UNITED STATES DEPARTMENT OF JUSTICE
Drug Enforcement Administration

In the matter of Walgreen Co.	Docket No. 13-1 ADMINISTRATIVE LAW JUDGE JOHN J. MULROONEY, II

RESPONDENT'S PREHEARING STATEMENT

Pursuant to the Court's October 18, 2012 Order Granting the Respondent's Motion For a Continuance and Amending the Order for Prehearing Statements, Walgreen Co. ("Walgreens," "Respondent," or "the Company"), hereby submits its Prehearing Statement.

I. ISSUE

Whether the Drug Enforcement Administration ("DEA") can prove that the continued registration of Walgreens' distribution center in Jupiter, FL, registration RW0277752 (the "Jupiter Facility") is inconsistent with the public interest and therefore should be revoked pursuant to 21 U.S.C. § 824(a)(4).

II. REQUESTED RELIEF

Walgreens requests that the Court find that DEA has not established that Walgreens' continued registration is inconsistent with the public interest.

III. PROPOSED STIPULATIONS OF FACT

1. Respondent is registered with DEA as a distributor in Schedules II-V under DEA Registration RW0277752 at 15998 Walgreens Drive, Jupiter, FL 33478.

2. DEA Registration Number RW0277752 expires by its terms on May 31, 2013.

3. In 2011 and continuing into 2012, Walgreens undertook to reduce the volume of oxycodone dispensing at its Florida pharmacies and did, in fact, achieve a significant reduction in the quantities of Schedule II controlled substances dispensed from certain locations.

4. In May 2012, Walgreens voluntarily discontinued dispensing of all Schedule II drugs as well as Alprazolam and Carisoprodol at the six pharmacies identified in DEA's Order to Show Cause and Immediate Suspension of Registration ("OSC"), and at two additional Florida pharmacies.

IV. STATEMENT OF THE CASE

Walgreens was founded in 1901 and today has approximately 8,000 pharmacies

nationwide. It employs roughly 27,000 pharmacists, serves more than 6.3 million customers per day, and filled 784 million prescriptions in fiscal 2012.

In this proceeding, DEA is attempting to permanently revoke the registration of Walgreens' Jupiter Facility. The Jupiter Facility previously distributed controlled substances to more than 850 Walgreens pharmacies in Florida, which collectively dispense roughly 30% of all prescription drugs in the State. The crux of DEA's case is that following a 2010 change in Florida law, Walgreens knew or should have known that temporary increases in the volume of oxycodone shipments to six of its Florida pharmacies was prima facie evidence of diversion. DEA also describes (but has not yet provided Walgreens with evidence of) instances of troubling conduct at six specific pharmacies (*e.g.*, OSC ¶¶ 16, 17, 19).

Walgreens forthrightly acknowledges that certain conduct described by DEA at the specific pharmacies is intolerable and wholly inconsistent with Walgreens' values. And Walgreens accepts that in hindsight, one could reasonably contend that Walgreens' reaction to the influx of patients who presented oxycodone prescriptions should have been driven more rapidly from a corporate level instead of by district and market leadership who were on the front lines grappling with the challenges thrust upon retail pharmacies by Florida's legislative changes. But the evidence will show that Walgreens did not turn a blind eye to the challenges wrought by the new patient population. Far from it. Walgreens is a vertically integrated company, and its pharmacists, Pharmacy Managers, District Pharmacy Supervisors, Loss Prevention Managers, and others, identified the challenges; implemented controls intended to prevent diversion; modified those controls as unscrupulous doctors and patients sought new ways to circumvent these good-faith efforts; trained and re-trained pharmacists to provide them with the tools necessary to confront the new paradigm; and worked with and repeatedly sought

guidance from local law enforcement and DEA. Evidence will also show why the initial increases in oxycodone dispensing at certain pharmacies did not immediately raise red flags, but that when volumes at certain pharmacies continued to grow, the Jupiter Facility CII Manager identified concerns and addressed them within Walgreens' vertically integrated structure before shipping. More importantly, following intervention by Walgreens corporate leadership—well before DEA's administrative subpoenas—the Company implemented more comprehensive policies reflecting (and supplementing) the best of the controls developed at the district and market level, *all of which had the result of driving the volume of oxycodone shipments back down to 2008 levels.*

Today, having learned from all of these challenges, Walgreens has improved upon its anti-diversion controls, including creating the Department of Pharmaceutical Integrity to ensure Controlled Substances Act compliance, and enhancing an aggressive and state-of-the-art suspicious order monitoring and reporting system that provides the Company with the ability to identify and promptly halt suspicious orders and to diagnose and rapidly respond to questionable trends throughout its network. Walgreens is now reporting suspicious orders in a new format and is ready and willing to work with DEA to help it identify any indications of improper prescribing or dispensing. Even if there can be reasoned debate about whether Walgreens acted quickly or comprehensively enough in 2010 and early 2011 before its controls had the effect of driving oxycodone volume back to 2008 levels, Walgreens accepts that there was considerable room for improvement and it has seized that opportunity. With these measures in place, and vigorous commitment to its anti-diversion controls, Walgreens respectfully submits that its Jupiter Facility's continued registration is not inconsistent with the public interest. Indeed, Walgreens firmly believes that it and DEA can more effectively fight prescription drug abuse as

partners rather than litigants.

V. PROPOSED WITNESSES[1]

1. Rex Swords, Divisional Vice President, Centralized Pharmacy and Operations Support Services
   Walgreen Co., 200 Wilmot Rd., 1st Floor, Deerfield, IL 60015
2. Tasha Polster, Director of Pharmaceutical Integrity
   Walgreen Co., 200 Wilmot Rd., 1st Floor, Deerfield, IL 60015
3. Kristine Atwell, CII Function Manager, Jupiter Distribution Center
   Walgreen Co., 15998 Walgreens Drive, Jupiter, FL 33479
4. Denny Murray, Director, Rx Inventory Management Drugstores
   Walgreen Co., 200 Wilmot Rd., 2nd Floor, Deerfield, IL 60015
5. Jennifer Strickland, PharmD, BCPS
   1154 E. Highland Dr., Lakeland, FL 33813
6. Joanna Shepherd-Bailey, Ph.D., Associate Professor of Law
   Emory University School of Law, Gambrell Hall, Atlanta, GA 30322-2270
7. Sunil J. Panchal, M.D.
   National Institute of Pain, 4911 Van Dyke Rd., Lutz, FL 33558
8. Kerri Kratofil, District Pharmacy Supervisor, District 119 (Naples)
   Walgreen Co., 12550 Professional Dr., Unit 1, Ft. Myers, FL 33913
9. Bryon Wheeldon, Market Loss Prevention Director, Market 3 (Tampa)
   Walgreen Co., 1411 Lake Cook Rd., 4th Floor, Deerfield, IL 60015
10. Caren Cohalla, Pharmacy Manager, Store #3629
    Walgreen Co., 12028 Majestic Blvd., Hudson, FL 34667
11. Terry Collins, District Pharmacy Supervisor, District 227 (Tampa North)
    Walgreen Co., 2760 Falkenberg Rd. South, Riverview, FL 33578
12. Amy Spiehs-Hicks, District Loss Prevention Manager, District 198 (Tampa West)
    Walgreen Co., 2769 Falkenberg Rd. South, Riverview, FL 33578
13. Georgia Lehoczky, Market Pharmacy Director, Market 6
    Walgreen Co., 5101 NW 21st Ave., Suite 520, Ft. Lauderdale, FL 33309
14. Ed Forbes, Market Loss Prevention Director, Market 6 (Miami/Ft. Lauderdale)
    Walgreen Co., 1411 Lake Cook Rd., 4th Floor, Deerfield, IL 60015
15. Ed Lanzetti, Market Loss Prevention Director, Market 28
    Walgreen Co., 1411 Lake Cook Rd., 4th Floor, Deerfield, IL 60015
16. Cheryl Creek, Director, Operations Optimization - Health and Wellness Initiatives
    Walgreen Co., 200 Wilmot Rd., 1st Floor, Deerfield, IL 60015

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[1] In addition to the witnesses listed below, Respondent reserves the right to call Mr. Rannazzisi or any of the other witnesses listed by DEA on the matters identified by DEA.

17. John Mudri, Mudri Associations Inc.
257 Seagate Ct., Dunedin, FL 34698

18. David Brushwood, R.Ph., J.D., University of Florida College of Pharmacy
P.O. Box 100496, Gainesville, FL 32610

19. Amber L. Baginski, DEA Task Force Agent
2100 North Commerce Parkway, Weston, FL 33326

20. Roberta E. Goralczyk, DEA
2100 North Commerce Parkway, Weston, FL 33326

21. William Schwartz, DEA Diversion Investigator
2100 North Commerce Parkway, Weston, FL 33326

22. Roger Kernicky, DEA Diversion Investigator
2100 North Commerce Parkway, Weston, FL 33326

23. Kristie Provost, Director, Strategic Planning & Analytics, Loss Prevention
Walgreen Co., 1411 Lake Cook Rd., 4th Floor, Deerfield, IL 60015

24. Doug Lemmons, Divisional Loss Prevention Operations Director
Walgreen Co., 1411 Lake Cook Rd., 4th Floor, Deerfield, IL 60015

25. John Rossing, Manager, Results Financial Planning and Analytics
Walgreen Co., 200 Wilmot Rd., 2nd Floor, Deerfield, IL 60015

26. Dwayne Piñon, Senior Attorney, Litigation and Regulatory Law
Walgreen Co., 104 Wilmot Rd., MS #1434, Deerfield, IL 60015

VI. SUMMARY OF TESTIMONY[2]

1. Rex Swords, Divisional Vice President, Centralized Pharmacy and Operations Support Services

Rex Swords will describe the Walgreens corporate structure and the responsibilities of the Company's different departments, the steps the Company took in response to pain clinic issues in Florida (including describing the anti-diversion controls that were already in place and the controls that were developed in response to the new challenges the Company faced), how those steps (prior to DEA's administrative warrants) had the effect of reducing the volume of oxycodone shipments from the Jupiter Facility to 2008 levels, and how the Company improved

[2] Walgreens has identified witnesses it may call to ensure compliance with this Court's November 6, 2012 Order. In addition to the testimony set forth herein, such witnesses will be prepared to address specific testimony from the DEA's case in chief. To the extent the testimony described herein is cumulative or otherwise unnecessary to address DEA's actual case, Walgreens will reduce the number of witnesses and the scope of their testimony at trial.

its systems to ensure that, today, the Company has anti-diversion controls in place that meet or exceed regulatory requirements.

Specifically, Mr. Swords will describe his role as Divisional Vice President, Centralized Pharmacy and Operations Support Services, and his background, education, and training. He will describe the scope and organization of Walgreens' operations across the United States and Florida specifically. Mr. Swords will describe his responsibility within the Company to lead a team to assess and improve Walgreens' controlled substances compliance, with a specific focus on ensuring that Walgreens' vertically integrated business units work effectively toward this end. He will explain that Walgreens has multiple overlapping business structures and policies that should, among other things, serve as cross-checks to ensure proper training, handling and oversight regarding controlled substances within the Company, including at its distribution centers. Mr. Swords will describe how Walgreens' distribution centers work with other units of the Company to ensure that potentially suspicious orders are not shipped prior to appropriate diligence on those orders.

Mr. Swords will testify that following changes in Florida law that occurred in 2010 and 2011, many retail pharmacies across the state saw an increase in the number of prescriptions presented for oxycodone and other drugs. He will testify that Walgreens pharmacists were expected to use their professional judgment and Walgreens' policies to properly assess and screen oxycodone prescriptions and to refuse to fill those prescriptions that were not issued for a legitimate medical purpose, while filling prescriptions that were legitimate.

Mr. Swords will testify that Walgreens anticipated that the 2010 change in Florida's pain clinic law would increase the number of legitimate prescriptions for oxycodone prescriptions at Walgreens pharmacies, but that Walgreens could not predict how much those numbers would

increase, or at what volume diversion was likely. Mr. Swords will testify that even at certain pharmacies with high oxycodone dispensing volumes, pharmacists were simultaneously refusing to fill a substantial number of prescriptions, and that through 2011—long before the first DEA administrative subpoenas were served—Walgreens personnel were working diligently to address these issues, but found them very difficult to resolve quickly.

Mr. Swords will testify that in 2010-2011, Walgreens more fully appreciated the unique problems Florida's legislative policies caused and it began to take aggressive steps to ensure that prescriptions for oxycodone were being dispensed appropriately. He will testify that by mid-2011, through a combination of these proactive steps, the level of oxycodone being shipped from the Jupiter Facility to Walgreens' Florida pharmacies decreased substantially. Mr. Swords will testify that, by mid-2012, shipments of oxycodone from the Jupiter Facility to Walgreens Florida pharmacies had declined to levels similar to 2008, before the pain clinic issue arose. Mr. Swords will testify that Walgreens and its pharmacists have been threatened or sued by a number of physicians for failing to fill oxycodone prescriptions.

Mr. Swords will explain Walgreens' voluntary decision to discontinue all Schedule II dispensing at eight of its Florida pharmacies, and will express Walgreens' dissatisfaction and regret regarding a number of DEA's allegations at certain pharmacies. Mr. Swords will also testify that Walgreens' initial reaction to the challenges it faced did not work perfectly or immediately, and that the Company regrets that progress in addressing the issues was not made more quickly. Walgreens recognizes those shortcomings and accepts responsibility for them.

Finally, Mr. Swords will testify that, with the support of the Company's most senior management, Walgreens' created a new department—the Department of Pharmaceutical Integrity—with broad authority to coordinate and supervise the Company's compliance efforts.

Mr. Swords will testify that Walgreens has continued to make enhancements to its policies, procedures and technology systems to help prepare it to deal with the next diversion threat. Mr. Swords will testify that with all of the measures currently in place, the continued registration of Walgreens' Jupiter Facility is not inconsistent with the public interest, and revoking the registration of a distribution center that supplied more than 850 Florida pharmacies is an excessive sanction for the conduct alleged by DEA.

2. Tasha Polster, Director of Pharmaceutical Integrity

Tasha Polster will describe her new role as Director of Pharmaceutical Integrity at Walgreens, her department's responsibility for oversight of controlled substances handling at distribution centers and pharmacies, and will describe and demonstrate the state-of-the-art technological tools that Walgreens has implemented to make sure that Walgreens is at the forefront of preventing diversion of controlled substances.

Specifically, Ms. Polster will explain the initiatives she has pursued and implemented since she assumed her role along with other ongoing anti-diversion activities. Ms. Polster will also explain the technological enhancements that Walgreens has implemented to prevent the events of 2010 and 2011 from recurring, including functionality added to Walgreens' computerized systems to perform advanced statistical analyses on pharmacy orders and detect potential diversion problems. She will testify that such systems utilize quantity ceilings and thresholds to prevent the distribution centers from shipping greater quantities of controlled substances to pharmacies. She will testify that Company procedures will not permit any distribution center shipments above the ceiling levels for particular pharmacies until an appropriate review of the order occurs. She will also explain Walgreens' policy and practice of reporting orders deemed suspicious to DEA. She will testify that Walgreens has implemented state-of-the-art reporting and monitoring tools that allow her team and other key personnel in the

Company to monitor for new trends potentially indicative of diversion, and how she intends to use those tools. Ms. Polster may perform a live demonstration of these technological tools for the Court using a laptop with sample data.

Finally, based on her decades of experience as a pharmacist, Ms. Polster will describe how DEA's new approach to regulating controlled substances is changing the traditional relationship between pharmacists and physicians, and how Walgreens has restructured its organization and rewritten its policies to address those changes. Ms. Polster will explain how, with all of these tools in place, a resumption of controlled substances distribution from the Jupiter Facility would not be inconsistent with the public interest.

3. Kristine Atwell, CII Function Manager, Jupiter Distribution Center

Ms. Atwell will describe her prior role as the CII Function Manager at the Jupiter Facility, and the related roles of other entities within Walgreens' vertically integrated structure. Ms. Atwell will describe when she realized that oxycodone orders from certain Walgreens Florida pharmacies were increasing beyond anticipated levels and the steps she took to raise that issue with appropriate departments and personnel at Walgreens, how she communicated with District Pharmacy Supervisors regarding shipments and the comprehensive controls that have been implemented since that time.

Specifically, Ms. Atwell will testify that Walgreens utilizes a computerized inventory management system that automatically generates suggested controlled substance orders for stores once or twice a week based on a given store's inventory and past sales. Ms. Atwell will testify that, beginning in late 2010-early 2011, she noticed that certain Florida stores were ordering large quantities of oxycodone in increasingly large amounts. She will testify that Walgreens' District Pharmacy Supervisors were charged with responsibility for oversight of pharmacists'

dispensing practices, and that she contacted these individuals before shipping such orders. For the ensuing months, she was at times in daily contact with Pharmacy Supervisors regarding orders, and as oxycodone shipment volumes increased in late 2010-early 2011, she continued to communicate with Pharmacy Supervisors before shipping. Although Pharmacy Supervisors assured Ms. Atwell initially that certain oxycodone orders were appropriate, over time they determined that future orders should be reduced or canceled. Ms. Atwell will also testify that she had a number of contacts with corporate Walgreens personnel, and that they also expressed similar concern regarding shipment volumes, and advised her to work with the Pharmacy Supervisors to ensure that the orders were appropriate. Ms. Atwell will testify that, with the assistance of Walgreens corporate personnel, the company successfully and substantially reduced the volumes of shipments over time, and that by later in 2011, the shipment volumes had been substantially decreased.

Ms. Atwell will also testify about her knowledge of Walgreens' suspicious order monitoring process. She will testify that the computer order monitoring system automatically flagged and cut orders when stores changed their suggested order quantities or manually attempted to increase an order of oxycodone. She will also describe additional modifications to the order monitoring system made in 2012.

4. Denny Murray, Director Rx Inventory Management Drugstores

Denny Murray will describe his role as the Director of Rx Inventory Management Drugstores, and his department's historical efforts to prevent and detect diversion through the development and modification of an automated inventory management system and suspicious order monitoring system consistent with its understanding of the regulatory requirements.

Specifically, Mr. Murray will testify that Walgreens uses an automated inventory management system that determines the quantity of drugs needed based on historical sales

information. He will testify that Walgreens made enhancements to its inventory management system in 2010 that automatically reduce inventory replenishment requests if the quantity of a drug requested exceeds a tolerance threshold. Mr. Murray will testify that further enhancements made to those systems in 2012 impose strict limits on orders for oxycodone and related drugs.[3]

Mr. Murray will describe the origins and development of Walgreens' suspicious order monitoring and reporting system. He will testify that key elements of methodology of the monitoring system were based on guidance from DEA, which still appears on DEA's website, on how to perform suspicious order reporting in "Automated Tracking Systems." Mr. Murray will testify that certain elements of the 2007 letters to distributors from Mr. Rannazzisi would be inappropriate to apply to Walgreens' circumstances because, unlike most distributors, it is a vertically integrated company with an automated monitoring system with a series of unique features and controls. Mr. Murray will testify that Walgreens personnel informed DEA personnel about the design and functioning of its system on multiple occasions and that through 2010 and 2011 made suspicious order reports that they believed complied with applicable regulations. Mr. Murray will further testify that the Company was informed by multiple DEA personnel in 2011-2012 to halt its reporting, and that Walgreens had a threshold system in place that automatically prevented the system from generating orders of suspicious quantities.

Mr. Murray will also describe the current structure of Walgreens' suspicious order monitoring system, including its "ceiling limits" on pharmacy purchases of oxycodone medications and other drugs. Finally, Mr. Murray will describe the current system used by Walgreens for reporting suspicious orders and the reports currently being made to DEA.

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[3] DEA has never conducted any interviews or other investigation of the functioning of this system, and Mr. Murray will be prepared to explain why it functions in a manner that should mitigate DEA's concerns.

5. Jennifer Strickland, PharmD, BCPS

Dr. Jennifer Strickland will testify to her background, education and training, including, but not limited to, that she received a doctor of pharmacy degree with the highest honors from the University of Florida College of Pharmacy; that she is board certified in pharmacotherapy (BCPS) by the Board of Pharmaceutical Sciences; and that she was the pharmacist for the Pain and Palliative Care Service at the H. Lee Moffitt Cancer Center for six years and has co-managed pain, psychiatry, and addiction clinics in the past.

Dr. Strickland will offer her expert opinion about the role of medications in palliative medicine and chronic pain management. Dr. Strickland will describe the physician's role in prescribing pain medication and the pharmacist's corresponding responsibility under DEA regulations. She will testify that prior to the pain clinic issue, in all but the most exceptional cases, physicians and pharmacists were allies in the fight against diversion and worked together to combat diversion, most frequently from stolen, forged or altered prescriptions. Dr. Strickland will explain how the abuse of prescription pain medications by individuals, facilitated in some cases by unscrupulous doctors and pain clinics, particularly in Florida, has altered the traditional partnership between doctor and pharmacist and led to a re-assessment of the proper role of the pharmacist. Dr. Strickland will discuss this changing paradigm in the context of the changes in Florida law and the impact on pharmacists. Dr. Strickland will explain that there is limited guidance from DEA or any other organization in this area and that pharmacists across the State were struggling to properly address the issues that resulted from Florida's legislative changes. She will note that the challenges faced by certain pharmacies attempting to make these difficult judgments were compounded by other Florida pharmacies' decisions to discontinue dispensing certain oxycodone medications altogether, which had the effect of concentrating a larger percentage of oxycodone patients at Florida pharmacies that were willing to wrestle with the

increasingly difficult task of making professional judgments about the legitimacy of prescriptions issued by physicians with valid DEA registrations. Dr. Strickland will testify about Walgreens' Good Faith Dispensing Policy, specifically that it provides Walgreens pharmacists with appropriate guidance to prevent and detect potential diversion.

6. Joanna Shepherd-Bailey, Ph.D., Associate Professor of Law at the Emory University School of Law

Dr. Shepherd-Bailey will testify about her education, training, experience and responsibilities, and will offer her expert opinions about, among other things, the flaws in DEA's analyses and contentions relating to: (1) DEA's comparison of oxycodone volumes shipped by Walgreens' Jupiter Facility to certain Walgreens pharmacies with the oxycodone purchases of the average U.S. retail pharmacy, the average Florida retail pharmacy, the average Florida Walgreens pharmacy, the top 300 oxycodone purchasers in Florida and in the U.S., and the top Walgreens retail oxycodone purchasers in the U.S.; (2) DEA's analysis of "comparative levels of controlled substance purchases among Respondent's various retail chain customers from 2008 to the present, to include the average oxycodone purchasing by all of Respondent's customers; its Florida customers; and the six targeted Walgreens pharmacies," *see Government's Prehearing Statement* at 12 (Proposed Testimony of Unit Chief Kyle Wright); (3) DEA's presentation of population measures in the vicinity of certain Walgreens pharmacies, including the Florida towns of Port Richey and Oviedo; (4) DEA's discussion of "objective suspicious factors" relating to oxycodone orders placed by certain Walgreens pharmacies, including "size and quantity," *see Government's Prehearing Statement* at 12 (Proposed Testimony of DPM Susan Langston); (5) DEA's review of the dispensing patterns of certain Walgreens pharmacies, including patterns relating to prescriptions "written by out-of-town physicians and/or written for out-of-town individuals" and prescriptions paid for in cash, *see Government's Prehearing Statement* at 15

(Proposed Testimony of A/GS Donna Richards).

Dr. Shepherd-Bailey will also testify about the legitimate reasons that volumes of oxycodone shipments to a given pharmacy could increase over time, and why such volumes could be substantially higher for some pharmacies than for the average pharmacy and would not necessarily raise a red flag. Dr. Shepherd-Bailey will also testify about Walgreens' reduction of oxycodone shipments to certain customers, including Walgreens' suspension of orders to certain pharmacies, and Walgreens' suspicious order monitoring system, including recent changes to that system. Dr. Shepherd-Bailey may also provide testimony in rebuttal to any additional quantitative or statistical analyses introduced by DEA and its witnesses.

7. Sunil J. Panchal, M.D.

Dr. Panchal will testify to his background, education and training, including, but not limited to, that he received his medical degree from Albany Medical College of Union University in Albany, New York, performed a residency in anesthesiology at Northwestern University, and then completed a fellowship in pain management at the University of Illinois in Chicago. Dr. Panchal previously served as the Co-Director of the Chronic Pain Service as well as the Director of the Multidisciplinary Pain Fellowship Training Program at Johns Hopkins University, and subsequently as Director, Division of Pain Medicine at the Joan and Sanford I. Weill Medical College of Cornell University. More recently, Dr. Panchal was an Associate Professor in the Departments of Oncology and Anesthesiology and Director of Intervention Pain Medicine at the H. Lee Moffitt Cancer Center and Research Institute of the University of South Florida College of Medicine in Tampa, Florida. Dr. Panchal has also held leadership positions in many professional societies, including the Committee for Pain Medicine for the American Society of Anesthesiologists, and on the Board of Directors for the American Academy of Pain Medicine. Dr. Panchal is currently the President of the National Institute of Pain, a private,

nonprofit corporation with offices in Lutz, Florida, where he treats patients who are suffering from acute or chronic debilitating pain.

Dr. Panchal will offer his expert opinion about acute and chronic pain conditions, their prevalence and will describe the treatment of pain and the role of opioids in pain management. He will testify that oxycodone is a legitimate choice for treating pain when opioid therapy is indicated. He will also describe the training and education that doctors receive regarding the use of opioids and the development of pain medicine as a specialty. Dr. Panchal will testify about the range of training and expertise in pain management among doctors and that legitimate well-intentioned doctors will disagree on the proper treatment for pain, including about what medication, if any, should be prescribed and what dosage. He will testify that physicians who have a more limited knowledge base with respect to alternative treatments for pain management, are still within the scope of their medical practice to rely entirely on medication and medication management for pain, including the use of opioids.

Dr. Panchal will testify that volumes of oxycodone alone, either prescribed by a physician, dispensed by a pharmacy or shipped by a distribution center are an insufficient basis for concluding that diversion is occurring. He will explain how a prescription for a legitimate medical purpose may be for the same number of dosage units as an illegitimate prescription, and that the number of dosage units would not necessarily be a red flag to a pharmacist. Dr. Panchal will explain that it is commonplace for physicians who manage pain primarily with medications to increase the dose in response to the development of tolerance, so the number of dosage units per patient filling prescriptions at a pharmacy may increase, in some cases quite dramatically, over time. Dr. Panchal will further testify that other red flags cited by DEA are not reliable indicators of diversion.

Dr. Panchal will also describe the challenges pharmacists and drug distributors face to the extent they are required to review and assess physicians' diagnoses and treatment decisions. Pharmacists and drug distributors have significant difficulty determining whether narcotics, including oxycodone, are being diverted into other than legitimate medical channels by patients. Distributors and pharmacists are unqualified to evaluate the prescriptions for the purpose of determining whether the number of dosage units, dosage strength and active ingredients are appropriate, and do not have the expertise to contravene the treating physician's decision to prescribe a particular drug regimen.

Dr. Panchal will describe the problem of oxycodone abuse and addiction in Florida and the factors that contributed to it. He will describe the impact of Florida's pain clinic legislation and how patients with legitimate medical needs that reasonably could be treated with opioids were required to seek other avenues, such as retail pharmacies like Walgreens, to fill their prescriptions. Dr. Panchal will also testify that Florida's failure to implement the Prescription Drug Monitoring Program (PDMP) system more quickly than it did made it even more difficult for pharmacists and distributors to identify potential diversion by patients.

Dr. Panchal will testify that many of his patients have had difficulty filling prescriptions for opioids, including at Walgreens pharmacies. He will testify that his patients have been told by pharmacists at local pharmacies near his office that they will have to wait a week to fill their prescriptions because the store is out of stock. Waiting a week is simply not an option for patients suffering from severe pain. Therefore, pharmacies that are able to secure adequate provisions of opioids and are willing to dispense have seen increasing demand from legitimate patients to fill opioid prescriptions. Dr. Panchal will testify that there are serious consequences for legitimate pain patients if pharmacies refuse to dispense and if distribution of opioids to

pharmacies is substantially diminished, or delayed.

8. Keri Kratofil, Pharmacy Supervisor, District 119 (Naples)

Keri Kratofil is the Pharmacy Supervisor for District 119, which includes Walgreens store #3099. Ms. Kratofil will testify about the significant challenges her pharmacies faced following the legislative changes in 2010; the anti-diversion controls she began implementing at #3099 and other pharmacies in her district starting in 2010 and 2011; how those controls evolved as unscrupulous doctors and patients sought to circumvent those efforts; and how the guidelines, policies and controls she and Walgreens developed helped ferret out illicit patients and doctors and reduce the volume of oxycodone shipments to her pharmacies.

Specifically, Ms. Kratofil will testify that prior to the pain clinic issue, in all but the most exceptional cases, physicians and pharmacists were allies in the fight against diversion and worked together to combat diversion, most frequently from stolen, forged or altered prescriptions. She will testify that the emerging pain clinic issues fundamentally changed the pharmacist-physician relationship, for the first time requiring pharmacists to try to second-guess on a large scale the medical judgment of physicians. Ms. Kratofil will note that the challenges faced by certain pharmacies attempting to make these difficult judgments were compounded by other Florida pharmacies' decisions to discontinue dispensing certain oxycodone medications altogether, which had the effect of concentrating a larger percentage of oxycodone patients at Florida pharmacies that made professional judgments about the legitimacy of prescriptions issued by physicians with valid DEA licenses.

Ms. Kratofil will also testify that #3099 was surrounded by several pain clinics. She will explain that #3099 is near the border between Cape Coral and Ft. Myers and that historically it was not uncommon for store customers to have prescriptions from either the Tampa or Miami areas because people often traveled to those areas for major medical treatments or surgeries.

Ms. Kratofil will testify that beginning in 2010, #3099 started to see an increasing number of oxycodone prescriptions from Miami. She will explain that given the store's historic customer base, this was not initially a red flag that caused concern. Ms. Kratofil will testify that following the legislative changes in 2010, she contacted the Florida Board of Pharmacy and asked that the Board recommend a pain clinic physician who could come and educate Ms. Kratofil's store pharmacists about proper pain management treatment, and that the Board's recommended physician spoke to her pharmacists. She will also testify that she instructed her pharmacists to exercise their professional judgment and to visit any doctors or clinics that they had questions or concerns about to gather more information.

Ms. Kratofil will testify that the patient volume continued to increase, including prescriptions from the Miami area. She will explain that at this point in time, she and her pharmacists were not yet sufficiently attuned to the possibility that doctors might have been intentionally issuing prescriptions not for a legitimate medical purpose. Thus, the anti-diversion measures stressed and enhanced at #3099 initially focused on patient-centered fraud. Ms. Kratofil will testify that her pharmacists, including those at #3099, would call doctors to verify prescriptions, check IDs and addresses and look for evidence of doctor shopping (including calling competitor pharmacies to see whether the patient was filling at their stores) even before the PDMP was created.

Ms. Kratofil will testify that through late 2010, she saw the dispensing at #3099 continue to increase. Ms. Kratofil will testify that in addition to the growth in oxycodone prescriptions, other prescription volume for non-controlled drugs, like Lisinopril and Lipitor, was increasing as well. Nonetheless, she became concerned and met with her pharmacist to counsel her on exercising her professional responsibility and ensuring that she was verifying prescriptions and

looking for indications of diversion. By January 2011, Ms. Kratofil noticed the clientele beginning to change at the store. She will testify that other local pharmacies were shut down by DEA or simply declined to dispense oxycodone, which caused those patients to come to #3099. She will testify that in April 2011, she ordered the store to stop accepting new oxycodone patients, and had to hire a guard for the store to help enforce the rule that there would be no new oxycodone patients.

By this point in time, Ms. Kratofil became convinced that doctors were contributing to the problem at #3099 and that additional controls were necessary. Ms. Kratofil will testify that by April 2011, she was instructing her pharmacists to focus on doctors who were prescribing the same therapies to all of their patients. Ms. Kratofil will testify that they were not filling prescriptions for doctors who were not certified, but soon realized that this was not an effective control because doctors could obtain a pain certification by taking a weekend course. Ms. Kratofil will testify that educating pharmacists on new standards for monitoring doctors' dispensing patterns and identifying potentially improper treatment decisions was a complex process that took time, and some pharmacists understood quicker than others.

Ms. Kratofil will testify that she was even more concerned by May 2011 when, despite all the controls that had been implemented, including not taking new oxycodone patients, the volume of oxycodone continued to increase. She met with and counseled the pharmacist at #3099 about appropriate pain management therapies. Ms. Kratofil will testify that the pharmacist at #3099 advised physicians when she had concerns about the prescribed treatment, and physicians modified their prescriptions to evade those limitations.

Ms. Kratofil will testify that the volume started to decline incrementally, but that by September 2011 she felt like she needed a new pharmacist in the store to assess whether

additional controls should be implemented. In addition, from November 2011 to March 2012, Walgreens hired off-duty police officers to patrol the store. Ms. Kratofil will testify that the new pharmacist she placed in the store helped her identify issues with the existing pharmacist's professional judgment. In February 2012, the #3099 pharmacist was demoted and then resigned. Following the removal of that pharmacist, the volume at #3099 declined.

Ms. Kratofil will describe guidelines she developed and distributed to her pharmacists in late 2011. She will describe a PowerPoint presentation she prepared, using guidance available on Walgreens' intranet, to help educate her pharmacists and give them the tools to appropriately exercise their professional judgment.

Ms. Kratofil will also testify about aggressive actions taken by doctors whose prescriptions pharmacists in her district refused to fill. She will testify that doctors and the attorneys of doctors sent letters threatening to sue Walgreens for allegedly defamatory statements made by pharmacists and for failing to dispense, and that doctors instructed their patients to complain to their state representatives about Walgreens' failure to fill prescriptions.

Ms. Kratofil will testify about her collaborative relationship with local DEA Task Force Agent Amber Baginski. However, she will testify that DEA was not willing to provide guidance to assist pharmacists with dispensing or with how to deal with aggressive doctors and patients when Walgreens refused to fill prescriptions. She will testify about faxes of refusals to fill that were sent to DEA from October 2011 until December 2011, when DEA asked Walgreens to stop because they were overloading DEA's fax machine.

Ms. Kratofil will testify that she believes, with the benefit of hindsight, that she could have analyzed the issue and responded faster than she did. She will testify that it took time to completely understand the new challenges her stores were facing, and that it was a constant

challenge to address the changing schemes patients and doctors created. Ms. Kratofil will testify that she has learned from the oxycodone epidemic and that she believes her pharmacists are better equipped to make decisions in the exercise of their professional judgment.

9. Bryon Wheeldon, Market Loss Prevention Director, Market 3 (Tampa)

Bryon Wheeldon will testify about his current role as the Market Loss Prevention Director for Walgreens Market 3, which includes Tampa, Sarasota, and Naples, Florida and their surrounding areas. Mr. Wheeldon will describe the nature of Loss Prevention at Walgreens; the historic cooperative relationship between the pharmacies in his market and the local DEA; the challenges that pharmacies in his market faced beginning in mid-2010, specifically including store #3099; and the steps his department took to help prevent the diversion of controlled substances and reduce the volume of oxycodone shipments from the Jupiter Facility.

Specifically, Mr. Wheeldon will testify that in late 2010, following changes in Florida law, pharmacies in Market 3 began to see an increase in patients with prescriptions for oxycodone. Mr. Wheeldon will testify that the Loss Prevention team in Market 3 supported the Pharmacy Supervisors and pharmacists in identifying issues that were occurring in the pharmacies and taking steps to ensure good faith dispensing practices were being utilized. He will also testify about requests for guidance from DEA and DEA's response that they could not provide guidance about what prescriptions to fill. He will testify about the work he undertook with his counterparts in Loss Prevention and with Pharmacy Directors to prepare a Florida-specific Focus on Compliance.

Mr. Wheeldon will describe the evolution of the Focus on Compliance and will testify that Walgreens surveyed top dispensing stores in Florida in June 2012. He will testify that the District Loss Prevention Managers and Pharmacy Supervisors were required to visit stores in their district which had seen the greatest increase in pharmacy sales to review proper pain

medication dispensing policies, procedures and compliance.

Mr. Wheeldon will further testify that competitors in the marketplace began refusing to dispense any oxycodone at all, which caused dispensing to increase at Walgreens pharmacies even though pharmacists were enforcing the Good Faith Dispensing Policy and regularly turning prescriptions away. Mr. Wheeldon will describe how he visited stores who were dispensing high volumes of oxycodone, and will describe specific instances he observed where pharmacists refused to fill prescriptions they were uncomfortable with.

Mr. Wheeldon will testify about store #3099 and the efforts Loss Prevention took to prevent diversion at that store. He will testify that he worked with Pharmacy Supervisor Keri Kratofil to place law enforcement in the store to help with the challenges the store was facing from the patient population. He will testify that he noticed that despite efforts taken at that store, the volume of oxycodone dispensed continued to be high. Mr. Wheeldon will testify that in hindsight, he wishes he had recognized that the remedial measures that were implemented at #3099 were not as effective as they had hoped. He will testify that he believes Walgreens has taken and continues to be committed to taking appropriate steps to prevent this kind of issue from recurring.

Mr. Wheeldon will also testify to his market's relationship and historic partnership with DEA. He will testify that in approximately 2003 or 2004, he proposed to DEA that it, other law enforcement agencies and loss prevention personnel for retail pharmacies have quarterly meetings to share information and discuss current issues and challenges in the industry. Mr. Wheeldon told DEA that Walgreens would provide the location and handle the logistics, but that the invitations should be on DEA letterhead, so that it did not appear to Walgreens' competitors to be a "Walgreens meeting."

Mr. Wheeldon will testify that Kenneth Boggess of DEA took the lead on these meetings, and they have been very successful. Mr. Wheeldon will testify that these meetings gave DEA the opportunity to raise issues with registrants, and that until DEA executed administrative warrants at Walgreens facilities, Walgreens participated in those meetings.

Mr. Wheeldon will also testify that in March 2012, he contacted Mr. Boggess and asked if DEA wanted to conduct any training with pharmacists (Walgreens and other retailers) to better address the oxycodone issues in Florida. Mr. Wheeldon again offered to provide meeting space. Mr. Wheeldon will testify that Mr. Boggess told him that he did not have concerns about Walgreens, that he was aware of Walgreens' efforts and partnership and that Walgreens had initiated the DEA/industry meetings. Mr. Wheeldon will testify that he asked whether there was anything else Walgreens should be doing to help prevent diversion, and Mr. Boggess said that he had no concerns about Walgreens and declined to conduct the training proposed by Mr. Wheeldon.

Mr. Wheeldon will testify that Walgreens made a presentation to Central Florida law enforcement officials in May 2011 at a meeting supported by the Central Florida Drug Enforcement Strike Force. Mr. Wheeldon will testify that he made a presentation focused on issues in the dispensing of pain medication.

10. Caren Cohalla, Pharmacy Manager, Store #3629

Caren Cohalla will testify about her experience as the Pharmacy Manager at Walgreens store #3629 in Hudson, Florida. Ms. Cohalla will testify that although her store dispensed what DEA identifies as a significant volume of oxycodone, she and her pharmacy technicians worked extremely hard every day under very difficult circumstances to ensure the pharmacists exercised their professional judgment on every prescription, and that many of the controls that were implemented at #3629 to prevent diversion formed the foundation of Walgreens' Good Faith

Dispensing Policy.

Specifically, Ms. Cohalla will testify that the number of dosage units shipped to #3629 does not tell the complete story. She will testify that in addition to the influx of patients following the legislative changes, numerous surrounding pharmacies refused to dispense oxycodone at all, driving significant numbers of patients to store #3629. She will testify that her store developed a number of protocols and guidelines to prevent diversion, including only filling prescriptions for Florida residents, not filling for customers with a Naples address (after learning of a new pain clinic), not filling for patients with addresses in a county that did not abut Pasco County, reducing the volume of dosage units per prescription and not filling certain combinations of drugs or prescriptions without an extended release formulation. She will testify that every time #3629 implemented a new control, the doctors and patients would come up with another scheme to circumvent it.

Ms. Cohalla will testify about the significant volume of oxycodone prescriptions her pharmacy refused to fill each day. She will testify that they received many complaints every day based on those refusals to fill. She will testify that she and her pharmacy technicians worked hard to do the right thing, consistent with limited guidance from DEA. She will testify that she worked closely with local police to patrol the parking lots and to help prevent diversion. Despite help from local law enforcement, Ms. Cohalla will testify that she repeatedly sought guidance from DEA and the State of Florida and received no assistance at all.

Ms. Cohalla will also testify regarding her understanding of the facts related to DEA's allegation that store #3629 continued to fill oxycodone prescriptions for a customer about whom the store had one time called the police because they suspected a fraudulent prescription.

11. Terry Collins, District Pharmacy Supervisor, District 227 (Tampa North)

Terry Collins will describe his experience as the District Pharmacy Supervisor, including

his oversight of Walgreens stores #3836 and #3629. Mr. Collins will describe the steps that his pharmacies took to prevent and detect diversion and the policies and procedures that were implemented. Mr. Collins will testify regarding conversations he had with the Jupiter Facility regarding pharmacy orders for oxycodone. He will testify that specifically with respect to store #3629, although there was a high volume of oxycodone dispensing, he is confident that the store was working diligently to prevent diversion and was adhering to the good faith dispensing guidelines and exercising professional judgment in the face of extremely difficult circumstances.

Specifically, Mr. Collins will testify that in late 2012 he started seeing increases in oxycodone dispensing and started seeing new clientele in his pharmacies. He will testify that his pharmacies were seeing increased prescriptions for people from Miami, Kentucky and Tennessee, and this was converging in the Tampa area. This caused him to begin to work with his pharmacies to develop guidelines on proper dispensing of controlled substances. He will testify that the guidelines began as oral advice and ultimately became written guidelines.

Mr. Collins will testify that the initial anti-diversion controls included limiting the quantity of dosage units that could be dispensed per prescription and prohibiting dispensing based on certain geographic distances or variables. Mr. Collins will testify that patients and doctors quickly adapted and found ways to circumvent those guidelines, including obtaining ID cards for vacant or empty houses and changing the quantities or drug combinations, making it difficult for pharmacist to identify illegitimate prescriptions. Mr. Collins will describe the arguments, confrontations and complaints that his pharmacists and pharmacies received based on their refusals to dispense to certain customers. Mr. Collins will testify that nearly all of his pharmacists have felt threatened by customers and that many attempted to avoid dispensing controlled substances at all, or would carry limited quantities in stock.

Mr. Collins will testify that after the controls and guidelines that he implemented failed to reduce the volume of dispensing at store #3836, despite assurances from the pharmacist that he was following the good faith dispensing guidelines, he transferred that pharmacist to a different location.

Mr. Collins will also testify about his oversight of store #3629. Mr. Collins will describe store #3629's location near numerous pain clinics and the controls that were implemented. Mr. Collins will testify that although that store had a significant volume of oxycodone prescriptions, he is confident that the pharmacist was exercising professional judgment and rigorously adhering to good faith dispensing policies.

12. Amy Spiehs-Hicks, District Loss Prevention Manager, District 198 (Tampa West)

Amy Spiehs-Hicks will testify about her role as a Loss Prevention Manager, including her direct involvement with stores #3629 and #3836. Specifically, Ms. Spiehs-Hicks will testify that store #3629 was extremely diligent in its efforts to prevent diversion. She will testify about neighboring stores that closed or stopped dispensing oxycodone, and the impact on store #3629. Ms. Spiehs-Hicks will testify that she had a cooperative relationship with Pasco County law enforcement and will describe the cooperative efforts at store #3629, including efforts that resulted in numerous arrests. Ms. Spiehs-Hicks will also describe the corrective measures put in place at store #3836. Ms. Spiehs-Hicks will describe other district-wide efforts to combat oxycodone diversion, including the dispensing guidelines and action plans that she helped create to guide stores. She will testify that the PDMP system has helped Walgreens pharmacies prevent diversion of controlled substances.

13. Georgia Lehoczky, Market Pharmacy Director, Market 6

Georgia Lehoczky will explain her role as the Market Pharmacy Director for Market 6,

which includes Ft. Pierce and Palm Beach. Ms. Lehoczky will describe the issues her pharmacies began facing in 2010, the proactive steps that were taken to address the challenges brought by an increase in patients seeking oxycodone, specific controls that were implemented at stores #4727 and #4391 and the lack of guidance from DEA.

Specifically, Ms. Lehoczky will testify to her background, education, and training, as well as her 25 years of experience at Walgreens as a pharmacist, store Pharmacy Manager, District Pharmacy Supervisor and her current role as Market Pharmacy Director for Walgreens Market 6 in Florida. Ms. Lehoczky will testify about the role of market and district supervision of Walgreens stores in Florida, and in particular the role of supervisors in training store pharmacists and technicians, monitoring store dispensing activities, and ensuring compliance with applicable state and federal laws and regulations.

Ms. Lehoczky will testify that in late 2010, following changes in Florida law, stores in her market began to see an increase in patients presenting prescriptions for oxycodone. She will testify about competitors in the marketplace who were refusing to dispense any oxycodone, which caused dispensing to increase at Walgreens stores where pharmacists were enforcing the Good Faith Dispensing Policy and regularly turning prescriptions away. Ms. Lehoczky will also testify that store pharmacists routinely faced threats and complaints from both patients and doctors as a result of their questioning of—and refusals to fill—prescriptions for oxycodone, and she will testify that Walgreens received daily telephone complaints based on her stores' refusals to fill oxycodone.

Ms. Lehoczky will testify about the steps taken, from late 2010 through 2012, at the market and district levels to assist the pharmacists and stores in identifying suspicious prescriptions and preventing diversion. These measures included reinforcing Walgreens' Good

Faith Dispensing Policy, the use of professional judgment, and the pharmacist's "corresponding responsibility"; re-training pharmacists; devising detailed, localized action plans and best practices for the dispensing of oxycodone (including an October 2011 "Market Action Plan/Guidelines for CII Dispensing" document she prepared); assessing dispensing data and feedback from individual stores; conducting supervisory visits to stores to observe dispensing practices and meet with store personnel; and holding regular meetings with store personnel, store Pharmacy Managers and Loss Prevention personnel to discuss ongoing dispensing issues. Ms. Lehoczky will further testify about how Market and District Supervisors partnered with their Loss Prevention counterparts to evaluate oxycodone dispensing by stores and implement these various responsive measures. She will testify that, as a result of these measures, oxycodone dispensing volumes declined for stores in her market in late 2011 and early 2012.

Ms. Lehoczky will testify specifically about Stores #4727 and 4391 located in Ft. Pierce, Florida, and that she and her District staff took a number of proactive steps to reduce oxycodone dispensing and to prevent diversion. Ms. Lehoczky will also testify about her interactions with local law enforcement and DEA personnel. In particular, she will testify that on or about August 19, 2011, she and other Walgreens personnel met with Susan Langston (Diversion Program Manager, DEA Miami), William Schwartz (DEA Diversion Investigator) and Roger Kernicky (Diversion Investigator) at DEA's office in Weston, Florida. She will testify as to discussions at that meeting regarding Walgreens' dispensing practices, DEA's own best practices recommendations (which she and Walgreens personnel subsequently distributed to stores), and DEA's refusal at that meeting to give Walgreens any information regarding suspicious prescribing doctors. Ms. Lehoczky will further testify that at that meeting, the two DEA Diversion Investigators indicated that they were supportive of the anti-diversion efforts

Walgreens was making at its stores in confronting the oxycodone issue and did not have concerns about Walgreens' dispensing practices. She will also testify as to additional discussions she had with Ms. Langston pertaining to Walgreens, including, among other topics, DEA registrations for stores in Florida. And she will testify that she invited Ms. Langston and other DEA personnel to attend multiple internal Walgreens meetings with pharmacists, and DEA declined to attend.

14. Ed Forbes, Market Loss Prevention Director, Market 6 (Miami/Ft. Lauderdale)

Ed Forbes will explain his role as the Market Loss Prevention Director for Walgreens Market 6, which includes the West Palm Beach, Florida area. Mr. Forbes will describe the steps taken by Loss Prevention in Market 6 to address the influx of oxycodone prescriptions, including store visits, training and implementation of the Market 6 Action Plan. He will describe how doctors and patients attempted to evade the controls that were implemented, and how the controls ultimately reduced the volume of shipments from the Jupiter Facility.

Mr. Forbes will testify that in late 2010, following changes in Florida law, pharmacies in Market 6 began to see an increase in patients with prescriptions for oxycodone. Mr. Forbes will testify about the historic focus of anti-diversion efforts on fraudulent and forged prescriptions, and how the Florida law changed the focus of anti-diversion efforts. He will testify to the remedial measures the Loss Prevention team in Market 6 took to reduce the high dispensing numbers, including developing an Action Plan for addressing Schedule II dispensing, requiring District Loss Prevention Managers to train the Pharmacy Supervisors and Managers, reviewing dispensing data to assess the issue and conducting investigations into specific stores' dispensing. He will testify that he took specific efforts to reduce the volumes at high-dispensing stores in Market 6, including conducting random visits with the Market Pharmacy Director and auditing

the high-dispensing stores, instructing the pharmacists to scrutinize the prescriptions and to aggressively reduce the number of oxycodone prescriptions filled and mandating that the pharmacists at these stores attach the PDMP profile to all new oxycodone prescriptions.

Mr. Forbes will testify that initial efforts by stores in his market at reducing oxycodone dispensing were successful, but that unscrupulous doctors and patients adapted to circumvent the controls. For example, he will testify that some stores started refusing to fill prescriptions for out-of-state patients and then out of county patients, and that the pain clinics would shift their operations to within the county. Mr. Forbes will testify that pharmacists' refusal to fill oxycodone prescriptions that they believed to be illegitimate caused some customers to become hostile, and that as a result, Walgreens had to hire off-duty police officers to provide safety and security for the employees and customers.

Mr. Forbes will testify to Walgreens' efforts to work with law enforcement to prevent diversion. He will testify that the Florida Department of Law Enforcement singled Walgreens out as being an aggressive and supportive partner in fighting drug diversion. He will further testify to a meeting he, the Market Pharmacy Supervisor and the Pharmacy Supervisors from Market 6 had with DEA in August 2011 during which they discussed best practices and means of identifying fraudulent patients more effectively. He will testify that DEA refused to give out specific information about specific doctors.

15. Ed Lanzetti, Market Loss Prevention Director, Market 28

Mr. Lanzetti will describe his current role as the Market Loss Prevention Director for Walgreens Market 28, which includes the Orlando, Florida area. Mr. Lanzetti will describe the steps that Market 28 Loss Prevention took beginning in late 2010 to address the increase of patients with oxycodone prescriptions.

Mr. Lanzetti will testify that in late 2010, following changes in Florida law, pharmacies

in Market 28 began to see an increase in patients with prescriptions for oxycodone. He will testify that the pharmacists in his market expressed concerns regarding the increased numbers, including concerns for their own safety. He will testify to the remedial measures the Loss Prevention team in Market 28 took to reduce the high dispensing numbers, including development of the Focus on Compliance initiative. Mr. Lanzetti will discuss meetings he and the Market Pharmacy Director of Market 28 had with the Pharmacy Managers to discuss the pharmacists' dispensing practices. He will also describe how he tasked the District Loss Prevention Managers and Pharmacy Supervisors in his market with performing additional visits to high-dispensing stores and reviewing dispensing protocols. Mr. Lanzetti will further testify that the initial efforts made to handle the increased dispensing were at the district and market level. He will describe efforts he later made to urge individuals at the corporate headquarters to implement standard protocols to ensure consistency across the different markets and districts.

Mr. Lanzetti will describe a February 2011 meeting with the Deputy Chief of the Oviedo Police Department during which they discussed steps the pharmacists could take to assist with preventing diversion. He will further describe subsequent efforts the pharmacists in his market made to work with the Oviedo Police Department and not fill prescriptions for known abusers.

16. Cheryl Creek, Director, Operations Optimization - Health and Wellness Initiatives

Cheryl Creek is the Director, Operations Optimization – Health and Wellness Initiatives (formerly titled the Manager of Pharmacy Training) at Walgreens' Corporate Headquarters. Ms. Creek will describe the enhancements that were made to Walgreens Good Faith Dispensing Policy and other measures following Florida's legislative changes in 2010.

Ms. Creek will testify that she is the liaison between the Learning & Development Team and the Operations Team at Corporate Headquarters. In this capacity, Ms. Creek works closely

with the Walgreens policy team to develop and modify pharmacy policies and procedures, and to assist in implementing these policies within the Company. Ms. Creek will also describe the role that Pharmacy Supervisors and District Managers are expected to play in monitoring local conditions, establishing best practices and seeing that pharmacists receive appropriate training.

Ms. Creek will describe Walgreens' mandatory Good Faith Dispensing Policy and how it has developed over time—including, but not limited to, describing updates to the Good Faith Dispensing Policy in June 2011 and June 2012, how these updates improved the policy and why those improvements were made. Ms. Creek will further testify how pharmacists are trained on good faith dispensing, including, but not limited to, describing training for pharmacists on the updates to Good Faith Dispensing Policy that occurred in October 2011 and July 2012.

17. John Mudri, Mudri Associations Inc.

Mr. Mudri will testify to his background, education and training, including, but not limited to, his experience as a Chief, U.S. Drug Enforcement Administration; DEA Supervisory Investigator; DEA Instructor for Diversion (National, Ohio, Michigan and Florida); Instructor for U.S. Drug Enforcement Administration national domestic drug policy conferences; Instructor at United States Attorney Conferences; Instructor for pharmaceutical industry management conferences; Instructor for medical, pharmaceutical and wholesaler continuing education conferences; Instructor for law enforcement agencies including FBI, Michigan State Police and Maryland State Police; and as a board member of the Florida Board of Pharmacy.

Mr. Mudri will offer his expert opinion about the controlled substance regulations and the nature of a registrant's obligations. In addition, if Deputy Assistant Administrator Rannazzisi is permitted to testify about "the purpose behind three letters sent by DEA to all distributors and manufacturers, including Respondent, on September 27, 2006, February 7, 2007, and December 27, 2007," Mr. Mudri may offer rebuttal testimony about the letters and the confusion those

letters caused for registrants.

Mr. Mudri will testify that beginning in late 2010, many of Walgreens' actions to address the challenges its Florida pharmacies were experiencing were reasonable and appropriate, including efforts to limit dispensing to defined geographic boundaries, verifying prescriptions, identifying troubling prescription patterns, cooperating with local law enforcement, seeking guidance from DEA, providing additional training to pharmacists, and developing and implementing best practices for good faith dispensing. Mr. Mudri will testify that these steps, taken at the market and district levels, and ultimately by Walgreens' corporate headquarters, demonstrate Walgreens' efforts to ensure a system of effective controls against diversion, and show that Walgreens was not ignoring information indicative of potential diversion.

Mr. Mudri will also testify about Walgreens' current suspicious order monitoring system. He will testify that Walgreens' Controlled Substance Order Review includes features that are designed to maintain effective controls against diversion, including identifying suspicious orders to be reported to DEA.

18. David Brushwood, R.PH, J.D., University of Florida College of Pharmacy

David Brushwood is a professor of Pharmaceutical Outcomes and Policy at the University of Florida College of Pharmacy. He is a graduate of the schools of pharmacy and law at the University of Kansas and has practiced as both a pharmacist and as an attorney. Professor Brushwood will describe his background, education and training as a pharmacist, attorney and professor of pharmacy.

Professor Brushwood will offer his expert opinion about the scope of professional responsibilities of a pharmacist, the Florida state law obligations of a pharmacist, and a pharmacist's corresponding responsibility under the regulations. He will describe how pharmacists are educated about their responsibilities and the historic means by which

pharmacists exercised their corresponding responsibility, particularly efforts to identify forged or stolen prescriptions. Professor Brushwood will also describe activities in Florida over the past decade that have assigned specific responsibilities to those business entities that distribute medications to healthcare professionals who then dispense the medications to their patients. He will outline the evolution of the Florida Pedigree Papers Law that defines distributors' role in the chain of medication delivery from manufacturer to patient. He will describe the role of a distributor or distribution center, particularly in a vertically integrated company like Walgreens, where judgments about individual patient prescriptions are made by pharmacists who exercise their professional judgment and who have the opportunity to know patients individually, know each individual patient's history of medication use and discuss the patient's medication therapy with the prescriber.

Professor Brushwood will describe the additional burdens placed on pharmacists following the Florida pain clinic legislation in 2010. He will testify that Florida pharmacies and distributors were faced with an influx of new patients (often coming from new doctors) for whom they had no prior patient history or experience. He will testify that although some red flags may be immediately apparent to a pharmacist (*i.e.*, evidence that a prescription is forged) patterns of prescribing indicative of diversion, or other factors that may indicate that a prescription is outside the usual course of medical treatment, take time to become apparent. Professor Brushwood will testify that in Florida generally, and at Walgreens pharmacies specifically, the statistics show that the number of dosage units spiked following the legislation and then declined as patterns developed, pharmacists identified potential diversion, and controls were implemented that prevented improper prescriptions from being filled. Professor Brushwood will also testify that following the pain clinic legislation, the traditional paradigm of

doctors and pharmacists as partners was altered, and pharmacists for the first time needed to more rigorously question the treatment decisions of physicians.

Professor Brushwood will testify that the evidence of Walgreens pharmacies refusing to fill prescriptions—including those pharmacies whose dosage units DEA describes as high—shows that the pharmacists were wrestling with the difficult circumstances and exercising their professional judgment. Professor Brushwood will describe the difficult judgments and considerations that may factor in to a pharmacist's decision whether or not to fill a prescription for pain medication. Professor Brushwood will also testify about the reasonableness of the controls Walgreens pharmacies implemented to help uncover illegitimate prescriptions.

Professor Brushwood will testify that DEA's criticism of Walgreens employees for asking whether its pharmacies whose volume was well below the averages DEA cites were turning away legitimate prescriptions—while simultaneously criticizing Walgreens for allegedly not asking additional questions about its pharmacies above the averages DEA cites—is misplaced. Professor Brushwood will testify that, as DEA has acknowledged in its guidance, oxycodone and other Schedule II controlled substances are medicines, and it is legitimate for Walgreens to ask whether it is appropriately dispensing medications to people who need it.

Professor Brushwood will testify about Walgreens' Good Faith Dispensing Policy and that it provides Walgreens pharmacists with guidance to detect and prevent potential diversion.

19. Amber L. Baginski, DEA Task Force Agent

Amber Baginski will be asked to testify about her position as a DEA Task Force Agent and her role with respect to Walgreens store #3099. She will be asked to testify about the cooperative relationship she had with Keri Kratofil and others at Walgreens and the good-faith efforts Ms. Kratofil and Walgreens made to comply with DEA regulations.

20. Roberta E. Goralczyk, DEA

Roberta Goralczyk will be asked to testify about her position at DEA. She will be asked to testify about her response to Walgreens' request for guidance about how to deal with harassment that Walgreens' pharmacists were subjected to by doctors and patients when Walgreens refused to fill prescriptions. Ms. Goralczyk will be asked to explain her response that "DEA's policy has always been that we cannot tell a pharmacist what he/she should fill or not fill....that's why they have a corresponding responsibility...." and that regarding the harassment and threats Walgreens' pharmacists were experiencing, "DEA has nothing to do with this."

21. William Schwartz, DEA Diversion Investigator

Mr. Schwartz will be asked to testify about his experience as a DEA Diversion Investigator and his role with respect to Walgreens stores in Florida. He will be asked to testify about meetings, interactions, and communications he had with Walgreens personnel. In particular, he will be asked to testify about a meeting that occurred on or about August 19, 2011 during which he, Susan Langston (Diversion Program Manager, DEA Miami), and Roger Kernicky (Diversion Investigator) met with Georgia Lehoczky and other Walgreens personnel at DEA's office in Weston, Florida. He will be asked to testify about the discussions that took place at that meeting regarding Walgreens' dispensing practices at its Florida stores. He is expected to testify that he made statements that Walgreens was making good-faith efforts at its stores to prevent the diversion of oxycodone and to comply with DEA regulations and that he did not have concerns about Walgreens' dispensing practices. He will also be asked whether Walgreens personnel requested from DEA information regarding suspicious prescribing doctors, and he is expected to testify that DEA refused to provide such information.

22. Roger Kernicky, DEA Diversion Investigator

In the event that William Schwartz is unavailable to testify, Walgreens will ask Mr.

Kernicky to testify in the alternative. Mr. Kernicky's testimony is expected to be substantially similar to that of Mr. Schwartz.

23. Kristie Provost, Director, Strategic Planning & Analytics, Loss Prevention

Kristie Provost will explain her role as Director of Loss Prevention Strategic Planning & Analytics at Walgreens and will describe the historical efforts of Walgreens' Loss Prevention department to help detect and investigate potential diversion, how that role has expanded over time to respond to new threats, and the new technological tools that are now in place to ensure that the Company proactively detects and responds to potential diversion.

Ms. Provost will explain the data trends that emerged in 2010 through 2012 regarding the quantity of oxycodone and other controlled substances distributed from the Jupiter Facility. With respect to oxycodone, she will describe the increase that began in 2010 and the rapid subsequent decline in 2011. She will describe the analytical tools that were formerly and are currently available to Loss Prevention and other Walgreens departments to collect the data and monitor trends.

Ms. Provost will testify that she has acted as a technical consultant during the development of the software and reporting tools used in Walgreens' anti-diversion efforts, including Walgreens' suspicious order monitoring systems, data monitoring tools, and new dashboard monitoring systems. Ms. Provost will describe the algorithms and formulas used in, and other technical specifications of, the software and tools.

24. Doug Lemmons, Divisional Loss Prevention Operations Director

Mr. Lemmons will explain his current role as the Divisional Loss Prevention Operations Director for Walgreens and how his department assists with compliance and investigating theft and losses. Mr. Lemmons will describe the steps Loss Prevention took beginning in 2010 and continuing through the present to help equip pharmacies to properly respond to increased

demand for oxycodone and reduce oxycodone volume to where it is today.

Specifically, Mr. Lemmons will testify that in 2010 when the oxycodone dispensing numbers initially began to increase, Walgreens responded at the district and market level. Mr. Lemmons will describe efforts made by Loss Prevention, including meeting with pharmacists and Pharmacy Supervisors to assess the problem, providing assistance to Pharmacy Supervisors to help put together Action Plans, and meeting with law enforcement groups to discuss solutions. Mr. Lemmons will describe the role of Walgreens' corporate headquarters in addressing the high oxycodone dispensing numbers in Florida, including the timing of when corporate headquarters first became aware of the problem and the assistance that Loss Prevention provided to Pharmacy Supervisors in implementing measures to respond to the issues. Mr. Lemmons will describe the evolution of the Focus on Profit program and the development of the Focus on Compliance.

Mr. Lemmons will describe fact-finding visits he made with Walgreens' Director of HealthCare Loss Prevention in early 2012 to high dispensing stores in Florida. He will testify that during these visits, he met with the pharmacists and Pharmacy Supervisors, and will describe the discussions about the best practices that they were implementing, and how he took that information back to corporate headquarters for analysis.

Mr. Lemmons will testify about a meeting he and a District Loss Prevention Manager had with a DEA investigator in 2012 during which they discussed Walgreens' practices for submitting information to DEA. Mr. Lemmons will testify that the investigator told them to stop faxing copies of the prescriptions Walgreens was refusing to fill because the stores were overloading DEA. He will further testify that the investigator was asked whether there was anything additional that Walgreens should be doing, and the investigator stated there was not.

25. John Rossing, Manager, Results Financial Planning and Analytics

John Rossing is the Manager of Results Financial Planning and Analytics at Walgreens'

Corporate Headquarters. In paragraph 16 of the Order to Show Cause, DEA asserted that the bonus program for Walgreens pharmacists created incentives for pharmacists to depart from good faith dispensing practices. However, DEA's Prehearing Statement does not identify any testimony or documentary evidence to support this claim. Mr. Rossing is prepared to testify in rebuttal to paragraph 16 of the Order to Show Cause—specifically that prescription volume is one of several factors in determining bonuses, and a new prescription may contribute only a few cents to a pharmacist's bonus—if DEA is permitted to introduce testimony on this point.

26. Dwayne Piñon, Senior Attorney, Litigation and Regulatory Law

In its Prehearing Statement, DEA sought to reserve the right to introduce additional witnesses or documentary evidence pending the outcome of litigation in the Eastern District of Virginia regarding a privileged document authored by Dwayne Piñon. In a November 6, 2012 Order, this Court referenced DEA's attempt to reserve the right to introduce "other evidence it apparently would prefer not to timely notice" and stated that "[t]he directives set forth in the OPHS apply equally to both parties, and a conscious decision to decline to notice prospective witnesses or evidence is done at the peril of the party that makes that election. Any party seeking to introduce evidence that has not been timely and adequately noticed will be required to demonstrate good cause for untimely filing as a prerequisite to admission." Although Walgreens does not believe DEA can establish good cause for its failure to timely identify this evidence, out of an abundance of caution, Walgreens submits Mr. Piñon's summary of witness testimony.

Mr. Piñon may testify in rebuttal, depending upon the outcome of pending litigation in the Eastern District of Virginia regarding an email authored by Mr. Piñon over which Walgreens has asserted attorney-client privilege. To the extent DEA seeks to introduce this document into evidence, Mr. Piñon will testify as to his background, education, and training as both a pharmacist and as an attorney in Walgreens' Litigation and Regulatory Law Department. He

will testify regarding the subject of the email in question, Walgreens' "Focus on Compliance" exercise conducted in June 2011 for its Florida stores in order to address corporate concerns about the volume of oxycodone prescriptions being dispensed from certain stores. He will testify that this exercise, which culminated in visits to Florida stores by Operations and Loss Prevention personnel, was intended to both gather information from the stores to assess any issues with dispensing practices and reinforce proper dispensing protocols during these visits. Further, he will explain the purpose and intention of his comments contained in the privileged email, which pertained to a draft questionnaire to be used during the "Focus on Compliance" exercise by personnel visiting the stores.

VII. PROPOSED DOCUMENTS

Ex. No.	Bates Begin	Bates End	Description	Approx # Pages
1			DEA Policy Statement, "Dispensing Controlled Substances for the Treatment of Pain," 71 Fed. Reg. 52716 (Sept. 6, 2006)	8
2			DEA Notice, "Solicitation of Comments on Dispensing of Controlled Substances for the Treatment of Pain," 70 Fed. Reg. 2883 (Jan. 18, 2005), and comments submitted thereon	30
3			DEA Final Rule, "Issuance of Multiple Prescriptions for Schedule II Controlled Substances," 72 Fed. Reg. 64921 (Nov. 19, 2007), and comments submitted on the proposed rule	20
4			DEA Federal Register Notices of Proposed, Initial, Revised, and Final Revised Aggregate Production Quotas for Controlled Substances for 2006-2013, and comments submitted thereon	64
5			Demonstrative/visual aid regarding DEA production quotas for oxycodone	1
6			Fla. Admin. Code r. 64B16-27.831 (Standards for the Use of Controlled Substances for the Treatment of Pain)	1
7	WAG00000660	WAG00000661	Re_ Handling Pain Management RX.pdf	2
8	WAG00000829	WAG00000840	_ Oxycodone sales with attachment.pdf	12
9	WAG00000363	WAG00000364	Fw_ RXM Meeting -Oxycodone.pdf	2
10	WAG00000845	WAG00000845	District Notes and Focus Points.pdf	1
11	WAG00000368	WAG00000369	Fw_ The Two Minute Oxy-Refusal.pdf	2
12	WAG00000850	WAG00000858	Margate FL Schedule II Limitations (Lemmons).msg	9
13	WAG00000436	WAG00000436	Fw_Schedule II Controlled Subs.pdf	1
14	WAG00000869	WAG00000879	Re High Quantity Stores 682971.msg	11
15	WAG00000437	WAG00000437	Pharmacy Issue.pdf	1
16	WAG00000919	WAG00000920	Fw_ 3099 Oxycodone Issue.pdf	2

17	WAG00000925	WAG00000928	Re Fw INC000002834005 Store #3836 WIC#682971 ordered qty 148.msg	4
18	WAG00000929	WAG00000929	1412 - CII Dispensing Action Plan.pdf	1
19	WAG00000930	WAG00000930	3525 - CII Dispensing Action Plan.pdf	1
20	WAG00001773	WAG00001774	_Fw_ Oxycodone 30mg Adjustment.pdf	2
21	WAG00001775	WAG00001775	2524 SINGLE-ITEM 682971.xls	(Excel)
22	WAG00001776	WAG00001776	3332 SINGLE-ITEM 682971.xls	(Excel)
23	WAG00001777	WAG00001777	3629 SINGLE-ITEM 682971.xls	(Excel)
24	WAG00001778	WAG00001778	3836 SINGLE-ITEM 682971.xls	(Excel)
25	WAG00001779	WAG00001779	4251 SINGLE-ITEM 682971.xls	(Excel)
26	WAG00001780	WAG00001780	4727 SINGLE-ITEM 682971.xls	(Excel)
27	WAG00001781	WAG00001781	5018 SINGLE-ITEM 682971.xls	(Excel)
28	WAG00001782	WAG00001782	5519 SINGLE-ITEM 682971.xls	(Excel)
29	WAG00001783	WAG00001783	5658 SINGLE-ITEM 682971.xls	(Excel)
30	WAG00000950	WAG00001012	_Fw_ Markets 3 and 28 Control with all attachments.pdf	63
31	WAG00001024	WAG00001031	_Fw_ CII Prescriptions with attachments.pdf	8
32	WAG00001013	WAG00001013	Best Practices conf call.pdf	1
33	WAG00001021	WAG00001023	Re_ Pharmacist Best Practices 4.pdf	3
34	WAG00001032	WAG00001033	Re_ For your review.pdf	2
35	WAG00001038	WAG00001041	Re_ Pharmacist Best Practices.pdf	4
36	WAG00001034	WAG00001035	Fw_ STORE 3099 2.pdf	2
37	WAG00001357	WAG00001361	Re: Pharmacist Best Practices	5
38	WAG00001045	WAG00001046	Director's Meeting Input and fi.pdf	2
39	WAG00000677	WAG00000677	CII Review at 4727	1
40	WAG00001363	WAG00001364	Re: CII Prescriptions	2
41	WAG00001087	WAG00001103	Re Fw CII Order.msg	17
42	WAG00001115	WAG00001115	3836.msg	1
43	WAG00001118	WAG00001118	Fw_ Florida Physicians.pdf	1
44	WAG00001742	WAG00001747	20110531 - Florida June Focus on Compliance.pdf	6
45	WAG00001748	WAG00001748	FL FOC Results - Final.xls	(Excel)
46	WAG00000374	WAG00000375	4851_001.pdf	2
47	WAG00001151	WAG00001157	Focus on Compliance in FL.msg	7
48	WAG00001179	WAG00001182	Florida Focus on Compliance - Long Version.msg	4
49	WAG00000388	WAG00000388	Controlled Substance Prescripti.pdf	1
50	WAG00001192	WAG00001193	_Oxycodone dispensing - Important with attachment.pdf	2
51	WAG00001196	WAG00001197	_The Uniqueness of Florida with attachment.pdf	2
52	WAG00001190	WAG00001191	_Fw_ Florida Focus on Complian.pdf	2
53	WAG00000699	WAG00000701	Fw: Florida Focus on Compiance	3
54	WAG00000710	WAG00000714	RE: Drug Diversion Meeting 8/19 at 10 am	5
55	WAG00000440	WAG00000440	oxycodone plan.pdf	1
56	WAG00001206	WAG00001211	FL FOC - Recap of Meeting with DEA (Forbes).msg	6
57	WAG00000747	WAG00000747	DEA Meeting Best Practices	1
58	WAG00000717	WAG00000721	RE: Drug Diversion Meeting	5
59	WAG00000442	WAG00000442	Oxycodone issues 2.pdf	1
60	WAG00001212	WAG00001213	Dist #227 Oxycodone Memo August 2011.pdf	2
61	WAG00001214	WAG00001214	Fw_ CUSTOMER CONFRONTATION W_ E.pdf	1
62	WAG00001215	WAG00001246	_Fw_ Oxycodone 30mg with attachment.pdf	32
63	WAG00001247	WAG00001247	Fw_ 5857 Oxy Threat.pdf	1
64	WAG00000722	WAG00000725	Pharmacist Meeting Dates	4
65	WAG00000395	WAG00000395	_Oxycodone Concerns 2.pdf	1
66	WAG00000725	WAG00000727	Fw: Pharmacist Meeting Dates	3
67	WAG00000396	WAG00000397	Controlled Substance Best Pract.pdf	2
68	WAG00000401	WAG00000401	Question_advice--sorry long rea.pdf	1

69	WAG00001749	WAG00001750	_Fw_ Oxycodone fills 2.pdf	2
70	WAG00001768	WAG00001768	Florida CII OCT.xls	(Excel)
71	WAG00000466	WAG00000466	Oxy Scripts and Referrals.pdf	1
72	WAG00000467	WAG00000467	Dr Yankopolis.pdf	1
73	WAG00001249	WAG00001250	Market Action Plan_Guidelines f.pdf	2
74	WAG00001257	WAG00001258	Fw_ DEA Red Flags.pdf	2
75	WAG00001259	WAG00001259	Fw_ SAVE THE DATE_ MGR_RXM Mtg 4.pdf	1
76	WAG00000450	WAG00000450	Police Security.pdf	1
77	WAG00000749	WAG00000749	Re: Rejecting CII Scripts	1
78	WAG00000477	WAG00000477	_ACTION REQUIRED_ Control Sub 2.pdf	1
79	WAG00000478	WAG00000508	_ACTION REQUIRED_ Control Sub with attachments.pdf	31
80	WAG00000472	WAG00000476	Good Faith Dispensing PPT outline.pdf	5
81	WAG00000411	WAG00000411	Re_ Oxy 30 at 2512.pdf	1
82	WAG00001274	WAG00001275	Fw_ SAVE THE DATE_ MGR_RXM Mtg 5.pdf	2
83	WAG00000416	WAG00000416	Re_ Oxycodone 2.pdf	1
84	WAG00000418	WAG00000419	Re_ ACTION REQUIRED_ Questions 2.pdf	2
85	WAG00001312	WAG00001314	_Patients' Notice for Pain Man with attachment.pdf	3
86	WAG00001302	WAG00001311	Florida - Patients' Notice for Pain Management.msg	10
87	WAG00000422	WAG00000424	_Controlled Substance Dispensi.pdf	3
88	WAG00001315	WAG00001315	Re_ we got this on our fax yest.pdf	1
89	WAG00000426	WAG00000427	Background to share with stores.pdf	2
90	WAG00001318	WAG00001319	Fw_ URGENT!!!! DO NOT FAX THE DEA.pdf	2
91	WAG00001320	WAG00001325	Fw_ Possible Media Attention fr.pdf	6
92	WAG00000735	WAG00000735	C2 plan update for our market	1
93	WAG00001369	WAG00001370	Fw_ Meeting Questions_ MISC.pdf	2
94	WAG00000430	WAG00000431	Fw_ Tamper Proof Oxycodone 2.pdf	2
95	WAG00001371	WAG00001371	Fw_ Fear over Oxycodone 2.pdf	1
96	WAG00001375	WAG00001376	Re_ Fw_ Refusal to Fill Verbiag.pdf	2
97	WAG00000454	WAG00000454	Fw_ Update on Federal Controlle.pdf	1
98	WAG00000513	WAG00000513	Re_ yankopoulos_.pdf	1
99	WAG00001381	WAG00001382	Re_ Padgett Medical 2.pdf	2
100	WAG00001763	WAG00001765	_Fw_ Oxycodone fills 8.pdf	3
101	WAG00001769	WAG00001769	Florida Hydromorphone OCT 2010.xls	(Excel)
102	WAG00001770	WAG00001770	Florida Hydromorphone OCT 2011.xls	(Excel)
103	WAG00001386	WAG00001386	Controlled Substance Guidelines.pdf	1
104	WAG00000517	WAG00000517	_NEW FAX NUMBER FOR THE DEA.pdf	1
105	WAG00001413	WAG00001416	Florida Pain Medications.pdf	4
106	WAG00001428	WAG00001431	_Florida Pain Medications with attachments.pdf	4
107	WAG00001441	WAG00001449	Fw Customers using Intimidation to get scripts filled via recording staff. .msg	9
108	WAG00001377	WAG00001377	Mkt 6 CII Dispensing Data-2011-2012.pdf	1
109	WAG00001463	WAG00001465	Fw_ Two CVS pharmacies raided i.pdf	3
110	WAG00001466	WAG00001466	Fw_ DEA meeting.pdf	1
111	WAG00001477	WAG00001477	Re_ Request.pdf	1
112	WAG00001335	WAG00001347	State of Florida Individual District plans Oxycodone related	13
113	WAG00001349	WAG00001349	I sent this already but we can always add more. Please just check this one.	1
114	WAG00001526	WAG00001535	EJS Reply Florida Controlled Substances (Merten).msg 2.msg	10
115	WAG00001536	WAG00001543	Re EJS Reply Florida Controlled Substances.msg	8
116	WAG00001549	WAG00001551	Florida Controlled Substances Feb 2012.pdf	3
117	WAG00001555	WAG00001555	Florida Visit.msg	1

118	WAG00001556	WAG00001561	Fw C2.msg	6
119	WAG00001565	WAG00001566	_Fw_ Florida Oxycodone Sales.pdf	1
120	WAG00001771	WAG00001771	_Fw_ Spreadsheet.pdf	1
121	WAG00001772	WAG00001772	oxy.xlsx	(Excel)
122	WAG00001574	WAG00001574	L. Merton DEA Compliance Comm. e-mail.pdf	1
123	WAG00001576	WAG00001579	_Florida Trip - Best Practices with attachments.pdf	4
124	WAG00001580	WAG00001580	Florida Trip - Best Practices a.pdf	1
125	WAG00001604	WAG00001605	_PDMP Poster with attachment.pdf	2
126	WAG00001914	WAG00001914	_Re_ February Oxy report.pdf	1
127	WAG00001915	WAG00001915	Florida OXY 15 and 30 Sales FEB 2011 vs. 2012.xls	(Excel)
128	WAG00001607	WAG00001608	Re_ DEA Compliance Suggestions.pdf	2
129	WAG00001621	WAG00001621	DEA conference.pdf	1
130	WAG00001633	WAG00001635	RE Limiter.msg	3
131	WAG00000610	WAG00000611	Fw_ Pharmacy Diversion Awarenes.pdf	2
132	WAG00001645	WAG00001645	Field Feedback.pdf	1
133	WAG00000658	WAG00000658	Dr Pham.pdf	1
134	WAG00001665	WAG00001687	QuickScripts.pdf	23
135	WAG00001689	WAG00001690	RE Oxy 30mg.msg	2
136	WAG00001691	WAG00001692	RE Store order changed quantity.msg	2
137	WAG00001726	WAG00001729	_Per your request with attachments.pdf	4
138	WAG00000767	WAG00000773	0970_001a.pdf	7
139	WAG00001730	WAG00001733	Customer Complaint #3664629.pdf	4
140	WAG00000523	WAG00000567	Customer Complaints 1.pdf	45
141	WAG00000568	WAG00000608	Customer Complaints 2.pdf	41
142	WAG00000612	WAG00000657	Customer Complaints 3.pdf	46
143	WAG00001784	WAG00001801	DEA Sus Order Phase II Part I Draft.pdf	18
144	WAG00001803	WAG00001822	Jupiter June-Aug 2010_001.pdf	20
145	WAG00001823	WAG00001831	Jupiter-DEA-Review-Report-Q1-FY11 with Attachment.pdf	9
146	WAG00001832	WAG00001851	Jupiter Dec 2010-Feb 201_001.pdf	20
147	WAG00001852	WAG00001867	Jupiter June-Aug 2011_001.pdf	16
148	WAG00001868	WAG00001885	Jupiter Sept-Nov 2011_001.pdf	18
149	WAG00001886	WAG00001909	Jupiter Dec 2011-Feb 201_001.pdf	24
150	WAG00001802	WAG00001802	Customer Authentication.pdf	1
151	WAG00000001	WAG00000005	Pharmacy Manager Bonus Program 12.2010.pdf	5
152	WAG00000006	WAG00000006	SPTC Bonus.pdf	1
153	WAG00000007	WAG00000009	Staff Pharmacist Bonus Program.pdf	3
154	WAG00000010	WAG00000013	Store Manager Bonus Program.pdf	4
155	WAG00000017	WAG00000017	Commonly Requested Reports.pdf	1
156	WAG00000020	WAG00000020	Controlled Drug Policy.pdf	1
157	WAG00000026	WAG00000026	Handling DEA Inspections.pdf	1
158	WAG00001910	WAG00001911	Suspicious Drug Order Policy Feb 2005.pdf	2
159	WAG00001912	WAG00001913	Suspicious Drug Changes April 2012.pdf	2
160	WAG00000027	WAG00000027	Handling Suspicious Drug Orders.pdf	1
161	WAG00000028	WAG00000028	Handling Suspicious Orders and Loss of Controlled Drugs.pdf	1
162	WAG00000029	WAG00000030	How to Complete the Processing of DEA 222 Forms.pdf	2
163	WAG00000033	WAG00000033	Picking, Packing and Shipping CII Store Orders.pdf	1
164	WAG00000036	WAG00000036	Processing SAIL CII Claims.pdf	1
165	WAG00000043	WAG00000043	Year-End Inventory Reports for ARCOS.pdf	1
166	WAG00000045	WAG00000046	Accepting and Filling New Prescriptions Policy.pdf	2
167	WAG00000047	WAG00000048	Accepting New Prescriptions by Telephone.pdf	2
168	WAG00000051	WAG00000051	Add Items to a Vendor Order on the AS 400.pdf	1

169	WAG00000108	WAG00000109	Business - Record Keeping.pdf	2
170	WAG00000115	WAG00000115	CII Drugs - Add Items to the Suggested Order.pdf	1
171	WAG00000116	WAG00000116	CII Drugs - Create a P.D.Q. Order.pdf	1
172	WAG00000121	WAG00000121	CII Drugs - Review System Suggested Order Quantities.pdf	1
173	WAG00000122	WAG00000122	CII Drugs - Verify Order Quantities and Post Shiplist.pdf	1
174	WAG00000124	WAG00000124	CII Strategy.pdf	1
175	WAG00000127	WAG00000130	Code of Conduct.pdf	4
176	WAG00000132	WAG00000132	Control II Drugs Ordering Process.pdf	1
177	WAG00000133	WAG00000138	Controlled Drug Reporting-Archives.pdf	6
178	WAG00000142	WAG00000142	Controlled Substance Audits.pdf	1
179	WAG00000143	WAG00000143	Controlled Substance Pick Up Policy.pdf	1
180	WAG00000144	WAG00000148	Controlled Substances-Inventory.pdf	5
181	WAG00000149	WAG00000149	Create a PDQ Order on the AS 400.pdf	1
182	WAG00000156	WAG00000156	DEA Pharmacist Manual.pdf	1
183	WAG00000157	WAG00000157	DEA Reference Tools.pdf	1
184	WAG00000161	WAG00000161	Dispensing Prescription Drugs Policy.pdf	1
185	WAG00000173	WAG00000173	Filing Instructions.pdf	1
186	WAG00000174	WAG00000175	FL Controlled Substance Dispensing.pdf	2
187	WAG00000176	WAG00000176	FL Prescription Monitoring Program.pdf	1
188	WAG00000178	WAG00000178	FL Requirements for FL Counterfeit-proof Prescription Blanks.pdf	1
189	WAG00000179	WAG00000179	FL State Specific Information.pdf	1
190	WAG00000184	WAG00000205	Good Faith Dispensing Training.pdf	22
191	WAG00000206	WAG00000207	Good Faith Dispensing.pdf	2
192	WAG00000258	WAG00000261	Pharmacy Record Keeping.pdf	4
193	WAG00000271	WAG00000271	Preventing Diversion of Controlled Substances.pdf	1
194	WAG00000276	WAG00000276	Refilling Prescriptions.pdf	1
195	WAG00000289	WAG00000290	Review PDQ Order Quantities.pdf	2
196	WAG00000291	WAG00000291	Review Vendor Order Quantities.pdf	1
197	WAG00000295	WAG00000295	Rx Quick Order Process.pdf	1
198	WAG00000304	WAG00000305	SIMS in the Pharmacy.pdf	2
199	WAG00000328	WAG00000328	Theft or Diversion of Prescription Drugs by Walgreens Family of Companies Employees.pdf	1
200	WAG00000333	WAG00000333	Transferring Prescriptions for Controlled Substances.pdf	1
201	WAG00000347	WAG00000347	Walgreens Pharmacy and Health Care Code of Conduct Policy.pdf	1
202			Demonstratives/visual aids supporting the described expert testimony of: Jennifer Strickland, PharmD, Joanna Shepherd-Bailey, Ph.D, Sunil J. Panchal, M.D., John Mudri, and David Brushwood, R.Ph, J.D.	12
203			Jennifer Strickland, PharmD, BCPS Curriculum Vitae	5
204			Joanna Shepherd-Bailey, Ph.D, Curriculum Vitae	7
205			Sunil J. Panchal, M.D., Curriculum Vitae	8
206			John Mudri, Curriculum Vitae	7
207			David Brushwood, R.Ph, J.D., Curriculum Vitae	28
208			Russell K. Portenoy and Kathleen M. Foley, *Chronic use of opioid analgesics in non-malignant pain: report of 28 cases*, Pain, May 1986, at 171	15
209			Russell K. Portenoy, *Chronic opioid therapy in nonmalignant pain*, J. Pain Symptom Management, Feb. 1990, at S46	16

210			Marcus M. Reidenberg and Russell K. Portenoy, *The need for an open mind about the treatment of chronic nonmalignant pain*, Clin. Pharmacol Ther., Apr. 1994, at 367	2
211			Russell K. Portenoy, et. al., *Long-term use of controlled-release oxycodone for noncancer pain: results of 3-year registry study*, Clin. J. Pain, May 2007, at 287	12
212			Scott Fishman, Responsible Opioid Prescribing: A Physician's Guide (Waterford Life Sciences, 2007)	137
213			Charts of oxycodone shipments over time by the Walgreens Jupiter, Florida Distribution Center to selected Walgreens pharmacies	6
214			Chart or table comparing oxycodone prescription volume to volumes of other types of prescriptions for certain Walgreens pharmacies	1
215			Maps of the areas surrounding certain Walgreens pharmacies, depicting features such as population, relevant medical facilities, other pharmacies, employers, and places of interest	16
216			Maps and/or tables of the geographic distribution of patients and prescribing physicians whose prescriptions are filled by certain Walgreens pharmacies	6
217			Charts, tables, and maps necessary to respond to quantitative or statistical analysis introduced by DEA and its witnesses supplemental to DEA's October 31, 2012 Prehearing Statement or during the hearing	TBD
218			Dispensing data for Walgreens Florida pharmacies (by patient and prescribing doctor)	(Excel)
219			Distribution data for the Jupiter Facility to Walgreens Florida pharmacies	(Excel)
220			Declaration of Michele M. Leonhart, February 24, 2012, Joint Appendix (Dkt. 20-1), *Cardinal Health, Inc. v. Holder*, No. 1:12-cv-00185 (D.C. Cir. 2012)	130
221			Letter correspondence from Walgreens' counsel to DEA (2012)	43
222			Walgreens presentation to DEA, "Walgreen Co. Controlled Substance Anti-Diversion and Compliance Program," July 17, 2012	19
223			DEA, "Report to the U.S. Attorney General by the Suspicious Task Force and Supplemental Report to the Attorney General," Feb. 1999	110
224			DEA Informational Brochure, "A Pharmacist's Guide to Prescription Fraud," Feb. 2000	2
225			DEA (Miami Field Division) Press Release, "Florida Law Enforcement Prescription Drug Efforts Product Positive Results," Jan. 1, 2012	2
226			DEA "Knowing Your Customer/Suspicious Orders Reporting" Guidance	4
227			Letter from Rep. Mark Amodei *et al.* to Michele Marie Leonhart, Administrator, DEA, Oct. 2, 2012	2
228			Timothy W. Martin and Arian Campo-Flores, *New Front Opens in Florida Pill War*, Wall St. J., Mar. 7, 2012	2
229			Timothy W. Martin, *Making the Pharmacy Crawl: 235 Painkiller Crackdown Forces Patients to Shop Around to Fill Their Prescriptions*, Wall St. J., Sept. 26, 2012	3

230			Amy Pavuk, *Rx for Danger: Pain Patients Decry Oxycodone Shortage, but DEA Says There Isn't One*, Orlando Sentinel, Sept. 29, 2012	2
231			Drug Store News, *NCPA Commends Congressional Request for 'Clarification' Regarding DEA Controlled Substance Enforcement*, Oct. 5, 2012	2
232			Roger Chou et al., *Opioid Treatment Guidelines: Clinical Guidelines for the Use of Chronic Opioid Therapy in Chronic Noncancer Pain*, J. of Pain, Feb. 2009	40
233			Department of Veterans Affairs, Department of Defense, "VA/DoD Clinical Practice Guideline for Management of Opioid Therapy for Chronic Pain," May 2010	74
234			Institute for Clinical Systems Improvement, "Health Care Guideline: Assessment and Management of Chronic Pain," Nov. 2011	113
235			U.S. Food and Drug Administration, "Oxycontin Medication Guide," July 2012	1
236			Maria G. Tanzi, *VIGIL Helps Pharmacists Screen Controlled Substances*, American Pharmacists Association, Sept. 1, 2012	3
237			Organizational charts demonstrating Walgreens corporate structure	10
238			Best practices guidelines for dispensing (multiple iterations) from District Pharmacy Supervisors	15
239			Continuing Education courses used by Walgreens to train pharmacists	35
240			Focus on Profit Program.pdf	1
241			Focus on Compliance Survey (June 2012)	4
242			Good Faith Dispensing Policy (revised June 11, 2012)	7
243			Good Faith Dispensing Policy: previous versions of the policy and "redline" comparisons thereof	28
244			Target Good Faith Dispensing Checklist	1
245			Prescriber Due Diligence Review Checklist	4
246			Management of Acute and Chronic Pain guidance document	6
247			Photographs of the Jupiter Distribution Center	12
248			Controlled Substance Ordering ("CSR") Version 5 documents/overview	25
249			Sample suspicious order reports from current CSR system	50
			Historical documents outlining the design and evolution of the CSR system (2009-2012)	65
250			Email from Michael Mapes (DEA) to Dwayne Piñon (June 27, 2007)	3
251			Logs of refusals to fill prescriptions for controlled substances by Walgreens Florida pharmacies	(Excel)
252			Copies of controlled substance prescriptions Walgreens Florida pharmacies refused to fill and faxed to DEA	500+
253			Logs of customer complaints regarding Walgreens pharmacies refusing to fill prescriptions for oxycodone	(Excel)
254			Sample letters and complaints threatening Walgreens with legal action on behalf of doctors regarding refusals to fill prescriptions	20
255			Samples of notations made in Walgreens Patient Profiles	25
256			Offense Incident Report by Pasco Sheriff's Office regarding customer at Store 3629 (Dec. 24, 2010)	5

257			Documents from the administrative record in the ISO case pending in the D.C. Circuit[4]	TBD
258			Documents to be produced by DEA in response to Walgreens' Application For Issuance of a Subpoena Duces Tecum to the United States Drug Enforcement Administration, or by agreement	TBD

VIII. OTHER MATTERS

1. Walgreens anticipates filing motions *in limine* in advance of trial. Walgreens respectfully requests that the Court set a briefing schedule for filing any such motions.

2. Walgreens has not yet been provided with the documents that form the basis for DEA's case, specifically: (1) Data from DEA's Automation of Reports and Consolidation Orders System (ARCOS) that DEA relies upon in Order to Show Cause paragraphs 4-6, 8, 16(c), 16(g), 19, 21-22, and in the proposed testimony of Susan Langston, Kyle Wright, and Phyllis Garrett, *Government's Prehearing Statement* at 9, 12, and 16, as well as contextual data sufficient for Respondent to evaluate these allegations; (2) Documents that form the basis of the allegations in the Order to Show Cause and/or DEA's Prehearing Statement; (3) Notes from facility inspections and employee interviews, and DEA correspondence with Respondent regarding regulatory compliance; and (4) Documents solely in DEA's possession that tend to show that Respondent was meeting DEA personnel's expectations regarding suspicious order reporting and monitoring, and/or that suspension of Respondent's registration is not in the public interest. Walgreens has discussed obtaining these documents with DEA and notified DEA that it intended to file a request for a subpoena for this information. DEA represented that it anticipates the Court will set a date for DEA to provide relevant materials and that at that time, DEA is likely to voluntarily produce a number of the documents and other materials that Respondent is

[4] As the Court is aware, the immediate suspension order case is pending in the D.C. Circuit. DEA will be compelled to produce an administrative record in that case, and it is currently due on November 26. Walgreens has included a placeholder on the exhibit list for documents DEA produces that may be relevant to this matter.

requesting. In light of these discussions, and because it is not yet clear which documents DEA will voluntarily produce, Respondent is not yet certain of the extent to which a subpoena will be required. Respondent therefore asks that the Court set a date following the exchange of documents for filing such motions.

3. On November 6, 2012, Walgreens received from the Florida Department of Business & Professional Regulation a notice of violation filed against the Jupiter Facility.

IX. POSITION REGARDING HEARING LOCATION

Walgreens does not request a change of location for the hearing, so long as DEA agrees to make those DEA agents on Walgreens' witness list available for trial in Virginia.

X. BEST ESTIMATE AS TO TIME REQUIRED TO PRESENT CASE

Walgreens anticipates requiring approximately six days to present its case-in-chief, exclusive of cross-examination and rebuttal.

Dated: November 15, 2012

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CERTIFICATE OF SERVICE

I certify that on the 15th day of November 2012, I served true and accurate copies of the foregoing by sending the same via United States mail, first-class certified postage prepaid, and via email to the following:

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