

Drug company founder indicted in US-wide opioid conspiracy

October 26 2017, by Paul Davenport

U.S. prosecutors brought a fraud and racketeering case Thursday against the founder of an opioid medication maker that has faced increasing scrutiny from authorities across the country over allegations of pushing prescriptions of powerful painkillers amid a drug epidemic that is claiming thousands of lives each year.

The charges against Insys Therapeutics founder John Kapoor came on the same day that President Donald Trump was expected to declare the opioid crisis a nationwide public health emergency.

It follows indictments against the company's former CEO and other executives and managers on allegations that they provided kickbacks to doctors to prescribe a potent opioid called Subsys.

In a new indictment, Kapoor and the other defendants are accused of offering bribes to doctors to write large numbers of prescriptions for the fentanyl-based pain medication that is meant only for cancer patients with severe pain. Most of the people who received prescriptions did not have cancer.

U.S. prosecutors in Boston brought the case as they vowed to go after problem opioid makers similar to how they target "cartels or a street-level drug dealer."

"In the midst of a nationwide opioid epidemic that has reached crisis proportions, Mr. Kapoor and his company stand accused of bribing

doctors to overprescribe a potent opioid and committing fraud on insurance companies solely for profit," said Acting U.S. Attorney William D. Weinreb in Boston. "Today's arrest and charges reflect our ongoing efforts to attack the [opioid](#) crisis from all angles."

Kapoor was arrested in Phoenix and expected to make an appearance in federal court Thursday. Online court records don't list an attorney for him who could speak on his behalf.

In Massachusetts, former Insys CEO Michael L. Babich and five other former executives and managers are set to go to trial in October 2018 and have pleaded not guilty. The latest indictment brings new charges against Babich and others.

Several former Insys employees and health care providers have pleaded guilty to felony charges around the country, including in Alabama and Connecticut. A Rhode Island doctor pleaded guilty Wednesday to accepting kickbacks in return for prescribing the highly addictive fentanyl spray.

A spokesman for Arizona-based Insys said this week that the company is under new management and has replaced nearly all its original sales staff. It says it takes responsibility for the actions of its former employees.

"We have taken necessary and appropriate steps to prevent past mistakes from happening in the future, and are committed to conducting business according to high ethical standards and the interests of patients," the company said in a statement Wednesday. "We also continue to work with relevant authorities to resolve issues related to the misdeeds of former employees."

In addition to the criminal charges, states have been suing Insys over its

marketing practices.

Meanwhile, the company has been active in politics, donating \$500,000 last year to an Arizona campaign to defeat a ballot measure to legalize marijuana.

The company's stock price has taken a big tumble in recent months amid the legal issues. It was down more than 10 percent in early trading Thursday.

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