

'Street Level' Oxy Pusher Admits Tricking Ex-CEO's Company

By **Pete Brush**

Law360, New York (January 27, 2022, 4:58 PM EST) -- The Manhattan U.S. attorney's drug conspiracy case against former Rochester Drug Cooperative CEO Larry Doud inched toward completion Thursday after an opioid pusher told jurors he never met Doud and got meds from the company by lying about his pharmacy's operations.

U.S. District Judge George B. Daniels told jurors they are on track to begin deliberations early next week after expected Monday closing arguments in a trial that has been described as a test case for using federal law normally used against drug dealers to target a corporate boardroom.

The forecast-watching judge told the jury midday Thursday that Friday proceedings were called off.

"I know the weather's not predicted to be very good, particularly late tomorrow," Judge Daniels said, referencing a predicted snowstorm.

Doud, 78, faces counts of narcotics conspiracy and scheming to lie to the U.S. Drug Enforcement Administration over five years, ending in 2017. Over roughly that period RDC sold some \$815 million of controlled substances, according to witness testimony. The feds say Doud plotted to enrich himself by selling addictive painkillers illegally. The first count carries a mandatory minimum prison sentence of 10 years.

Doud's defense team argues that RDC's compliance efforts were not perfect but has vehemently rejected the implication that Doud is a drug dealer. They have showed the jury evidence that RDC did make efforts to comply with laws forbidding the diversion of opioids away from legal channels.

On Thursday, during a brief defense presentation, Doud confirmed that he will not testify.

Closing out their case-in-chief Wednesday afternoon, prosecutors called to the witness stand former Staten Island pharmacy manager Michael Paulsen, who told the jury he was set to surrender to custody Friday to begin serving a 6½-year sentence for distributing thousands of oxycodone pills from his pharmacy, Regal Remedies, knowing they would be resold on the streets.

"I was greedy," Paulsen told the jury. "It was a terrible thing I did."

Paulsen said he may be resentenced if U.S. District Judge Paul A. Crotty, the judge who handled **his case** and eventual guilty plea, deems him eligible under rules that allow leniency for defendants who

cooperate after being sentenced.

Paulsen said the process of getting access to opioids from RDC was relatively easy. Within 24 hours of applying and filling out a credit report in 2016, Paulsen said, RDC began filling his orders.

During cross-examination, defense counsel Darrelle Janey got Paulsen to admit that he was a "street-level drug dealer" who sometimes didn't bother to wait for prescriptions to be filled before selling painkillers out the back door of his pharmacy in exchange for cash.

Not long after RDC — Paulsen's sole supplier of opioids — approved his application to buy controlled substances, he experienced a revenue and payroll crunch, Paulsen told the jury. That, he said, was the reason why he started selling pills to anyone who wanted them.

But Paulsen said that he tricked RDC, using manipulated data and fake prescriptions, to make sure his orders kept getting filled.

"You deceived them with fake documents?" Janey asked.

"Yes I did," said Paulsen, who also told the jury that he has never met or had any personal contact with Doud.

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

Paulsen is represented by Joseph Sorrentino of Joseph V. Sorrentino PLLC.

The federal 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 Jay Jackson Jr.