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Ex-CEO's Atty Blasts Feds' 'Sales Over Safety' Oxy Charges

By **Pete Brush**

Law360, New York (January 18, 2022, 5:29 PM EST) -- Former Rochester Drug Cooperative CEO Laurence Doud operated the medication distribution company consistent with the law, his counsel told a federal jury Tuesday, rejecting as false the Manhattan U.S. attorney's opioid conspiracy case that could put the retired exec away for the rest of his life.

Defense lawyer Derrelle Janey made the case for Doud, 78, during morning opening arguments in a criminal trial being handled by U.S. District Judge George B. Daniels that could last up to three weeks.

Doud, who goes by Larry, didn't look the other way as oxycodone and fentanyl — addictive painkillers subject to tight federal controls — flowed from Rochester, New York-based RDC toward shady pharmacies and doctors, Janey said, telling the jury that his client is "falsely accused."

"His life is on the line," Janey told the jury.

Doud faces a 10-year mandatory sentence if convicted on a count of narcotics conspiracy. He also faces a five-year maximum count of conspiring along with others including former RDC compliance chief William Pietruszewski — a cooperating witness — to lie to the Drug Enforcement Administration.

Legal experts have taken note of the unusual nature of the Controlled Substances Act narcotics conspiracy charge, which is not typically used to target corporate executives and boardrooms.

On Tuesday prosecutor Thomas Burnett told the jury that Doud knew full well that his company was moving hundreds of millions of dollars' worth of addictive painkillers to clients who were diverting them for illegal use.

"The defendant put sales over safety. He didn't care about the responsibility that comes along with shipping dangerous drugs," Burnett said. "He broke the rules. Why? Greed."

The feds told the jury they will show emails and other evidence to prove that Doud didn't care how opioids went out the door, or where they ended up.

Doud earned millions of dollars in compensation as he oversaw an exponential increase in sales from 2012 to 2016 when RDC's opioid revenues jumped from $4.7 million to $42.2 million, the government says.

But the defense rejected the greed narrative as false, saying Doud's bonuses were tied primarily to sales of non-controlled drugs like allergy medicine.

And Janey told the jury that, contrary to the charges, Doud "was all over it" in his efforts to keep one of RDC's largest customers, a pharmacy called Linden Care, in compliance.

Over defense objections, the jury also is likely to hear from a woman who the feds say became addicted to opioids — and from former pharmacy owner Michael Paulsen, who pled guilty to diverting oxycodone pills to the streets.

RDC has paid a $20 million penalty related to the alleged lawbreaking. The company checked into Rochester bankruptcy court in March 2020 with a voluntary Chapter 11 petition that cited fines and ramped-up compliance costs associated with the criminal case against Doud and other litigation.

Civil damages claims targeting RDC and Linden Care are pending in Concord, New Hampshire, federal court, among other places.

Doud is represented by Robert Gottlieb and Paul Townsend of Robert C. Gottlieb Associates PLLC and Derrelle Janey of the Janey Law Firm LLP.

The government is represented by Thomas Burnett, Nicolas Roos and Alexandra Rothman of the U.S. Attorney's Office for the Southern District of New York.

The case is USA v. Doud, case number 1:19-cr-00285, in the U.S. District Court for the Southern District of New York.

--Editing by Ellen Johnson.
