

Federal prosecutors indict Rochester Drug Co-Operative on drug trafficking charges

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On Tuesday, federal prosecutors indicted Rochester Drug Co-Operative, one of the nation's 10 largest pharmaceutical distributors in the US, and two of its former executives on drug trafficking charges for their roles in advancing the nation's deadly opioid crisis. The criminal charges—the same type typically used by federal prosecutors against street-level dealers—are the first of their kind for a pharmaceutical company and executives in the ongoing opioid epidemic sweeping the country.

In the opioid industry, RDC functions as a middleman, buying controlled substances from manufacturers and selling them to individual pharmacies.

The company is charged with conspiracy to distribute controlled narcotics (oxycodone and fentanyl) for nonmedical reasons, conspiracy to defraud the United States, and willfully failing to file suspicious order reports with the Drug Enforcement Administration (DEA).

The company's former chief executive, Laurence Doud III, and the company's former chief compliance officer, William Pietruszewski, are individually charged with conspiracy to distribute controlled substances and conspiracy to defraud the US. Pietruszewski is also charged with willfully failing to file suspicious order reports.

The charges from federal prosecutors relate to a five-year period, from 2012 to 2016, during which the company delivered to more than 1,300 pharmacies and took in over \$1 billion in revenue.

These figures and the evidence presented against the company are staggering. The case provides a glimpse into the pervasive corruption and political machinations behind the pharmaceutical companies and drug distributors, and the vast sums of money the

company's top executives made pushing the deadly drugs that have destroyed millions of lives over the last decade.

Documents released from the US attorney's office reveal that within the five-year span RDC, under Doud's control, received and filled more than 1.5 million orders for controlled substances from its pharmacy customers. During this time-span, a period when opioid deaths were skyrocketing, RDC reported only four suspicious orders to the DEA. According to the complaint, the company failed to report at least 2,000 suspicious orders.

From 2012 to 2016 RDC reportedly went from distributing 63,497 dosages of fentanyl patches or spray to 1.3 million dosages, a rate of increase that the feds refer to as "exponential." RDC's distribution of oxycodone tablets also surged from 4.7 million in 2012 to 42.2 million in 2016, an increase of approximately 800 percent, according to court papers.

Court papers filed with Doud's indictment explain that an internal alert system flagged about 7,800 orders that exceeded a monthly purchase threshold, which by all accounts should have been reported to the DEA and investigated immediately. Instead, the company filled most of the orders without contacting the pharmacy or reporting the activity to the DEA. The company even raised purchase limits for some of the most profitable high-volume customers to allow them to buy in bulk without triggering further alerts.

The indictment alleges that Doud and other top executives "made the deliberate decision" not to investigate, monitor or alert federal regulators about pharmacy customers they knew were providing opioids to people "for non-medical uses."

During this same time period, the company more than doubled Doud's annual income, which rose to \$1.5

million according to Manhattan US Attorney Geoffrey Berman.

RDC was quick to strike a five-year, deferred prosecution deal under which it will be made to pay a \$20 million fine—a fraction of the \$1billion in profits the company made each year over the timeframe in question—reform its business practices and submit to supervision by an independent monitor. How the company will be able to “reform its business practices” under conditions in which its entire business model has been shown to be criminal in nature, is left to be seen.

Both Doud, 75, and Pietruszewski, 53, face life in prison. Pietruszewski pleaded guilty Tuesday to the charges and has reached a “cooperation agreement,” while Doud’s lawyers have reported that they plan to fight the charges.

There is little doubt that all those charged in this case, and similar cases taking place around the country, are guilty of the crimes with which they are charged, and likely many others. This reality is undisputed by all those involved. The company’s spokesman Jeff Eller readily admitted their guilt in a statement released Tuesday saying, “We made mistakes,” while Pietruszewski pleaded guilty.

More than any other entity, it is perhaps the defense campaign of Doud that speaks most directly to the rampant criminality of these companies. Doud’s lawyers have reported that they intend to fight the charges not on the basis of innocence, but rather that Doud was conspired against by other top executives in the company to take the fall for a crime whose authors include nearly every executive in the company.

The charges brought against the company and executives are legitimate and the outrage against such practices more than justified. However, the legal proceedings are exceedingly limited. The roots of the opioid crisis go far beyond this or that corrupt individual or even company. To bring all those culpable of the innumerable crimes which have gone into the creation of one of the deadliest drug epidemics in the country’s history would require the expansion of the indictment to include:

- Dozens of other “middleman” drug distributors including McKesson, Cardinal Health and AmerisourceBergen, which have combined annual revenues of over \$450 billion. (McKesson Chairman and CEO John Hammergren has the biggest pension

fund, at \$160 million, of any US corporate boss);

- All of the executives and CEOs of the corrupt pharmaceutical companies that knowingly falsely marketed these highly addictive drugs, above all the Sackler family of Purdue Pharma;

- The doctors who were often bought off or received kickbacks in exchange for pushing certain painkillers or overprescribing;

- Every politician in Congress, along with President Barack Obama, who worked to eviscerate the already inadequate oversight powers of the DEA in passing the Ensuring Patient Access and Effective Drug Enforcement Act of 2016;

- The countless political action committees representing the pharmaceutical industry who routinely buy off politicians on both sides of the political aisle.

However, more fundamental than the individuals involved in these crimes is the social system that produces them. The opioid epidemic is produced by a coalescence of the ills of capitalism. It is the product of the staggering levels of inequality, poverty, unemployment and a general feeling of hopelessness that afflicts broad sections of the population, combined with an economic and political system that leaves those most severely impacted by the social crisis to fend for themselves.

The complete domination of big business over society and the entire political system is not a feature of life that will be changed in the courts. Rather, the solution to the opioid crisis lies in the mobilization of the working class to take ownership of the for-profit pharmaceutical companies, drug distributors and the entire health care industry in order to provide medical care in the interest of human need, not private profit.



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