Monitoring System, our committee hadn't gotten
17 around to discussing it yet. We asked you for input the same day it was brought to our
18 attention.

19 Best regards,

20 Jack

21 54. On information and belief, that same Executive Director referred to Purdue's
22 tracking system and database as a "gold mine" and admitted that Purdue was easily able to
23 identify the highly suspicious volume of prescriptions for 80s written by Lake Medical.

24 55. Despite such knowledge, however, Purdue did not notify the DEA or other
25 authorities. Nor did Purdue stop the flow of OxyContin through Lake Medical. Instead, Purdue
26 intentionally, recklessly, and/or negligently allowed the flow of OxyContin to continue through
Lake Medical and waited to provide information to authorities only after Lake Medical was shut

1 down in 2010, and following the arrest of several of the key criminals in the drug ring at Lake
2 Medical. Numerous individuals have subsequently pled guilty or have been convicted in a
3 federal criminal action filed in the Central District of California.

4 56. In addition, Lawson was arrested, charged, and pled guilty to federal drug
5 trafficking charges in the Western District of Washington. On information and belief, by the
6 time Lake Medical was closed, more than 1 million OxyContin pills had been diverted into the
7 black market, on which Purdue earned in excess of \$15 million.

8 57. Lawson admitted to receiving many thousands of those OxyContin pills into the
9 State of Washington and distributing them in Everett. As a direct result of Purdue's misconduct,
10 therefore, destructive quantities of OxyContin were illegally distributed in Everett through the
11 Lake Medical drug ring, which Purdue itself called "clearly diversion."

12 58. Unfortunately, the illegal diversion through the Lake Medical drug ring is merely
13 one of numerous examples of Purdue's callous and unconscionable pattern and practices.

14 59. On information and belief, Purdue also knowingly, recklessly, and/or negligently
15 supplied suspicious quantities of OxyContin to obviously suspicious physicians and pharmacies
16 in Everett (and other areas within the State of Washington), without disclosing suspicious orders
17 as required by regulations and otherwise circumventing Purdue's obligations.

18 60. For example, on information and belief, with actual knowledge and/or reckless or
19 negligent disregard that its highly addictive pills would be illegally trafficked and abused, Purdue
20 enabled and/or failed to prevent the illegal diversion of OxyContin through drug rings, pill mills,
21 and other dealers in Everett.

22 61. Purdue could have (and should have) reported and stopped the flow of OxyContin
23 into the black market. But Purdue intentionally, recklessly, and/or negligently failed to
24 investigate, report, and halt suspicious orders. Accordingly, as a direct result of Purdue's
25 misconduct, substantial and dangerous quantities of OxyContin were illegally diverted to and in
26 Everett.

1 **D. Purdue's Misconduct and Unfair Practices Cause Serious Harm to Everett,**
2 **Significant Injury to Everett, Substantial Damages to Everett, and Sizeable Costs for**
3 **Everett.**

4 62. Everett and its residents have been damaged by Purdue's intentional, reckless,
5 and/or negligent misconduct, including Purdue's failure to investigate, report, and halt suspicious
6 orders of OxyContin. The wrongful conduct by Purdue has caused and will continue to cause
7 serious harm, significant injury, and substantial damages to Everett and its residents.

8 63. On information and belief, numerous individuals within Everett became addicted
9 to OxyContin. Overdoses of OxyContin are (and were at all relevant times) all too common. On
10 information and belief, overdoses have also resulted in many deaths in Everett.

11 64. OxyContin abuse has also led to a raft of other social and economic ills. For
12 example, the use and overdose of OxyContin endangers lives, requiring intervention by
13 emergency medical services and/or the fire department. Addicts often commit other crimes to
14 raise money to fuel their addiction, requiring additional law enforcement activities and costs. In
15 fact, during all relevant times, OxyContin was a factor in a significant number of the crimes
16 committed in Everett. In addition, drug paraphernalia is often left on public properties, requiring
17 cleanup.

18 65. OxyContin is also a gateway drug for heroin, which provides a similar high at a
19 cheaper street price. The illegal diversion of OxyContin, therefore, has also resulted in heroin
20 abuse in Everett, because many users who become addicted to OxyContin ultimately switch to
21 heroin to feed their opioid addictions. In other words, the heroin crisis that has gripped Everett is
22 directly attributable to Purdue's wrongful and tortious conduct.

23 66. Everett has incurred and will continue to incur sizeable costs in dealing with the
24 OxyContin (and consequent heroin) abuse, addiction, and crime caused by Purdue, including the
25 expenditure of substantial sums to address the social and economic impacts of the opioid
26 epidemic in Everett. For example, Everett has spent, and will need to continue to spend,
significant money on law enforcement, prosecution, emergency medical services, prisons and

1 jails, probation, and public works. Other departments of Everett, including the municipal courts,
2 fire department, and parks department, have also been forced to devote substantial time, money,
3 and resources to the harms caused by Purdue. Everett has also suffered lost economic
4 opportunity as a result of Purdue's wrongdoing.

5 67. In addition to the significant amounts of taxpayer dollars that Everett has already
6 been forced to spend and will continue to be forced to spend, the cost to remedy and remediate
7 the extensive damage imposed by Purdue on Everett is sizeable. For example, substantial sums
8 are needed for law enforcement, diversion programs, and emergency medical care to provide
9 additional services beyond current operating budgets. Significant and substantial sums are
10 required to fund addiction treatment, detox and rehabilitation facilities, social services and
11 housing, and prevention and education programs.

12 68. Accordingly, Purdue has caused and will continue to cause serious harm,
13 significant injury, and substantial damages to Everett. As a direct result of Purdue's misconduct
14 and unfair practices, therefore, Everett has incurred and will continue to incur sizeable costs.

15 **V. CAUSES OF ACTION**

16 **FIRST COUNT: GROSS NEGLIGENCE**

17 69. Everett repeats and re-alleges each and every allegation contained in the
18 paragraphs above, as if fully set forth herein.

19 70. Purdue owed a duty of care to Everett, including to take reasonable precautions to
20 prevent diversion of its highly addictive OxyContin into the hands of criminal drug traffickers
21 and abusers.

22 71. Purdue knew or should have known, and/or recklessly disregarded, that its
23 OxyContin was being diverted to the black market and for illegal use.

24 72. Purdue failed to exercise slight care to Everett, including by, *inter alia*, failing to
25 take appropriate action to stop the diversion of OxyContin, including through the Lake Medical
26 drug ring and other suspect physicians and/or pharmacies in Everett, despite Purdue's actual or

1 constructive knowledge and/or reckless disregard; circumventing regulations, obligations, and its
2 own agreements and procedures; supplying OxyContin to obviously suspicious physicians and
3 pharmacies without disclosing suspicious orders; enabling or failing to prevent the illegal
4 diversion of OxyContin into the black market; failing to maintain effective controls against
5 diversion and failing to design, implement, and operate a system to disclose suspicious orders of
6 controlled substances as required by regulations; and/or failing to establish, implement, and
7 follow an OxyContin abuse and diversion detection program consisting of internal procedures
8 designed to identify potential abuse or diversion of OxyContin.

9 73. As a direct, proximate, and foreseeable result of Purdue's gross negligence,
10 Everett has been damaged, suffered harm and injury, and has incurred (and will continue to
11 incur) significant costs.

12 74. Accordingly, Everett is entitled to damages in an amount to be proven at trial.

13 **SECOND COUNT: NEGLIGENCE**

14 75. Purdue owed a duty of care to Everett, including to take reasonable precautions to
15 prevent diversion of its highly addictive OxyContin into the hands of criminal drug traffickers
16 and abusers.

17 76. Purdue breached its duty by, *inter alia*, failing to take appropriate action to stop
18 the diversion of OxyContin, including through the Lake Medical drug ring and other suspect
19 physicians and/or pharmacies in Everett, despite Purdue's actual or constructive knowledge
20 and/or reckless disregard; circumventing regulations, obligations, and its own agreements and
21 procedures; supplying OxyContin to obviously suspicious physicians and pharmacies without
22 disclosing suspicious orders; enabling or failing to prevent the illegal diversion of OxyContin
23 into the black market; failing to maintain effective controls against diversion and failing to
24 design, implement, and operate a system to disclose suspicious orders of controlled substances as
25 required by regulations; and/or failing to establish, implement, and follow an OxyContin abuse
26 and diversion detection program consisting of internal procedures designed to identify potential

1 abuse or diversion of OxyContin.

2 77. As a direct, proximate, and foreseeable result of Purdue's breach, Everett has been
3 damaged, suffered harm and injury, and has incurred (and will continue to incur) significant
4 costs.

5 78. Accordingly, Everett is entitled to damages in an amount to be proven at trial.

6 **THIRD COUNT: PUBLIC NUISANCE**

7 79. Everett repeats and re-alleges each and every allegation contained in the
8 paragraphs above, as if fully set forth herein.

9 80. Purdue manufactured, sold, promoted, and/or distributed OxyContin in a manner
10 that created or participated in creating a public nuisance that is harmful and injurious to Everett
11 and its residents.

12 81. Purdue knowingly, intentionally, recklessly, and/or negligently, disseminated
13 massive quantities of OxyContin to suspect physicians and pharmacies and into the black market,
14 including the Lake Medical drug ring and other drug rings, pill mills, and dealers.

15 82. Purdue also enabled and/or failed to prevent the illegal diversion of OxyContin
16 into the black market, including through drug rings, pill mills, and other dealers in Everett, with
17 actual knowledge, intent, and/or reckless or negligent disregard that such pills would be illegally
18 trafficked and abused.

19 83. Purdue's conduct annoys, injures, and/or endangers the comfort, repose, health,
20 and safety of others.

21 84. Purdue's conduct caused and continues to cause harm to Everett.

22 85. Purdue's wrongful conduct has given rise to a public nuisance, including the
23 unlawful availability and abuse of OxyContin and addiction within Everett.

24 86. The rights, interests, and inconvenience to Everett and the general public far
25 outweigh the rights, interests, and inconvenience to Purdue, which profited heavily from the
26 illegal diversion of OxyContin.

1 87. Pursuant to Chapter 7.48 RCW and its inherent police powers, Everett is entitled
2 to abate the public nuisance and to obtain damages occasioned by the public nuisance.

3 88. Accordingly, Everett is entitled to injunctive or other equitable relief and/or
4 damages in an amount to be proven at trial.

5 **FOURTH COUNT: CONSUMER PROTECTION ACT**

6 89. Everett repeats and re-alleges each and every allegation contained in the
7 paragraphs above, as if fully set forth herein.

8 90. Purdue engaged in unfair or deceptive acts or practices in violation of RCW 19.86
9 *et seq.* by, *inter alia*, supplying (and continuing to sell) OxyContin to obviously suspicious
10 physicians and pharmacies to generate huge profits for Purdue, despite actual or constructive
11 knowledge from, and/or reckless or negligent disregard of, prescribing records, pharmacy orders,
12 field reports from sales representatives, and Purdue's own surveillance operations, while failing
13 to maintain effective controls against diversion and failing to design and operate a system to
14 disclose suspicious orders of controlled substances as required by regulations, and/or failing to
15 establish, implement and follow an OxyContin abuse and diversion detection program consisting
16 of internal procedures designed to identify potential abuse or diversion of OxyContin, as agreed
17 in its Consent Judgment.

18 91. Purdue's unfair or deceptive acts or practices occurred in trade or commerce, and
19 was and is capable of deceiving a substantial portion of the public.

20 92. Purdue's unfair or deceptive acts or practices impact the public interest because
21 such misconduct is capable of affecting consumers throughout the State of Washington and is
22 capable of repetition.

23 93. Purdue's unfair or deceptive acts or practices caused damages to Everett and
24 Everett is entitled to an injunction to enjoin further violations and to recover actual damages and
25 treble damages, along with reasonable attorney's fees and costs.

26 94. Accordingly, Everett is entitled to actual damages and treble damages in amounts

1 to be proven at trial, as well as reasonable attorney's fees and costs.

2 **FIFTH COUNT: UNJUST ENRICHMENT**

3 95. Everett repeats and re-alleges each and every allegation contained in the
4 paragraphs above, as if fully set forth herein.

5 96. Purdue was required to maintain effective controls against diversion and to design
6 and operate a system to disclose suspicious orders of controlled substances. Purdue also agreed
7 to establish, implement, and follow an OxyContin abuse and diversion detection program
8 consisting of internal procedures designed to identify potential abuse or diversion of OxyContin.

9 97. Purdue induced Everett (as a municipality in the State of Washington) in relation
10 to the enforcement of OxyContin as a controlled substance, but Purdue failed its obligations and
11 circumvented its agreements, and Purdue has been unjustly enriched at the expense of Everett.

12 98. Accordingly, Everett is entitled to damages in an amount to be proven at trial.

13 **SIXTH COUNT: PUNITIVE DAMAGES**

14 99. Everett repeats and re-alleges each and every allegation contained in the
15 paragraphs above, as if fully set forth herein.

16 100. Everett requests punitive damages under the laws of the State of Connecticut.
17 Purdue's principal place of business is located in the State of Connecticut. On information and
18 belief, Purdue's decision to supply OxyContin to obviously suspicious physicians and
19 pharmacies and/or permit the illegal diversion of OxyContin into the black market, in order to
20 maximize its own profits, occurred at its headquarters in the State of Connecticut. The State of
21 Connecticut, therefore, has a substantial interest in deterring Purdue's wrongful and egregious
22 misconduct.

23 101. In addition or in the alternative, Everett requests punitive damages under laws of
24 the State of California. At least for the Lake Medical drug ring, Purdue supplied OxyContin to
25 physicians and pharmacies in the State of California that was (by Purdue's own words) "clearly
26 diversion." The State of California, therefore, has a substantial interest in deterring Purdue's

1 wrongful and egregious misconduct.

2 102. Accordingly, Everett is entitled to punitive damages in an amount to be
3 determined at trial.

4 **PRAYER FOR RELIEF**

5 Wherefore, Everett respectfully asks this Court to award the following relief:

6 A. For judgment against Purdue and an award of all compensatory damages allowed
7 by law, in an amount to be proven at trial;

8 B. For an injunction and/or other equitable relief to prevent further misconduct and
9 unfair practices by Purdue;

10 C. For treble damages pursuant to RCW 19.86.090;

11 D. For punitive damages;

12 E. For attorney's fees and costs pursuant to any applicable provision of law;


13 F. For pre- and post-judgment interest as allowed by law;

14 G. For leave to amend this Complaint as necessary; and

15 H. For any other relief that the Court deems just and proper.

16
17 DATED this January 18, 2017.

18 **Kelley, Goldfarb, Huck, Roth & Riojas, PLLC**

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21 Michael A. Goldfarb, WSBA No. 13492
22 Christopher M. Huck, WSBA No. 34104
23 Kit W. Roth, WSBA No. 33059
24 R. Omar Riojas, WSBA No. 35400
25 700 Fifth Avenue, Suite 6100
26 Seattle, Washington 98104
Telephone: (206) 452-0260
E-mail: goldfarb@kelleygoldfarb.com
huck@kelleygoldfarb.com
roth@kelleygoldfarb.com
riojas@kelleygoldfarb.com

Attorneys for Plaintiff City of Everett