

Department of Justice
U.S. Attorney's Office
District of Massachusetts

FOR IMMEDIATE RELEASE

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Former Vice President of Insys Therapeutics Sentenced for Racketeering Conspiracy

Defendant is the first executive to be sentenced in connection with conspiracy to bribe medical practitioners to prescribe a highly-addictive opioid

BOSTON – The former Vice President of Managed Markets for Insys Therapeutics was sentenced today in federal court in Boston for his role in conspiring to bribe practitioners to prescribe fentanyl-based pain medication, often when medically unnecessary.

Michael J. Gurry, 56, of Scottsdale, Ariz., was sentenced by U.S. District Court Judge Allison D. Burroughs to 33 months in prison, three years of supervised release, restitution to be determined at a later date, and ordered to pay approximately \$3.6 million in forfeiture. The government recommended a sentence of 132 months in prison. In May 2019, Gurry was convicted by a federal jury of racketeering conspiracy along with four other Insys executives.

Subsys, a drug owned and manufactured by a company called Insys Therapeutics, Inc., is a powerful, rapid-onset opioid approved to treat cancer patients suffering intense breakthrough pain. From May 2012 to December 2015, Gurry and his co-defendants conspired to bribe practitioners, many of whom operated pain clinics, in order to induce them to prescribe Insys' fentanyl-based pain medication, Subsys, to patients, often when medically unnecessary. The drug was expensive, and while bribes paid to prescribers succeeded in generating new prescriptions, insurers were reluctant to approve payment when Subsys was prescribed for patients without cancer.

Within the criminal scheme, Gurry was responsible for creating and overseeing the Insys Reimbursement Center (IRC), which was dedicated to obtaining prior authorization for payment of Subsys prescriptions directly from insurers and pharmacy benefit managers. Beginning in October 2012, Gurry authorized employees of the IRC to lead insurers to believe that they were calling from

the office of the prescriber. He also authorized the IRC employees to use a misleading script, known as “the spiel,” to trick insurers into believing that Subsys had been prescribed to the patient to treat breakthrough cancer pain, for which insurers were more likely to authorize payment. Gurry also authorized other tactics that had been found to be more successful in securing payment from insurers. This included citing a diagnosis of “dysphagia” – difficulty swallowing – even when patients were not suffering from the disorder and referencing a history of cancer to mislead insurers.

United States Attorney Andrew E. Lelling; Joseph R. Bonavolonta, Special Agent in Charge of the Federal Bureau of Investigation, Boston Field Division; Phillip Coyne, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of the Inspector General; Judy McMeekin, Pharm.D. Acting Associate Commissioner for Regulatory Affairs of the U.S. Food and Drug; Brian D. Boyle, Special Agent in Charge of the Drug Enforcement Administration, Boston Field Division; Leigh-Alistair Barzey, Special Agent in Charge of the Defense Criminal Investigative Service, Northeast Field Office; Carol S. Hamilton, Acting Regional Director of the U.S. Department of Labor, Employee Benefits Security Administration, Boston Regional Office; Joseph W. Cronin, Inspector in Charge of the U.S. Postal Inspection Service’s Boston Division; Matthew Modafferi, Special Agent in Charge of the U.S. Postal Service Office of Inspector General, Northeast Area Field Office; Jeffrey K. Stachowiak, Special Agent in Charge of the Department of Veterans Affairs, Office of Inspector General; and Thomas W. South, Deputy Assistant Inspector General for Investigations of the Office of Personnel Management made the announcement.

Assistant U.S. Attorneys K. Nathaniel Yeager, Fred M. Wyshak, and David Lazarus prosecuted the case for Lelling’s Health Care Fraud Unit.

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