



IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA } s.s.
CLEVELAND COUNTY }

FILED

APR 0 1 2019

In the office of the
Court Clerk MARILYN WILLIAMS

STATE OF OKLAHOMA ex rel. MIKE)
HUNTER, ATTORNEY GENERAL OF)
OKLAHOMA,)
)
Plaintiff,)
)
v.)
)
PURDUE PHARMA L.P.; et al.)
)
Defendants.)

Case No. CJ-2017-816

**CITY OF OKLAHOMA CITY’S, CITY OF LAWTON’S, CITY OF ENID’S, AND CITY
OF MIDWEST CITY’S JOINT MOTION TO INTERVENE**

The City of Oklahoma City, City of Lawton, City of Enid, and the City of Midwest City (collectively, “Movants”) respectfully move the Court for an Order, pursuant to 12 Okla. Stat. § 2024(A)(2), granting the Movants leave to intervene in this action brought by the State of Oklahoma for the limited purpose of seeking clarification from the Court regarding language contained in the Consent Judgment entered by the Court on March 26, 2019 between the State of Oklahoma and Defendants Purdue Pharma L.P, Purdue Pharma, Inc., and The Purdue Frederick Company (“collectively, “Purdue”). The Movants satisfy § 2024(A)(2)’s requirements for intervention as a procedural right because their motion is timely, they have an interest in the subject matter underlying the litigation that may be impaired by the litigation, and because their interests are not adequately represented by the parties currently in the litigation.¹

The Movants further move the Court, if allowed leave to intervene in the current action, for an Order clarifying/modifying the Consent Judgment. The Consent Judgment’s language as to the definition of “Releasers” and who is bound by the Consent Judgment contains

¹ Pursuant to procedural rules, the Movants’ Petition for Intervention is attached to this Motion as Ex. 1.

considerable ambiguity, and could conceivably be wrongfully misinterpreted by a different court to include any political subdivision of the State as a “Releasors” regardless if they participate in the \$12.5 million fund established by the Consent Judgment for cities and counties. Such an interpretation is inconsistent with the representations made to the Court at the March 26, 2019 hearing that a city or county would have to “elect” to participate in the fund and sign a separate release absolving Purdue from liability if the political subdivision chose to participate in the fund. The ambiguous language should be clarified and the Court should grant Movant’s Motion to Intervene.

BACKGROUND INFORMATION

1. In the current action the State of Oklahoma (the “State”), through the Attorney General, brought suit against various corporate entities involved in the manufacture of addictive opioid medication, including Purdue, alleging various causes of action.

2. Separate from the current litigation, the Movants individually have sued similar manufacturers, including Purdue. Midwest City’s lawsuit is pending in the District Court of Oklahoma County, Oklahoma. The lawsuits of Oklahoma City, Lawton and Enid are currently pending in Oklahoma federal courts because they were wrongfully removed from state court by the defendants in those actions. These cities have filed motions to remand their lawsuits to state court, which are pending before the federal courts.

3. On March 26, 2019, the State announced a settlement with the Purdue, wherein Purdue agreed to pay \$270 million, \$12.5 million of which was set aside to create an opt-in fund for cities and counties in Oklahoma (the “Fund”). The parties sought this Court’s approval of the settlement and the Court entered a Consent Judgment prepared by the parties on March 26, 2019.

4. The parties explained the terms of the settlement to the Court in order to gain its approval. Counsel for the State represented to the Court that the Consent Judgment would not unilaterally bind cities and counties of the State to the Consent Judgment and participation in the Fund would be voluntary:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here *if they choose to participate*. That money will be put into a fund. We're working on an allocation method for that. If a city or county comes in, who has a claim, *and they decide to -- or elect to participate and take that funding*, they'll have to sign the release that is here before you, and then their claims, whatever they have against the Purdue released entities will be gone. *But that will be their election.*

Transcript of Consent Judgement Hearing 7:24–8:9, Ex. A to Movants' Motion to Clarify/Modify Consent Judgment, attached as Ex. 2 hereto (emphasis added).

5. In spite of this representation, the Consent Judgment defines “Releasors” as “the State and the Attorney General and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind.” Consent Judgment, p.6, § 1.1(t), Ex. B to Motion to Clarify/Modify Consent Judgment. This language is ambiguous, confusing and unnecessary to release the claims of the State. The Consent Judgment further states:

On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement. Any political subdivision that receives any payment from the State with funds obtained under the Agreement shall execute an Additional Release in the form set out in Exhibit B to the Agreement as a condition to receiving any such payment.

Id. at 12, § 5.2.

6. Prior to the Court entering the Consent Judgment, Oklahoma City and the City of Broken Arrow were subpoenaed by Purdue and requested to produce numerous categories of documents relating to the cities' and counties' efforts to address the opioid epidemic. Oklahoma

City and Broken Arrow filed motions to quash arguing that the only relevant information to the State's lawsuit was communications with the State and any funding received by the State. Purdue filed a response, and argued at the hearing in March 2019 that they were entitled to the cities' and counties' specific information as the political subdivisions' damages and efforts to eradicate the opioid epidemic. To justify obtaining such information in the State's case, Purdue argued:

Part of the State's damage model in this case . . . is an abatement policy. It is our belief, and we intend to prove that many, if not a majority, of those items are, in fact, not provided by the State, have never been provided by the State, are not paid for by the State, and in fact, are paid for and provided, to the extent they exist, by the [cities and counties]”

Transcript of Hearing on Oklahoma City's and Broken Arrow's Motion to Quash, pg. 17, Ex. C to Movants' Motion to Clarify/Modify Consent Judgment. Such damages include increased law enforcement and emergency medical services, increased health insurance and workers' compensation costs, increased court expenses, lost tax revenue, ect. Movants' counsel has requested the damage model from both the State and Purdue but their requests have been denied.

7. On March 28, 2019, counsel for Movants contacted counsel for the State and Purdue regarding the ambiguity of the Consent Judgment. On March 30, 2019, counsel for the Movants sent the Attorney General and counsel for Purdue a letter communicating the concern of the Movants that the language contained in the Consent Judgment does not reflect the representations made to the Court, and informed the parties that Movants would be seeking to intervene to clarify/modify the Consent Judgment to ensure only cities and counties that elect to participate in the Fund would be bound by its terms. See Letter Regarding Consent Judgment, Ex. D to Movants' Motion to Clarify/Modify Consent Judgment.

8. Because the Consent Judgment is ambiguous and could be construed to bind the Movants to its terms without notice and without their input or participation in the underlying litigation, Movants seek to intervene to have the Consent Judgment clarified and/or modified to reflect what was represented to the Court – that a city or county is only releasing claims if it elects to participate in the Fund established by the Settlement Agreement and Consent Judgment for cities and counties.

ARGUMENTS AND AUTHORITIES

I. The Movants may intervene in this action as a procedural right.

Under Oklahoma statute, a party may intervene as a right “[w]hen the applicant claims an interest relating to the property or transaction which is the subject of the action and the applicant is so situated that the disposition of the action may as a practical matter impair or impede the applicant’s ability to protect that interest.” 12 Okla. Stat. § 2024(A)(2). *See also Brown v. Patel*, 2007 OK 16, ¶ 17, 157 P.3d 117, 124 (noting that intervention by right is allowed with a showing of “timeliness, interest, impairment of interest, and adequacy of representation”). Courts follow “a somewhat liberal line in allowing intervention.” *Utah Ass’n of Counties v. Clinton*, 255 F.3d 1246, 1249 (10th Cir. 2001) (citations omitted). *See also Dowell v. Bd. of Educ. of Okla. City Public Schools*, 430 F.2d 865, 868 (10th Cir. 1970) (noting that intervention “should be freely granted so long as it does not seriously interfere with the actual hearings”).² Under these standards, the Movants should be given leave to intervene to seek clarification of the Consent Judgment in light of their substantial interest in preventing the potential impairment of their rights to continue litigation and recover damages against Purdue.

² Although *Clinton* and *Dowell* discuss the federal right of intervention, Oklahoma courts may utilize federal case law when interpreting 12 Okla. Stat. § 2024. *See Brown*, 2007 OK 16, ¶ 17, 157 P.3d at 124.

A. The Movants motion to intervene is timely.

The timeliness of a motion to intervene is evaluated “in light of all of the circumstances, including the length of time since the applicant knew of his interest in the case, prejudice to the existing parties, prejudice to the applicant, and the existence of any unusual circumstances.” *Clinton*, 255 F.3d at 1250 (quoting *Sanguine, Ltd. v. U.S. Dep't of the Interior*, 736 F.2d 1416, 1418 (10th Cir. 1984)). “The requirement of timeliness is not a tool of retribution to punish tardy would be intervenors, but rather a guard against prejudicing the original parties by failure to appear sooner.” *Id.* (quoting *Sierra Club v. Espy*, 18 F.3d 1202, 1205 (5th Cir. 1994)). Courts should allow intervention where “greater justice could be attained.” *Id.* (quoting *Sierra Club*, 18 F.3d at 1205).

Here, Movants’ motion to intervene is timely, as it made within five business days of the entry of the Consent Judgment. Moreover, the motion is brought within the term-time power of the Court as it is brought within thirty (30) days of the Court’s entry of the Consent Judgment. The Court possesses broad discretion to modify its judgments during such time. *See Gugello v. Select Specialty Hospital*, 2006 OK CIV APP 102, ¶10, 143 P.3d 519, 522-523.

B. The Movants have a interest in the Consent Judgment, and the language of the Consent Judgment potentially impairs the Movants’ interests.

Before allowing intervention, the statute requires a showing of an interest in the property or transaction that is the subject of the litigation and that the disposition of the action impairs or impedes the intervenor’s interests. 12 Okla. Stat. § 2024(A)(2). While the contours of the interest requirement have not been clearly defined, the Oklahoma Supreme Court has held that the interest must be “direct, substantial, [and] legally protectable” and must not be “remote from the subject matter of the proceeding. . . .” *Brown*, 2007 OK 16, ¶ 19, 157 P.3d at 125 (citations omitted).

Further, “the question of impairment is not separate from the question of existence of an interest.” *Natural Res. Def. Council v. U. S. Nuclear Regulatory Comm'n*, 578 F.2d 1341, 1345 (10th Cir. 1978). Moreover, because intervention by right refers to impairment “as a practical matter,” a court “is not limited to consequences of a strictly legal nature.” *Id.* Thus, “[t]o satisfy [the impairment] element of the intervention test, a would-be intervenor must show only that impairment of its substantial legal interest is possible if intervention is denied. This burden is minimal.” *Clinton*, 255 F.3d at 1253 (citation omitted).

Pursuant to these principles, the Movants clearly have an interest in the in this litigation as the Consent Judgment entered into between the parties contains ambiguous language that could be wrongfully construed by a different court to release cities’ and counties’ claims even if they do not participate in the Fund. The cities’ and counties’ interest to pursue their claims against Purdue may suffer serious impairment if intervention is denied. The Consent Judgment contains ambiguous and unnecessary language.

Specifically, the Consent Judgement defines “Releasors” as “the State and the Attorney General *and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind.*” Section 5.2 then provides: “*On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement.*” (emphasis added). This language is ambiguous, confusing and unnecessary to release the State’s claims against Purdue. Moreover, it is inconsistent with the representations made to the Court that only political subdivisions that participate in the Fund will release claims against Purdue. Contrary to

this representation, the ambiguous language could be wrongfully construed to release a city's or county's claims "regardless of whether any [city or county] ever seeks or obtains, any distribution under the Agreement." Thus, the language could be construed to release a city's or county's claims without receiving any consideration at all from Purdue, which Movants do not believe was the intent of the settlement agreement.

The State's substantial settlement with the Purdue Defendants allocates less than 5% of the total settlement for every city and county within the State. The settlement and resulting Consent Judgment were made without notice to Movants or an opportunity to be heard on the Consent Judgment. Without intervention and modification of the Consent Judgment, the Movants and other cities and counties are at risk that another court could misconstrue the ambiguous language of the Consent Judgment and rule that a city or county released its claims against Purdue when the Movants never participated in the litigation or the settlement, including the determination of the proper allocation of damages for cities and counties. As a result, the Movants have a substantial interest allowing them to intervene to protect their rights, and this Court should allow intervention for the limited purpose of clarifying the language contained within the Consent Judgment.

C. *The existing parties do not adequately represent the Movants' interests.*

Although an applicant for intervention possesses the burden of showing inadequate representation, "that burden is the 'minimal' one of showing that representation 'may' be inadequate." *Sanguine*, 736 F.2d at 1419 (citing *Trbovich v. United Mine Workers*, 404 U.S. 528, 538 n.10 (1972)). See also *Nat'l Farm Lines v. Interstate Commerce Comm'n*, 564 F.2d 381, 383 (10th Cir. 1977) (noting that the burden of showing inadequate representation is "slight").

In the current case, the Movants' interests are not represented. The Attorney General represents the State of Oklahoma and not cities and counties, which have separate and distinct

claims. The State's Petition does not reference cities or counties. Movants are not parties to this action, but the Consent Judgment's ambiguous language could be misconstrued and affect Movants' independent claims asserted against Purdue. Moreover, the Movants employ thousands of people either directly or indirectly involved in the fight against the opioids epidemic, from police officers, firefighters, and first responders to medical professionals employed at county hospitals. The Movants are responsible for funding the costs incurred to fight the scourge of opioids within their jurisdictions and communities. The interests of the health, welfare, and safety of the Movants' citizens are at risks as a result of the ambiguous language of the Consent Judgment. Movants' interests are not adequately represented. As a result, the Court should allow the Movants to intervene to seek clarification of the Consent Judgment.

II. Clarification and/or Modification of the Consent Judgment is warranted.

Under Oklahoma law, the Court has the inherent power "to vacate or modify its judgments and orders at anytime during the term in which they were rendered." *Gugello v. Select Specialty Hospital*, 2006 OK CIV APP 102, ¶10, 143 P.3d 519, 522-523. "Trial judges enjoy plenary term-time control with a 'very wide and extended discretion' that has been described as 'almost unlimited.' While the power to entertain a new-trial motion is limited to § 651 grounds, the § 1031.1 term-time power is coextensive with the common law and hence remains unfettered by statutory grounds." *Id.*

In the current case, as discussed above, the Consent Judgment entered by the Court includes broad language that may be misinterpreted. It could be incorrectly construed to release every city and county of the State to the Consent Judgment, even where cities and counties, like the Movants, never participated in the litigation or settlement negotiations with Purdue. Such an interpretation is inconsistent with representations made to the Court that persuaded the Court to approve the settlement:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here *if they choose to participate*. That money will be put into a fund. We're working on an allocation method for that. If a city or county comes in, who has a claim, and *they decide to -- or elect to participate and take that funding*, they'll have to sign the release that is here before you, and then their claims, whatever they have against the Purdue released entities will be gone. *But that will be their election*.

Transcript of Consent Judgment Hearing at 7:24–8:9 (emphasis added), Ex. A to Movants' Motion to Clarify/Modify Consent Judgment.

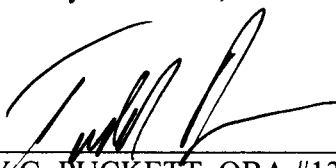
The Movants are requesting that the Court amend the Consent Judgment in order to resolve the Consent Judgment's ambiguous language which could harm the Movants and other similarly situated cities and counties. Alternatively, the Movants request that the Court enter separate order clarifying the Consent Judgment which will be included as a part of the judgment roll. Movants suggests that the following sentence be added at the end of the section 5.2 of the Consent Judgment, or entered by separate order of the Court: "Notwithstanding the above, nothing in this Consent Judgment or the Settlement Agreement releases any claims on behalf of any city or county of the State against the Releasees unless the city or county elects to participate in the \$12.5 million fund established for cities and counties, and executes the General Release."

CONCLUSION

For the foregoing reasons, the Court should: (1) grant the Movants' motion for leave to intervene for the limited purpose of seeking clarification of the language contained within the Consent Judgment; and (2) if granted leave to intervene, grant the Movants' Motion to Clarify/Modify the Consent Judgment, or alternatively, enter a separate order clarifying that cities and counties are only releasing claims against Purdue if the participate in the Fund.

To the extent this Motion is opposed by the parties, Movants request that the Court set an expedited briefing schedule on this matter and, if necessary, set an expedited hearing for the resolution of this matter.

Respectfully submitted,



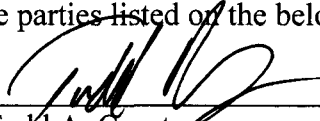
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CERTIFICATE OF SERVICE

I certify that on April 1, 2019, a true and correct copy of the above and foregoing document was mailed via certified mail, return receipt requested with proper postage fully prepaid thereon to the counsel of record for the parties listed on the below Service List.



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**IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA**

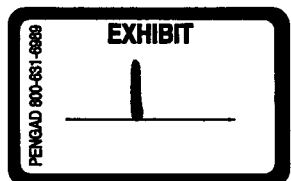
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**CITY OF OKLAHOMA CITY’S, CITY OF LAWTON’S, CITY OF ENID’S AND CITY
OF MIDWEST CITY’S JOINT PETITION FOR INTERVENTION**

The City of Oklahoma City, the City of Lawton, City of Enid and City of Midwest City (collectively, “Intervenors”), state and allege as follows:

PARTIES, JURISDICTION, AND VENUE

1. Oklahoma City is an incorporated municipality within the State of Oklahoma and possesses the power to sue and be sued.
2. Lawton is an incorporated municipality within the State of Oklahoma and possesses the power to sue and be sued.
3. Enid is an incorporated municipality within the State of Oklahoma and possesses the power to sue and be sued.
4. Midwest City is an incorporated municipality within the State of Oklahoma and possesses the power to sue and be sued.
5. The State of Oklahoma (“State”) is a state of the United States of America and possesses the power to sue and be sued.



6. The Defendants, as set forth in the State's Petition filed in the above-styled and numbered action are various corporate entities engaged in the manufacture and/or distribution of opioid pain management medication.

7. Jurisdiction and venue are proper in this Court for the limited purposes for which Intervenor seek to intervene in the State's lawsuit: clarification or modification of the Consent Judgment entered by this Court.

BACKGROUND INFORMATION

8. In the current action, the State, through the Attorney General, brought suit against various corporate entities involved in the manufacture of addictive opioid medication, including Defendants Purdue Pharma L.P, Purdue Pharma, Inc., and The Purdue Frederick Company ("Purdue Defendants"), alleging various causes of action.

9. Separate from the current litigation, the Intervenor individually have sued the same and additional manufacturers of addictive opioids, including the Purdue Defendants, in actions currently pending in other courts.

10. On March 26, 2019, the State reached a settlement with the Purdue Defendants, wherein the Purdue Defendants agreed to pay \$270 million, \$12.5 million of which was set aside to create a fund for cities and counties (the "Fund"). This settlement was memorialized in the Consent Judgment entered by the Court on March 26, 2019.

11. Prior to the entering of the Consent Judgment, counsel represented to the Court that the Consent Judgment would not unilaterally bind cities and counties to the Consent Judgment and participation in the Fund would be voluntary:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here if they choose to participate. That money will be put into a fund. We're working on an allocation method for that. If a city or county comes in, who

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Transcript of Consent Hearing, at 7:24–8:9.

12. In spite of this representation, the Consent Judgment defines “Releasors” as “the State and the Attorney General and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind.” Consent Judgment, p.6, § 1.1(t).

The Consent Judgment further states:

On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement. Any political subdivision that receives any payment from the State with funds obtained under the Agreement shall execute an Additional Release in the form set out in Exhibit B to the Agreement as a condition to receiving any such payment.

Consent Judgment, p.12, § 5.2.

13. On March 30, 2019, counsel for the Intervenors sent the Attorney General and counsel for the Purdue Defendants a letter communicating the concern of the Movants that the language contained in the Consent Judgment does not reflect the representations made to the Court.

14. Because Intervenors are concerned the Consent Judgment may be misinterpreted by another court to release Intervenors’ claims against Purdue without notice, and without their input or participation in the underlying litigation, Intervenors have moved to intervene in this action for the limited purpose of seeking clarification and/or modification of the Consent Judgment.

WHEREFORE, Intervenor respectfully request the Court modify and/or vacate the Consent Judgment to reflect that no city or county is releasing any claims they have against Purdue unless the city or county elects to participate in the Fund.

Respectfully submitted,



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**IN THE DISTRICT COURT OF CLEVELAND COUNTY
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**CITY OF OKLAHOMA CITY’S, CITY OF LAWTON’S, CITY OF ENID’S, AND CITY
OF MIDWEST CITY’S JOINT MOTION TO CLARIFY/MODIFY CONSENT
JUDGMENT**

The City of Oklahoma City, City of Lawton, City of Enid, and City of Midwest City (collectively, “Movants”) respectfully move the Court for an Order clarifying and/or modifying the Consent Judgment. In support their motion, Movants state as follows:

1. In the current action the State of Oklahoma (the “State”), through the Attorney General, brought suit against various corporate entities involved in the manufacture of addictive opioid medication, including Defendants Purdue Pharma L.P, Purdue Pharma, Inc., and The Purdue Frederick Company (“collectively, “Purdue”), alleging various causes of action.

2. Separate from the current litigation, the Movants individually have sued similar manufacturers, including Purdue. The lawsuit of Midwest City is currently pending in the District Court for Oklahoma County, Oklahoma. The lawsuits of Oklahoma City, Lawton and Enid are currently pending in Oklahoma federal courts because they were wrongfully removed from state court by the defendants in those actions. The cities have filed motions to remand their lawsuits to state court, which are pending before the federal courts.



3. On March 26, 2019, the State announced a settlement with the Purdue Defendants, wherein the Purdue Defendants agreed to pay \$270 million, \$12.5 million of which was set aside to create an opt-in fund for cities and counties in Oklahoma (the “Fund”). The parties sought this Court’s approval of the settlement and the Court entered a Consent Judgment prepared by the parties on March 26, 2019.

4. The parties explained the terms of the settlement to the Court in order to gain its approval. Counsel for the State represented to the Court that the Consent Judgment would not unilaterally bind cities and counties of the State to the Consent Judgment and participation in the Fund would be voluntary:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here *if they choose to participate*. That money will be put into a fund. We’re working on an allocation method for that. If a city or county comes in, who has a claim, *and they decide to -- or elect to participate and take that funding*, they’ll have to sign the release that is here before you, and then their claims, whatever they have against the Purdue released entities will be gone. *But that will be their election*.

Transcript of Consent Judgement Hearing 7:24–8:9, Ex. A (emphasis added).

5. In spite of this representation, the Consent Judgment defines “Releasors” as “the State and the Attorney General and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind.” Consent Judgment, p.6, § 1.1(t), Ex. B. This language is ambiguous, confusing and unnecessary to release the claims of the State.

The Consent Judgment further states:

On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement. Any political subdivision that receives any payment from the State with funds obtained under the Agreement shall execute an Additional Release in the form set out in Exhibit B to the Agreement as a condition to receiving any such payment.

Consent Judgment, p.12, § 5.2, Ex. B.

6. Prior to the Court entering the Consent Judgment, Oklahoma City and the City of Broken Arrow were subpoenaed by Purdue and requested to produce numerous categories of documents relating to the cities' and counties' efforts to address the opioid epidemic. Oklahoma City and Broken Arrow filed motions to quash arguing that the only relevant information to the State's lawsuit was communications with the State and any funding received by the State. Purdue filed a response, and argued at the hearing in March 2019 that they were entitled to the cities' and counties' specific information as the political subdivisions' damages and efforts to eradicate the opioid epidemic. To justify obtaining such information in the State's case, Purdue argued:

Part of the State's damage model in this case . . . is an abatement policy. It is our belief, and we intend to prove that many, if not a majority, of those items are, in fact, not provided by the State, have never been provided by the State, are not paid for by the State, and in fact, are paid for and provided, to the extent they exist, by the [cities and counties]”

Transcript of Hearing on Oklahoma City's and Broken Arrow's Motion to Quash, pg. 17, Ex. C.

Such damages include increased law enforcement and emergency medical services, increased health insurance and workers' compensation costs, increased court expenses, lost tax revenue, ect. Movants' counsel has requested the damage model from both the State and Purdue but their requests have been denied.

7. On March 28, 2019, counsel for Movants contacted counsel for the State and Purdue and requested them to amend the Consent Judgment. On March 30, 2019, counsel for the Movants sent the Attorney General and counsel for Purdue a letter communicating the concern of the Movants that the language contained in the Consent Judgment does not reflect the representations made to the Court, and informed that parties that Movants would be seeking to

intervene to clarify/modify the Consent Judgement to ensure only cities and counties that elect to participate in the Fund would be bound by its terms. See Ex. D, Letter Regarding Consent Judgment.

8. Because the Consent Judgment is ambiguous and could be wrongfully construed to release the Movants and other cities and counties without notice and without their input or participation in the underlying litigation, Movants request that the Court clarify or alternatively modify the Consent Judgment to reflect what was represented to the Court—that a city or county is only releasing claims if it elects to participate in the Fund established by the Settlement Agreement and Consent Judgment for cities and counties.

9. Under Oklahoma law, the Court has the inherent power “to vacate or modify its judgments and orders at anytime during the term in which they were rendered.” *Gugello v. Select Specialty Hospital*, 2006 OK CIV APP 102, ¶ 10, 143 P.3d 519, 522–523. “Trial judges enjoy plenary term-time control with a ‘very wide and extended discretion’ that has been described as ‘almost unlimited.’ While the power to entertain a new-trial motion is limited to § 651 grounds, the § 1031.1 term-time power is coextensive with the common law and hence remains unfettered by statutory grounds.” *Id.*

10. In the current case, as discussed above, the Consent Judgment entered by the Court includes broad language that may be misinterpreted to release *every* city and county of the State to the Consent Judgment, even where cities and counties, like the Movants, never participated in the litigation or settlement negotiations with Purdue, and regardless if the city or county elects to participate in the Fund. Such an interpretation is inconsistent with representations made to the Court that persuaded the Court to approve the settlement:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here *if they choose to participate*. That money will be put into a fund. We're working on an allocation method for that. If a city or county comes in, who has a claim, and *they decide to – or elect to participate and take that funding*, they'll have to sign the release that is here before you, and then their claims, whatever they have against the Purdue released entities will be gone. *But that will be their election.*

Transcript of Consent Judgment Hearing at 7:24–8:9, Ex. A (emphasis added).

11. Movants are requesting that the Court amend the Consent Judgment in order to resolve the Consent Judgment's ambiguous language which could harm the Movants and other similarly situated cities and counties of the State. Alternatively, Movants request that the Court enter a separate order clarifying the Consent Judgment which will be included as a part of the judgment roll. The Movants have a substantial interest that may be impaired by the ambiguous language of the Consent Judgment.

12. Movants suggests that the following sentence be added at the end of the section 5.2 of the Consent Judgment, or entered by separate order of the Court: "Notwithstanding the above, nothing in this Consent Judgment or the Settlement Agreement releases any claims on behalf of any city or county of the State against the Releasees unless the city or county elects to participate in the \$12.5 million fund established for cities and counties, and executes the General Release."

13. In summary, the Court should grant Movants' Motion to Clarify/Modify the Consent Judgment to reflect that cities and counties in Oklahoma are only releasing claims against Purdue if they chose to participate in the Fund established by the Consent Judgment and Settlement Agreement for cities and counties.

Respectfully submitted,



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IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.,)
MIKE HUNTER)
ATTORNEY GENERAL OF OKLAHOMA,)
)
Plaintiff,)

VS)

Case No. CJ-2017-816

- (1) PURDUE PHARMA L.P.;)
- (2) PURDUE PHARMA, INC.;/)
- (3) THE PURDUE FREDERICK COMPANY;)
- (4) TEVA PHARMACEUTICALS USA,)
- INC.;)
- (5) CEPHALON, INC.;)
- (6) JOHNSON & JOHNSON;)
- (7) JANSSEN PHARMACEUTICALS,)
- INC.;)
- (8) ORTHO-MCNEIL-JANSSEN)
- PHARMACEUTICALS, INC.,)
- n/k/a JANSSEN PHARMACEUTICALS;)
- (9) JANSSEN PHARMACEUTICA, INC.)
- n/k/a JANSSEN PHARMACEUTICALS,)
- INC.;)
- (10) ALLERGAN, PLC, f/k/a ACTAVIS)
- PLC, f/k/a ACTAVIS, INC., f/k/a)
- WATSON PHARMACEUTICALS, INC.;)
- (11) WATSON LABORATORIES, INC.;)
- (12) ACTAVIS LLC; AND)
- (13) ACTAVIS PHARMA, INC., f/k/a)
- WATSON PHARMA, INC.,)

Defendants.)

TRANSCRIPT OF PROCEEDINGS
HAD ON THE 26TH DAY OF MARCH, 2019,
BEFORE THE HONORABLE
THAD BALKMAN, DISTRICT JUDGE
AND WILLIAM C. HETHERINGTON, JR.,
RETIRED ACTIVE JUDGE AND SPECIAL DISCOVERY MASTER

REPORTED BY: Tanya Burcham, CSR, RPR



1 It is a \$270 million settlement. The payments break down as
2 follows. There is \$102.5 million paid by Purdue to the
3 foundation which will fund the center, the National Center,
4 that I will talk about in a minute through Oklahoma State.
5 Which we'll go over its mission, but it's created to treat,
6 study, educate, and deal with the opioid crisis here in
7 Oklahoma, and hopefully become a national presence. And what
8 we've envisioned is that it will be nothing unlike an MD
9 Anderson for cancer, Mayo Clinic, or the like that --

10 MS. BIRNBAUM: For Oklahoma.

11 MR. BECKWORTH: For Oklahoma. We will have a place
12 here that is the bright shining light for trying to turn this
13 crisis around through treatment and education.

14 So 102.5 million will go there. That money is paid by
15 Purdue. Then there's an additional \$75 million that will be
16 paid by the Sackler families. The Purdue money will be coming
17 here in just a few days, as I'll explain. The Sackler money
18 will be paid in five \$15 million payments, the first of which
19 is January 10th of 2020. So this next January. That money
20 will also go to the foundation.

21 THE COURT: Are those annual payments?

22 MR. BECKWORTH: Yes, sir.

23 THE COURT: Okay.

24 MR. BECKWORTH: Then there is a \$12.5 million
25 payment by Purdue. And what that is being set up to do is to

1 fund claims of cities and counties that are political
2 subdivisions here if they choose to participate. That money
3 will be put into a fund. We're working on an allocation method
4 for that. If a city or county comes in, who has a claim, and
5 they decide to -- or elect to participate and take that
6 funding, they'll have to sign the release that is here before
7 you, and then their claims, whatever they have against the
8 Purdue released entities will be gone. But that will be their
9 election.

10 THE COURT: What are the restrictions on how they
11 use that money?

12 MR. BECKWORTH: I don't think there are.

13 THE COURT: Okay. Ms. Dillsaver has --

14 MS. DILLSAVER: If I could supplement
15 Mr. Beckworth's comments. Your Honor, the agreement required
16 that the funds be distributed in, and I don't have it right in
17 front of me, but essentially in accordance with the terms of
18 the agreement. And if you read throughout the agreement, the
19 entire intent of it is to put funding where it needs to
20 directly address the opioid epidemic in our state.

21 And so, again, the restrictions are not final, but they
22 certainly are intent to ensure the terms of distribution
23 require that the money be deployed directly to abate and
24 remediate the opioid epidemic in those particular localities,
25 whether it be a city or county.



IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.,
MIKE HUNTER,
ATTORNEY GENERAL OF OKLAHOMA,

Plaintiff,

vs.

- (1) PURDUE PHARMA L.P.;
- (2) PURDUE PHARMA, INC.;
- (3) THE PURDUE FREDERICK COMPANY;
- (4) TEVA PHARMACEUTICALS USA, INC.;
- (5) CEPHALON, INC.;
- (6) JOHNSON & JOHNSON;
- (7) JANSSEN PHARMACEUTICALS, INC.;
- (8) ORTHO-MCNEIL-JANSSEN
PHARMACEUTICALS, INC., n/k/a
JANSSEN PHARMACEUTICALS;
- (9) JANSSEN PHARMACEUTICA, INC.,
n/k/a JANSSEN PHARMACEUTICALS, INC.;
- (10) ALLERGAN, PLC, f/k/a ACTAVIS PLC,
f/k/a ACTAVIS, INC., f/k/a WATSON
PHARMACEUTICALS, INC.;
- (11) WATSON LABORATORIES, INC.;
- (12) ACTAVIS LLC; and
- (13) ACTAVIS PHARMA, INC.,
f/k/a WATSON PHARMA, INC.,

Defendants.

STATE OF OKLAHOMA }
CLEVELAND COUNTY } S.S.

FILED

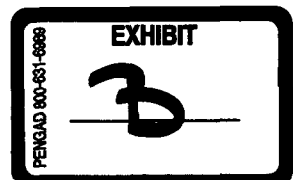
MAR 26 2019

In the office of the
Court Clerk MARILYN WILLIAMS

Case No. CJ-2017-816
Judge Thad Balkman

CONSENT JUDGMENT AS TO THE PURDUE DEFENDANTS

COMES NOW, the Plaintiff, the State of Oklahoma *ex rel.* Attorney General Mike Hunter, (the "State of Oklahoma" or "State") having brought the above-captioned action against Defendants Purdue Pharma L.P., Purdue Pharma Inc., and the Purdue Frederick Company Inc. (collectively, "Purdue"), among others, alleging that Purdue took affirmative steps to overstate the efficacy of their opioid pain medications for a wide range of medical conditions, while at the same



time falsely downplaying the risk of addiction to those medications. The State and Purdue (collectively, the “Parties”), by their counsel, have agreed to the entry of this Consent Judgment by the Court without trial or adjudication of any issue of fact or law with respect to Purdue and without admission of any wrongdoing or violations of applicable law on the part of Purdue, as alleged by the State. The Parties agree to the entry of this Consent Judgment and to be bound by its terms.

WHEREAS, the State filed its Original Petition in this Action on June 30, 2017, (i) alleging that Purdue, among others, violated Oklahoma law by deceptively marketing its opioid pain medications—as well as opioid products generally—so as to overstate their efficacy and falsely downplay the associated risk of addiction, which resulted in an opioid crisis and public nuisance in the State of Oklahoma; (ii) asserting claims for damages, equitable abatement, civil penalties and other equitable relief; and (iii) claiming violations of the Oklahoma Medicaid False Claims Act, 63 Okla. Stat. §§5053.1-7; the Oklahoma Medicaid Program Integrity Act, 56 Okla. Stat. §§1001-1008; the Oklahoma Consumer Protection Act, 15 Okla. Stat. §§751-65; Public Nuisance, 50 Okla. Stat. §2; Fraud (Actual and Constructive) and Deceit; and Unjust Enrichment (the “Oklahoma Action”);

WHEREAS, Purdue: (i) denies each and all of the claims and allegations of wrongdoing made by the State in the Oklahoma Action and maintains that it has meritorious defenses; (ii) denies all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Oklahoma Action, and contends that the factual allegations made in the Oklahoma Action relating to it are false and materially inaccurate; (iii) denies that the State was harmed by any conduct of Purdue alleged in the

Oklahoma Action or otherwise, including by Releasees; and (iv) denies liability, expressly denies any wrongdoing, denies it violated any federal or state statute or common law;

WHEREAS, the Parties have investigated the facts, analyzed the relevant legal issues regarding the claims and defenses asserted in the Oklahoma Action, have engaged in substantial and material fact discovery, served expert disclosures and are set for trial on May 28, 2019;

WHEREAS, the Parties have each considered the costs and delays associated with the continued prosecution and defense of the Oklahoma Action, and have reached an agreement to resolve the Oklahoma Action;

WHEREAS, the Parties believe the Settlement set forth herein (i) avoids the uncertainties of litigation and assures that the benefits reflected herein are obtained and (ii) is fair, reasonable and adequate and in the best interest of the people of the State of Oklahoma;

WHEREAS, the State and Purdue agree that neither this Consent Judgment, the related Settlement Agreement, nor any statement made in the negotiation thereof, shall be deemed or construed to be a concession as to any claim, an admission, evidence of any violation of any statute or law, evidence of any liability or wrongdoing by Purdue, or evidence of the truth of any of the claims or allegations made by the Parties in the Oklahoma Action; and

WHEREAS, arm's-length settlement negotiations have taken place over the course of several months between Purdue and the State under the auspices and supervision of the court-appointed Settlement Master, Judge Layn Phillips, who was appointed by Order dated March 29, 2018, pursuant to 12 Okla. Stat., Ch. 2, Appx., Rule 5 and the Court's inherent authority.

NOW THEREFORE, upon the consent of the Parties hereto, **IT IS HEREBY ORDERED**,
ADJUDGED, AND DECREED AS FOLLOWS:

I. DEFINITIONS

1.1 As used in this Consent Judgment the following capitalized terms have the meanings specified below.

- (a) "Agreement" or "Settlement Agreement" means the Settlement Agreement and this Consent Judgment, together with any exhibits attached hereto, which are incorporated herein by reference.
- (b) "Bankruptcy Code" means 11 U.S.C. §§ 101, *et seq.*
- (c) "Covered Conduct" means any and all acts, conduct, omissions, events or transactions, whether known or unknown and whether discovered or undiscovered, including, but not limited to, acts, conduct, omissions, events or transactions alleged in the Oklahoma Action, from the beginning of time up to and including the Effective Date arising from or related in any way to the marketing and sale of Purdue Opioids or any other Opioid in or affecting the State of Oklahoma.
- (d) "Court" means the District Court of Cleveland County, Oklahoma.
- (e) "Donation Payments" means the payments set forth in Section 4.1(d) of this Consent Judgment.
- (f) "Effective Date" means the date upon which the Court approves the Settlement Agreement and enters the Consent Judgment.
- (g) "Effective Date of the Release" means the date upon which all of the following have occurred or been waived by the Attorney General: (i) the Court has approved the Settlement Agreement and entered the Consent Judgment; (ii) the Purdue Payments Letter(s) of Credit (defined in Section 4.1(b)) and the Donation Payments Letter(s) of Credit (defined in Section 4.1(e)) have been delivered to the Attorney General, or, to the extent either of the foregoing is waived, the Purdue Payments have been paid or the Donation Payments have been placed into escrow, as applicable, in each case, in accordance with the terms of the Settlement Agreement; and (iii) the executed PRA Guaranty (defined in Section (B)(4)) has been delivered to the Attorney General in accordance with the terms of this Agreement.
- (h) "Execution Date" means the date on which the Settlement Agreement is executed by the last party to do so.

- (i) "Good Faith Settlement Bar Order" or "Bar Order" shall have the meaning assigned to it in Section 6.1 of this Consent Judgment.
- (j) "Health Care Provider" shall mean any physician, osteopath, surgeon, nurse practitioner, physician assistant, physiatrist, psychiatrist, dentist, pharmacist, podiatrist, nurse, nurse's assistant or other person engaged in the business of providing health care services and/or prescribing an Opioid in Oklahoma and any medical facility, practice, hospital, clinic or pharmacy in Oklahoma.
- (k) "Non-Settling Defendants" means Teva Pharmaceuticals USA, Inc., Cephalon, Inc., Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc. n/k/a Janssen Pharmaceuticals, Janssen Pharmaceutica, Inc. n/k/a Janssen Pharmaceuticals, Inc., Allergan, PLC, f/k/a Actavis PLC f/k/a Actavis, Inc. f/k/a Watson Pharmaceuticals, Inc., Watson Laboratories, Inc., Actavis, LLC, and Actavis Pharma, Inc. f/k/a Watson Pharma, Inc.
- (k) "Opioid" shall mean those chemical compounds naturally found in the opium poppy plant, including synthetic analogues that interact with opioid receptors on nerve cells in the body and brain, and reduce the intensity of pain signals and feelings of pain. Opioid shall not mean buprenorphine/naloxone and other substances when used to treat opioid or other substance use disorders, abuse, addiction or overdose;
- (l) "Outside Counsel" shall mean Whitten Burrage, Nix Patterson, LLP and Glenn Coffee & Associates, PLLC.
- (m) "Parties" and "Settling Parties" means Purdue and the State.
- (n) "Promote," "Promoting," and "Promotion" shall mean the publication or dissemination of branded or Unbranded information by Purdue to a Third Party that is intended to directly or indirectly increase the use or sales of a Purdue Opioid or Opioids.
- (o) "Purdue" means Purdue Pharma L.P., Purdue Pharma Inc., and The Purdue Frederick Company Inc.
- (p) "Purdue Opioid(s)" means OxyContin®, MS Contin®, Butrans®, and Hysingla®.
- (q) "Purdue Payments" means the payments set forth in Section 4.1(a)(i) of this Consent Judgment.
- (r) "Releasees" means (i) Purdue Pharma L.P., Purdue Pharma Inc., The Purdue Frederick Company Inc., Purdue Products L.P., Purdue Pharma L.P. d/b/a Purdue Pharma (Delaware) Limited Partnership, Purdue Pharmaceutical Products, LP, Purdue Pharma Manufacturing Inc., The P.F. Laboratories

Inc., Purdue Pharma Manufacturing L.P., Purdue Pharma of North Carolina L.P., Purdue Pharma Technologies Inc., Purdue Pharma Manufacturing (New York) Inc., Purdue Pharma L.P., a foreign limited partnership, Rhodes Pharmaceuticals Inc., Rhodes Pharmaceuticals L.P., Rhodes Technologies, Rhodes Technologies Inc., and Pharmaceutical Research Associates L.P.; (ii) all affiliated United States and foreign companies owned by any of the Releasees; (iii) Abbott Laboratories (including Abbott subsidiaries and related companies), to the extent its activities are related to Purdue Opioids or are otherwise entitled to indemnification by Purdue; and (iv) for each of the foregoing in (i), (ii) and (iii), each of their respective past, present, and future officers, board members, directors, principals, agents, servants, employees, independent contractors, co-promoters, third party sales representatives, medical liaisons, predecessors, successors, assigns, affiliates, advisors, agents, consultants, insurers, trusts (including trusts established for the benefit of any Releasee), trustees, protectors, beneficiaries, officers, managers, members, direct or indirect owners and/or shareholders, beneficiaries of direct or indirect owners and/or shareholders, partners (general or limited), representatives, parents, subsidiaries, and transferees, attorneys and legal representatives, as well as the predecessors, successors, heirs, executors, administrators, legatees and assigns of each of the foregoing. For the sake of clarity, Releasees does not include any third-party manufacturer or distributor or marketer or seller of opioid products not related to the conduct of the Releasees. (The intent of this provision is to ensure that no entity not related to the Releasees listed above is released for conduct unrelated to those entities.) Nor does this release in any way prevent Purdue from seeking indemnification against its insurers. As used in this paragraph, "affiliates" means entities directly or indirectly controlling, controlled by or under common control or ownership with a Releasee.

- (s) "Released Claims" means any and all claims of any nature, including the State's state and federal statutory and common law claims, that were brought or could have been brought by any Releasor related to or arising out of in any way the Covered Conduct, whether known or unknown, suspected or unsuspected, asserted or unasserted, in law or in equity, that any Releasor, whether directly, representatively, derivatively, or in any other capacity, ever had, now have or may hereafter have including all past, present, and future civil, criminal, derivative, regulatory, administrative, or any other claims any Releasor may have under any applicable state, regulatory, or administrative law or statute relating in any way to any Covered Conduct (regardless of where in the world any such Covered Conduct or any result, loss, injury, or damage resulting therefrom occurred) from the beginning of time up to and including the Effective Date.
- (t) "Releasors" means the State and the Attorney General and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind.

- (u) "Third Party" shall mean any person or entity other than Purdue or a government entity.
- (v) "Unbranded" shall mean any information regarding Opioids that does not identify a specific product or products.

II. FINDINGS & CONCLUSIONS

2.1 This Court has jurisdiction over the Parties and the subject matter of this case and has the authority to grant the relief provided herein.

2.2 The terms of this Consent Judgment shall be governed by the laws of the State of Oklahoma.

2.3 Entry of this Consent Judgment is in the public interest and reflects a negotiated agreement among the Parties.

2.4 The terms of the Settlement between the State and Purdue and of this Consent Judgment are fair, reasonable and were entered into between the State and Purdue in good faith and without collusion.

2.5 The payment of attorneys' fees and costs set forth in Section 4.1(a)(i)(x) are consistent with and expressly authorized by the agreement between the State and its Outside Counsel governing the Oklahoma Action. The attorneys' fees to Outside Counsel are fair, reasonable and appropriate under Oklahoma law. The costs incurred by Outside Counsel in prosecuting the Oklahoma Action are reasonable, necessary and appropriate under Oklahoma law.

2.6 The Parties have agreed to resolve the issues resulting from the Covered Conduct by entering into a Settlement Agreement and this Consent Judgment.

2.7 Purdue is willing to enter into this Consent Judgment regarding the Covered Conduct in order to resolve the State's claims as alleged in the Original Petition under Oklahoma law as to the matters addressed in this Consent Judgment and thereby avoid significant expense, inconvenience, and uncertainty.

2.8 Purdue is entering into this Consent Judgment solely for the purpose of settlement, and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Purdue expressly denies. No part of this Consent Judgment, including its statements and commitments, shall constitute evidence of any liability, fault, or wrongdoing by Purdue.

2.9 This Consent Judgment shall not be construed or used as a waiver or limitation of any defense otherwise available to Purdue in any action, or of Purdue's right to defend itself from, or make any arguments in, any private individual, regulatory, governmental, or class claims or suits relating to the subject matter or terms of this Consent Judgment.

2.10 No part of this Consent Judgment shall create a private cause of action or confer any right to any Third Party for violation of any federal or state statute except that the State or Purdue may file an action to enforce the terms of this Consent Judgment.

2.11 This Consent Judgment has been negotiated by the Parties at arms' length and in good faith. This Consent Judgment reflects the exchange of reasonably equivalent value between the Parties.

III. INJUNCTIVE TERMS

3.1 Purdue shall not from the Effective Date until December 31, 2026 engage in Promotion of Purdue Opioids or Opioids in the State of Oklahoma by:

- (a) Employing or contracting with sales representatives or other persons to Promote Purdue Opioids or Opioids to Health Care Providers or patients;
- (b) Using speakers, key opinion leaders, thought leaders, lecturers, and/or speaking events for Promotion of Purdue Opioids or Opioids; and
- (c) Creating, sponsoring, distributing, or otherwise providing direct or indirect financial support for branded or Unbranded information Promoting Purdue

Opioids or Opioids, including brochures, newsletters, pamphlets, journals, books, and guides.

3.2 Upon request, Purdue shall promptly provide reasonable assistance to law enforcement investigations of potential diversion and/or suspicious circumstances involving Purdue Opioids in the State of Oklahoma, subject to and without waiving, any applicable privilege objections.

3.3 Purdue shall not use, assist, or employ any Third Party to engage in any activity in Oklahoma that Purdue itself would be prohibited from engaging in pursuant to this Consent Judgment.

3.4 Notwithstanding the above, in the State of Oklahoma, Purdue may:

- (a) Provide information or support the provision of information as expressly required by law or any state or federal government agency with jurisdiction in Oklahoma;
- (b) Provide scientific and/or medical information in response to an unsolicited request by a Health Care Provider or patient; and
- (c) Provide information to a payor, formulary committee, or other similar entity.

3.5 For the avoidance of doubt, nothing in this Consent Judgment shall be construed or used to prohibit Purdue in any way whatsoever from taking legal or factual positions in litigation or other legal or administrative proceedings, or from providing extrajudicial statements made in the context of such litigation or other legal or administrative proceedings.

3.6 Should Purdue enter into an agreement with one or more state attorneys general, or in multi-state litigation with other state attorneys general, that contains broader injunctive relief than set forth above, Purdue agrees: (i) to notify the Attorney General of Oklahoma at the time such injunctive relief goes into effect; and (ii) to abide by that injunctive relief in the State of Oklahoma. Purdue agrees that all such additional or more restrictive relief shall apply to Purdue's

conduct within or directed at the State of Oklahoma and any violation of those terms shall be deemed a violation of this Consent Judgment and will be subject to the dispute resolution procedures set forth herein.

3.7 If the Attorney General believes that Purdue has violated any Injunctive Relief term, as set forth above, the Attorney General shall: (i) provide Purdue with a notice that sets forth the Attorney General's basis for believing that Purdue violated an Injunctive Relief term and (ii) provide Purdue at least thirty (30) days to cure the alleged violation.

IV. PAYMENT

4.1 In full and complete satisfaction of the release granted in Section V herein, and in addition to the Injunctive Terms contained in Section III, Purdue shall cause the following actions to be taken:

(a) **Funding from Purdue:** (i) Beginning on the date of issuance of the Purdue Payment Letter of Credit (defined in Section 4.1(b)), (w) the Foundation shall be entitled to draw on the Purdue Payments Letter of Credit in accordance with the terms thereof for \$102,500,000 to fund the Foundation; (x) Outside Counsel shall be entitled to draw on the Purdue Payments Letter of Credit in accordance with the terms thereof for \$59,500,000 to be paid to Outside Counsel for payment of attorneys' fees and costs associated with the Oklahoma Action as set forth in the agreement between the State and its Outside Counsel; (y) the Attorney General shall be entitled to draw on the Purdue Payments Letter of Credit in accordance with the terms thereof for \$500,000 for costs associated with prosecution of the Oklahoma Action; and (z) an entity timely identified in writing by the State shall be entitled to draw on the Purdue Payment Letter of Credit in accordance with the terms thereof for \$12,500,000 to be placed into an escrow or similar account created and maintained to receive and manage the funding for distribution to political subdivisions in furtherance of the objectives of the Settlement Agreement ((w), (x), (y) and (z) collectively, the "Purdue Payments"); (ii) after the Effective Date, Purdue and the National Center shall coordinate to ensure the supply of medically assisted treatment drugs, such as buprenorphine/naloxone, or an equivalent product manufactured by Purdue, over a period of five (5) years with a total retail market value of \$20,000,000; and (iii) funds that are not distributed and are remaining under subsection 4.1(a)(i)(z) will revert to the Foundation.

(b) **Purdue Payments Letter of Credit:** Within five (5) business days of the Execution Date, Purdue shall present to the Attorney General an Irrevocable Letter(s) of Credit issued by BOKF, NA dba Bank of Oklahoma in the amount of the Purdue Payments drawable for three (3) business days from the date of issuance (the "Purdue Payments Letter of Credit"). At any time prior to drawing on the Purdue Payments Letter of

Credit, the Attorney General, in his sole discretion, shall have the right to waive the requirement of the posting of the Purdue Payments Letter of Credit, in which case the Purdue Payments shall be due and payable directly by Purdue to the payees identified in Section 4.1(a) above within one (1) business day after receipt of the Attorney General's written waiver.

(c) **Purdue Payments Guaranty:** Within one (1) business day of the Execution Date, Purdue will provide the Attorney General with an executed guaranty from Pharmaceutical Research Associates, L.P. ("PRA") in the form previously provided to the Attorney General (the "PRA Guaranty"), with respect to the Purdue Payments. The PRA Guaranty will irrevocably expire and be of no further force and effect on the ninety-first day after the date of issuance of the Purdue Payments Letter of Credit (the "Initial Guaranty Expiration Date"); provided, however, that if prior to the Initial Guaranty Expiration Date (i) Purdue files a voluntary petition for relief under the Bankruptcy Code or (ii) an involuntary petition for relief under the Bankruptcy Code is filed against Purdue and such involuntary petition has not been dismissed as of the Initial Guaranty Expiration Date, the PRA Guaranty shall instead expire on the date that is thirty days after the date of filing of such petition for relief, during which thirty-day period, the State may exercise its rights under the PRA Guaranty, in accordance with the terms thereof. PRA's payment obligations under the PRA Guaranty shall be contingent on the State's repayment to Purdue in cash in full the entirety of the Purdue Payments (totaling \$175,000,000).

(d) **Donation:** Within five (5) business days after the Effective Date, Purdue will provide the Attorney General with a letter confirming that a voluntary and irrevocable contribution to the Foundation will be made by the Dr. Mortimer and Dr. Raymond Sackler families (directly or through their business entities (other than Purdue)) in the amount of \$75,000,000 ("Donation Payments") to begin with a \$15,000,000 payment starting January 10, 2020, with four additional equal payments of \$15,000,000 each succeeding January for four (4) years.

(e) **Donation Payments Letter(s) of Credit:** Within five (5) business days after the Effective Date, the Attorney General shall be presented with one or more Irrevocable Letter(s) of Credit issued by BOKF, NA dba Bank of Oklahoma in the amount of the Donation Payments (the "Donation Payments Letter(s) of Credit"), pursuant to which, upon the Effective Date, the Foundation shall be entitled to draw on \$15,000,000 between January 10th - 15th in each of the years 2020-2024 in accordance with the terms thereof. At any time prior to drawing on the Donation Payments Letter(s) of Credit, the Attorney General, in his sole discretion, shall have the right to waive the requirement of the posting of the Donation Payments Letter of Credit, in which case the Donation Payments shall be placed into escrow pursuant to an escrow agreement and an escrow agent, in each case, acceptable to the Attorney General.

4.2 If the State does not elect to enforce the PRA Guaranty in accordance with the terms thereof and is required by final order of a court of competent jurisdiction to return the Purdue Payments to Purdue and does return such Purdue Payments to Purdue, the State shall return any

Donation Payments it has received and shall not be entitled to any further Donation Payments, and upon return of all such foregoing payments, (x) the Settlement Agreement, including the releases set forth herein, shall be void ab initio, and (y) all rights and remedies of the Settling Parties as they existed immediately prior to the execution of this Agreement shall be reinstated in full.

V. RELEASE

5.1 By entry of this Consent Judgment and execution of the Settlement Agreement, on the Effective Date of the Release, Releasors release Releasees from the Released Claims. The Court finds that Releasors have fully, finally, forever and permanently released, remised, acquitted, held harmless, relinquished and discharged with prejudice all Released Claims, have covenanted not to sue any Releasee with respect to any such claim, and are permanently barred and enjoined from instituting, reinstating, maintaining, commencing, or prosecuting any such Released Claim against the Releasees, and the releases as set forth herein shall be given full *res judicata* effect. Releasors are deemed to have released all claims against the Releasees that are or could have been brought by Releasors, including the State's state and federal statutory and common law claims, and by any other person acting or purporting to act in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer or any other capacity on behalf of any Releasor.

5.2 On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement. Any political subdivision that receives any payment from the State with funds obtained under the Agreement shall execute an Additional Release in the form set out in Exhibit B to the Agreement as a condition to receiving any such payment.

VI. GOOD FAITH SETTLEMENT BAR ORDER

- 6.1 The Court hereby finds and orders as follows:
- (a) The State has brought suit against Purdue and the Non-Settling Defendants alleging an indivisible injury for which Purdue and the Non-Settling Defendants are jointly and severally liable;
 - (b) Through the Settlement Agreement and this Consent Judgment Releasors have released Purdue and the Releasees from all Released Claims;
 - (c) The Court finds the settlement between the State and Purdue is fair, reasonable and was entered into between the State and Purdue in good faith and without collusion;
 - (d) The Court finds that, by agreeing to settle the claims of the State asserted against Purdue in this Action, Purdue does not admit and specifically denies any and all liability to the State and any actual or alleged joint tortfeasor;
 - (e) The settlement between the State and Purdue does not prejudice any substantive defenses or rights of any Non-Settling Defendants;
 - (f) The Court orders that, pursuant to OKLA. STAT. tit. 12, § 832(H), Purdue and the Releasees are discharged from all liability for contribution to all actual or alleged joint tortfeasors, including the Non-Settling Defendants;
 - (g) The Court further orders that, pursuant to OKLA. STAT. tit. 12, § 832(H), neither the Non-Settling Defendants nor any actual or alleged joint tortfeasor are discharged from liability to the State; and
 - (h) The Court further orders that nothing contained herein shall preclude the State or any Non-Settling Defendants from presenting evidence of Purdue's conduct pre-trial, at trial or on any appeal, subject to orders and rulings of the Court.

VII. DISPUTE RESOLUTION

7.1 The Parties by stipulation may agree to a modification of this Consent Judgment, which agreement shall be presented to this Court for consideration. Such modification must be made by written instrument signed by or on behalf of both Purdue and the Attorney General.

7.2 Should the Attorney General have reason to believe Purdue has violated the terms of this Consent Judgment, the Attorney General shall: (i) provide Purdue with a notice that sets

forth the Attorney General's basis for believing that Purdue violated a term and (ii) provide Purdue at least thirty (30) days to cure the alleged violation.

7.3 Any disputes between or among Purdue and the State (or their counsel) concerning matters regarding the creation, funding, or operation of the Foundation and the National Center shall, if they cannot be resolved by negotiation and agreement in the first instance, be referred to the Settlement Master, Judge Layn Phillips, for resolution. Decisions by Judge Phillips will be final and non-appealable.

7.4 The Court shall retain jurisdiction over all other disputes, including the implementation of the Injunctive Relief. Any dispute regarding issues arising from such Injunctive Relief that cannot be resolved by the Parties shall be submitted in the first instance to Judge Phillips for mediation. If the Parties are unable to reach a mediated settlement within 30 days of submission for mediation, the dispute shall be submitted to the Court.

XIII. THE NATIONAL CENTER

8.1 As consideration for entering into the Settlement Agreement, Purdue has agreed to fund, pursuant to Section V, a National Center for Addiction Studies and Treatment (the "National Center") adjunct to Oklahoma State University's Center for Health Sciences in Tulsa, Oklahoma ("OSU-HS"). The State shall create a foundation to receive and manage the funding provided by Purdue that is directed to the National Center (the "Foundation"). At OSU-HS, the National Center will be part of the OSU Center for Wellness & Recovery. The National Center will be dedicated to addiction studies, treatment and education, including education to eliminate the stigma associated with addiction and treatment, and will receive funds from the Foundation. The National Center shall operate on the following general principles:

(a) Mission: The National Center's mission will be to improve the lives of individuals in Oklahoma and across the nation that are affected by pain and substance use

disorders through exceptional programs focused on research, education, prevention, treatment, elimination of the stigma associated with addiction, and public policy initiatives.

(b) Vision: The National Center's vision will be to become the premier addiction research center in the nation that promotes collaborative and interdisciplinary approaches to the study, prevention, treatment, and public understanding of addiction, and education to eliminate the stigma associated with addiction and substance use disorder.

(c) Strategic Objectives: Among its initiatives and goals, the National Center will be committed to establishing research-driven and evidence-based practices for (i) treating and preventing addiction, and other behavioral health challenges; (ii) fostering and cultivating innovative national-in-scope research that contributes to the improvement of treatment and prevention of substance use disorders and understanding the underlying causes of addiction; (iii) creating a preeminent environment where researchers and academics from across the country and the world can collaborate together to study and learn about substance use disorder and addiction; and (iv) serving as a national leader in educating and training undergraduate and graduate students, trainees, professionals, and the public on multidisciplinary issues relating to addiction and substance use disorder.

(d) Advisory Board: The National Center shall be supported by a National Scientific Advisory Board that shall work closely with the National Center's staff in advising the National Center's research, agenda, training, and support processes, in addition to guiding the efforts of the National Center's patient and professional education initiatives. The Advisory Board will comprise leading members from other state, national and/or international academic, research, medical, law enforcement, mental health, addiction, substance use disorder, and/or other related fields, institutions, entities, and organizations. Members of the Advisory Board will be selected by the National Center.

IX. DISMISSAL WITH PREJUDICE

9.1 All claims asserted by the State against Purdue in the Oklahoma Action are DISMISSED WITH PREJUDICE as to Purdue, and, except as provided under the Settlement Agreement, without costs.

X. MISCELLANEOUS

10.1 This Consent Judgment shall be construed and interpreted in accordance with the substantive law of the State of Oklahoma.

10.2 This Consent Judgment and the Settlement Agreement contain the entire agreement of the Parties with respect to its subject matter. No Party has made any oral or written

representation other than those set forth herein, and no Party has relied upon, or is agreeing to, this Consent Judgment in reliance upon any representation other than those set forth herein.

10.3 Each of the signatories of this Consent Judgment represents and warrants that it, he, or she is authorized by it, his or her respective clients or principal to execute this Consent Judgment and to bind the corresponding Party hereto. With respect to the Plaintiff, the relevant signatories affirm that they have authority to execute this Consent Judgment on behalf of the State of Oklahoma.

10.4 Paragraph headings contained in this Consent Judgment are inserted solely as reference aids for the ease and convenience of the reader. They shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions or any other aspect of this Consent Judgment.

10.5 All Notices under this Consent Judgment shall be provided to the following via email and Overnight Mail:

Oklahoma Attorney General
Attn: Abby Dillsaver, General Counsel to the Attorney General
Ethan Shaner, Deputy General Counsel
313 N.E. 21st St.
Oklahoma City, OK 73105
Abby.Dillsaver@oag.ok.gov
Ethan.Shaner@oag.ok.gov
Sheila Birnbaum
Mark S. Cheffo
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Sanford C. Coats, OBA No. 18268
Joshua D. Burns, OBA No. 32967
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Oklahoma City, OK 73102
Tel: (405) 235-7700
Fax: (405) 272-5269
sandy.coats@crowedunlevy.com
joshua.burns@crowedunlevy.com

10.6 This Consent Judgment may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

10.7 This Consent Judgment shall be non-appealable and shall constitute a final judgment upon filing in the District Court of Cleveland County, State of Oklahoma.

10.8 The District Court for Cleveland County, State of Oklahoma, shall retain continuing jurisdiction over the Parties regarding compliance with the terms of this Consent Judgment.

10.9 All payments and consideration delivered in connection with this settlement (other than amounts paid for attorney's fees and costs) constitute restitution payments for United States Federal income tax purposes.

10.10 The Court's Amended Protective Order (dated April 16, 2018) and First Amended Agreed Qualified Protective Order for Protected Health Information (dated September 27, 2018) (the "Protective Orders") remain in effect after the Effective Date and the Settling Parties shall comply with their terms.

IT IS SO ORDERED.

DATED this 26th day of March, 2019.


DISTRICT JUDGE

APPROVED AS TO FORM:

FOR THE STATE OF OKLAHOMA
ex rel. Mike Hunter, Attorney General



Mike Hunter, OBA No. 4503,
Abby Dillsaver, OBA No. 20675
Ethan A. Shaner, OBA No. 30916
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Dated: 3/26/19



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Dated: 3-26-19



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Trey Duck, OBA No. 33347
Drew Pate, *pro hac vice*

Dated: 3/26/19

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APPROVED AS TO FORM:

FOR DEFENDANTS PURDUE PHARMA
L.P., PURDUE PHARMA INC., AND
THE PURDUE FREDERICK COMPANY INC.



Sheila L. Birnbaum
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*Counsel for Purdue Pharma, L.P.,
Purdue Pharma Inc. and the
Purdue Frederick Company Inc.*

Dated: March 26, 2019

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IN THE DISTRICT COURT OF CLEVELAND COUNTY

STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.,)
MIKE HUNTER)
ATTORNEY GENERAL OF OKLAHOMA,)

Plaintiff,)

vs.)

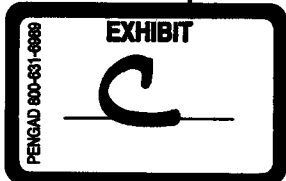
Case No. CJ-2017-816

- (1) PURDUE PHARMA L.P.;)
- (2) PURDUE PHARMA, INC.;)
- (3) THE PURDUE FREDERICK)
COMPANY;)
- (4) TEVA PHARMACEUTICALS)
USA, INC;)
- (5) CEPHALON, INC.;)
- (6) JOHNSON & JOHNSON;)
- (7) JANSSEN PHARMACEUTICALS,)
INC.;)
- (8) ORTHO-McNEIL-JANSSEN)
PHARMACEUTICALS, INC.,)
- n/k/a JANSSEN PHARMACEUTICALS;)
- (9) JANSSEN PHARMACEUTICA, INC.)
- n/k/a JANSSEN PHARMACEUTICALS,)
INC.;)
- (10) ALLERGAN, PLC, f/k/a)
ACTAVIS PLC, f/k/a ACTAVIS,)
- INC., f/k/a WATSON)
- PHARMACEUTICALS, INC.;)
- (11) WATSON LABORATORIES, INC.;
- (12) ACTAVIS LLC; AND)
- (13) ACTAVIS PHARMA, INC.,)
f/k/a WATSON PHARMA, INC.,)

Defendants.)

**PORTIONS OF TRANSCRIPT MAY BE COVERED UNDER PROTECTIVE ORDER
TRANSCRIPT OF PROCEEDINGS OF REQUESTED EXCERPT
HAD ON MARCH 1, 2019
AT THE CLEVELAND COUNTY COURTHOUSE
BEFORE THE HONORABLE WILLIAM C. HETHERINGTON, JR.,
RETIRED ACTIVE JUDGE AND SPECIAL DISCOVERY MASTER**

REPORTED BY: ANGELA THAGARD, CSR, RPR



1 history that brings us here today.

2 We filed this case June 30th, 2017. We submitted our
3 first discovery request to the defendants in August of 2017.
4 Your Honor denied the motions to dismiss on December 6th of
5 2017. And on January 29th of 2018, Your Honor entered a trial
6 date of May 2019, but also appointed the special master, Judge
7 Hetherington. So you've been very involved in that process.

8 We tried to add up what's happened in those hearings. By
9 our count we have had at least 13 hearings in front of you, not
10 counting yesterday and today. We have had at least 31 hearings
11 with Judge Hetherington. It's really hard to add those up
12 because many of them happen on the fly, some instigated by me,
13 some by Mr. Coats and others. Judge Hetherington has had an
14 amazing ability to be available and also process information
15 very quickly. But by our count, there's been at least 44
16 hearings just in this court. In addition to that, we've had
17 two Supreme Court hearings in the last 14 or 21 days, however
18 they add up, I've lost track that, that resulted in a denial of
19 jurisdiction -- refusal to take jurisdiction on a writ against
20 Your Honor yesterday from the Supreme Court, holding the trial
21 date firm.

22 On top of that issue, though, we've also been in federal
23 court. We were removed to federal court. We had to brief the
24 jurisdictional and remand issues there. What you may not have
25 seen in that process is there was a simultaneous tracking to

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March 30, 2019

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Counsel:

As you know, we represent several cities and counties throughout Oklahoma that have asserted claims against the opioid manufacturers. Several of our clients are concerned about the ambiguity in the Consent Judgment entered by the Court on March 26, 2019.

Representations made to the Court on behalf of the State explained that a city or county would not be a releasing party, and not bound by the settlement, unless it chose to participate in the fund established for cities and counties. However, the language of the Consent Judgment appears to suggest that the Attorney General may have authority to bind certain political subdivisions without their consent or release, even if they receive no compensation.



Among counsel representing the Attorney General was Brad Beckworth, of Nix Patterson & Roach. At the Consent Judgment hearing, Mr. Beckworth represented to the Court the following with respect to the limited circumstances in which a city or county could become a releasing party, bound by the settlement:

MR. BECKWORTH: Then there is a \$12.5 million payment by Purdue. And what that is being set up to do is to fund claims of cities and counties that are political subdivisions here if they choose to participate. That money will be put into a fund. We're working on an allocation method for that. If a city or county comes in, who has a claim, and they decide to -- or elect to participate and take that funding, they'll have to sign the release that is here before you, and then their claims, whatever they have against the Purdue released entities will be gone. But that will be their election.

See Transcript, Page 7, line 24 to Page 8, Line 9.

The Consent Judgment, however, in Section T of Definitions states: "Releasors" means the State and the Attorney General and/or any political subdivision of the State on whose behalf the Attorney General possesses, or obtains, the authority to bind." Section 5.2 provides:

On the Effective Date of the Release, Releasors shall further be deemed to have released all claims, including all claims of any political subdivisions on whose behalf the Attorney General possesses the authority, or obtains the authority, to bind, against the Releasees regardless of whether any such Releasor ever seeks or obtains, any distribution under the Agreement. Any political subdivision that receives any payment from the State with funds obtained under the Agreement shall execute an Additional Release in the form set out in Exhibit B to the Agreement as a condition to receiving any such payment.

We are requesting that the parties to the settlement agree to modify the Consent Judgment to resolve the ambiguity. We propose that the following provision or something similar be added to the Consent Judgment under Section 5.2:

Notwithstanding the above, nothing in this Consent Judgment or Settlement Agreement releases any claims on behalf of any political subdivision of the State against the Releasees unless the political subdivision elects to participate in the \$12.5 million fund established for cities and counties, and executes the General Release.

Given that this matter is time sensitive, it is our intent to seek to intervene on behalf of some of our clients and request the Court to clarify that no city or county is releasing claims unless they elect to participate in the \$12.5 million fund. We will request that the Court amend the Consent Judgment to resolve the ambiguity.

We believe it would be better for the parties to simply submit an agreed order to reflect what was represented to the Court. If you are agreeable to doing so, please contact me as soon as possible.

Sincerely,

/s/ Todd Court

Todd Court