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Department of Justice

U.S. Attorney's Office

Middle District of Florida

FOR IMMEDIATE RELEASE

Friday, December 23, 2016

## **United States Reaches \$34 Million Settlement With Cardinal Health For Civil Penalties Under The Controlled Substances Act**

***The Recovery Is Part of a \$44 Million Nationwide Civil Penalty Settlement with Payment to Be Made to the United States by Cardinal Health, Inc. and its Subsidiary, Kinray, LLC***

Orlando, FL – United States Attorney A. Lee Bentley, III and Adolphus P. Wright, Special Agent in Charge, Drug Enforcement Administration (DEA) - Miami Field Division announce that Cardinal Health has agreed to pay \$34 million in civil penalties to resolve allegations that the Lakeland, Florida-based distributor failed to report to the DEA suspicious orders of Class II by pharmacies located in central Florida and Maryland. The settlement also resolves a civil investigation in the Western District of Washington into Cardinal Health's failure to maintain adequate records concerning Class II controlled substances in that district.

Separately, the United States Attorney for the Southern District of New York announced that Cardinal Health has agreed to pay an additional \$10 million to resolve allegations that its subsidiary, Kinray, Inc., failed to report suspicious orders by pharmacies operating in the Kinray service area. In the settlement resolving the Florida and Maryland investigations, Cardinal Health acknowledged that, from January 1, 2009, to May 14, 2012, it failed to comply with regulations requiring reports of pharmacies' suspicious orders of certain narcotic medications.

The Controlled Substances Act imposes civil penalties when DEA registrants fail to report suspicious pharmacy orders for Class II narcotic medications. The settlement announced today imposes a civil monetary sanction for the conduct addressed in Cardinal Health's administrative settlement executed with the DEA in 2012, which suspended Cardinal's registration to distribute Class II narcotic medications for a period of two years. The DEA returned Cardinal's registration in May 2014 while the civil penalty negotiations that led to today's announcement were pending.

"Today's settlement with Cardinal Health, along with last year's \$22 million settlement with CVS, illustrates

the coordinated response we have taken to Florida's pill mill crisis," stated U.S. Attorney Bentley. "Those who play a significant role in supplying Class II medications in our district must meet regulatory requirements or be held accountable."

U.S. Attorney Bentley also thanked his colleagues U.S. Attorney Rod Rosenstein (District of Maryland), U.S. Attorney Preet Bharara (Southern District of New York), Deputy Civil Chief Tom Corcoran, Assistant U.S. Attorney Tony Pellegrino, and U.S. Attorney Annette Hayes (Western District of Washington) for their collaborative work and assistance with this investigation and settlement. In addition, the investigative work of the DEA - Orlando Field Office, under the supervision of Assistant Special Agent in Charge Jeff Walsh, played a major role in the Florida investigation.

"National pharmaceutical drug companies are not exempt from following the law," stated Adolphus P. Wright, Special Agent in Charge for the DEA Miami Field Division. "This settlement sends out a clear message that all drug companies will be held accountable when they violate the law and threaten public health and safety. The DEA will continue its efforts to work with our registrants and our law enforcement partners to combat pharmaceutical drug abuse and diversion in Florida."

The Middle District of Florida investigation was conducted by the Drug Enforcement Administration's Diversion Group, with negotiations handled by Assistant U.S. Attorneys Randy Harwell and Katherine M. Ho.

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**Topic:**  
Healthcare Fraud  
Prescription Drugs

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