



THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT *of* VERMONT

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**Department of Justice**

U.S. Attorney's Office

District of Vermont

FOR IMMEDIATE RELEASE

Wednesday, October 21, 2020

**JUSTICE DEPARTMENT ANNOUNCES GLOBAL RESOLUTION  
OF CRIMINAL AND CIVIL INVESTIGATIONS WITH OPIOID  
MANUFACTURER PURDUE PHARMA**

**Purdue Pharma LP to Plead Guilty to Kickback Scheme Aimed at Increasing Opioid  
Prescriptions**

Today, the Department of Justice announced a global resolution of its criminal and civil investigations into the opioid manufacturer Purdue Pharma LP. The resolutions with Purdue are subject to the approval of the bankruptcy court.

"The abuse and diversion of prescription opioids has contributed to a national tragedy of addiction and deaths, in addition to those caused by illicit street opioids," said Deputy Attorney General Jeffrey A. Rosen. "With criminal convictions, a federal settlement of more than \$8 billion, and the dissolution of a company and repurposing its assets entirely for the public's benefit, the resolution in today's announcement re-affirms that the Department of Justice will not relent in its multi-pronged efforts to combat the opioids crisis."

"Purdue's expansive criminal conduct included paying a kickback in exchange for designing medical software to influence unwitting physicians," said Christina E. Nolan, United States Attorney for the District of Vermont. "Purdue's drug marketers paid to invade the sanctity of the physician-patient relationship so that it could influence medical decisions and increase prescriptions of its most potent opioids. As a Purdue entity is now prepared to plead guilty for a second time to conduct involving unlawful marketing of highly addictive opioid pills, this resolution will serve as a reminder that the company put profits before people during the height of the opioid crisis."

"For years, Purdue placed profits over patient safety by marketing and selling its dangerous opioid products to healthcare providers that it had good reason to believe were diverting those opioids to abusers," Attorney for the United States Rachael A. Honig, District of New Jersey, said. "Purdue deceived the DEA about its measures to prevent such diversion, and it used that deception to gain higher limits on the amount of its products it was legally permitted to sell. Purdue also paid kickbacks to providers to encourage them to prescribe even more of Purdue's products. Purdue is in bankruptcy now, but it still must be held responsible for these actions. The resolution we announce today does just that."

Purdue Pharma has agreed to plead guilty in federal court in New Jersey to a three-count felony information charging it with one count of dual-object conspiracy to defraud the United States and to violate the Food,

Drug, and Cosmetic Act, and two counts of conspiracy to violate the Federal Anti-Kickback Statute. The criminal resolution includes the largest penalties ever levied against a pharmaceutical manufacturer, including a criminal fine of \$3.544 billion and an additional \$2 billion in criminal forfeiture. For the \$2 billion forfeiture, the company will pay \$225 million on the effective date of the bankruptcy, and the Department is willing to credit the value conferred by the company to State and local governments under the Department's anti-piling on and coordination policy. Purdue has also agreed to a civil settlement in the amount of \$2.8 billion to resolve its civil liability under the False Claims Act.

In connection with the District of Vermont investigations, Purdue will admit to conspiring to violate the Federal Anti-Kickback Statute. This is the first prosecution in history charging a pharmaceutical company for conspiring with an electronic health records (EHR) company to influence physician prescribing.

From approximately April 2016 through December 2016, Purdue made payments to Practice Fusion, Inc., an EHR company, in exchange for referring, recommending, and arranging for the ordering of Purdue's extended release opioid products—OxyContin, Butrans, and Hysingla. Purdue and Practice Fusion conspired to create clinical decision support (CDS) alerts embedded in medical software to increase extended release opioid (ERO) prescriptions. Purdue's drug marketers financed the alerts that were presented to physicians as impartial clinical alerts—when in reality they were merely part of a clandestine unlawful marketing scheme. Purdue's internal marketing documents described the key performance indicator of the program as: "Increase in ERO prescribing."

As part of the resolution, Purdue will be required to create and host a public and permanent document repository containing documents relating to the charges and alleged civil violations. The resolutions do not include the criminal release of any individuals, including members of the Sackler family, nor are any of the company's executives or employees receiving civil releases. Today's resolution does not resolve claims that states may have against Purdue nor does it impede the Debtors' ability to recover fraudulent transfers.

The District of Vermont's investigation was handled by Assistant United States Attorneys Michael P. Drescher and Owen C.J. Foster. The investigation was supported by the HHS Office of Inspector General and the Federal Bureau of Investigation's field office in Washington, DC, and New York. Vermont Health Care Fraud Investigators George Thabault and Richard Lewis provided significant and critical investigative resources to the Vermont-based team. The District of Vermont worked in close partnership with its colleagues in the District of New Jersey, including Assistant United States Attorneys J. Stephen Ferketic, Sean M. Sherman, Nicholas P. Grippo, and Melissa Wangenheim, Nicole F. Mastropieri, and Marihug P. Cedeno, Consumer Protection Branch Trial Attorneys Gabriel H. Scannapieco, Kara M. Traster, Maryann N. McGuire, Rachel E. Baron, Michael L. Collyer, and Hilary Perkins, and Civil Frauds Trial Attorneys Kristen M. Murphy, Albert P. Mayer, Claire L. Norsetter, Kelley Hauser, Christelle Klovers, and Alicia Bentley. The Purdue bankruptcy matter is being handled by the United States Attorney's Office for the Southern District of New York and the Civil Division's Commercial Litigation Branch, Corporate/Finance Section. Purdue is represented by Patrick Fitzgerald of the law firm Skadden, Arps, Slate, Meagher & Flom LLP, and Jeffrey Bucholtz of the law firm King & Spalding.

Except to the extent of Purdue's admissions as part of its criminal resolution, the claims resolved by the civil settlements are allegations only. There has been no determination of liability in the civil matters.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at [www.Justice.gov/Celebrating150Years](https://www.justice.gov/Celebrating150Years)

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**Topic(s):**

Bankruptcy

Community Outreach

Consumer Protection

Opioids  
Prescription Drugs  
False Claims Act  
Health Care Fraud

**Component(s):**  
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