

The Public's Radiiio



Rhodes Technologies and Rhodes Pharmaceuticals, subsidiaries of Purdue Pharma, produced pills and raw opioid ingredients out of a factory complex in Coventry.

by Hal Triedman

Since 2003, Bill Muzzy has lived on Pulaski Street in Coventry, Rhode Island, right next door to a factory compound. Like many of his neighbors, Muzzy knew that the compound made pharmaceutical ingredients. But he only learned that it was manufacturing opioids after an artist installed a project protesting the factory's participation in the opioids industry. The sculpture was a car-sized replica of a spoon used for melting heroin. Domenic Esposito, the artist who created the piece, parked it at the factory's tall front gates, just a block from Muzzy's door.

Esposito's brother has struggled with opioid addiction for a dozen years, after initially using prescription pain pills. "The spoon was this huge, dark symbol for my family," Esposito said in an interview. To him, placing it at the gates of the factory was about "raising awareness for the opioid crisis, but also making sure that those who are accountable are brought to justice or at least recognized for all the stuff that they've done over the last 20 years."

The people who live on Pulaski Street have experienced pungent chemical smells, high-pitched buzzing noises, low-flying drones and helicopters, and bright lights for years. But few of these homeowners had any idea what lay behind the factory's sprawling perimeter of barbed wire.

The compound adjacent to Bill Muzzy's property is home to Rhodes Technologies and Rhodes Pharmaceuticals, formerly subsidiaries of the controversial Purdue Pharma. Over the last two decades the two Rhodes companies quietly became among the largest opioid manufacturers in the United States, with a collective annual revenue of nearly \$640 million in 2018, according to Purdue's New York State bankruptcy filings. The companies churned out drugs 24 hours a day, at least five days a week for decades, employees say.

Together, they made over 1.25 billion opioid doses and almost 20 percent of the raw oxycodone sold in the country from 2006 to 2014, according to national drug transaction data collected by the Drug Enforcement Administration (DEA) and released in 2019 as part of an Ohio lawsuit targeting opioid manufacturers.

But despite a large presence in the town of Coventry, the companies have largely avoided public scrutiny. Rhodes Technologies and Rhodes Pharmaceuticals have been roiled by the recent legal troubles of Purdue Pharma, their long-time owner. The two companies were named as co-defendants with Purdue and the Sackler family in several lawsuits for their roles in the larger opioid business empire run by the family. As a result of Purdue's 2019 bankruptcy filing, their Coventry factory was sold to Noramco, another opioid ingredient manufacturer. Other assets owned by the companies, like other Purdue assets, are pending liquidation according to a September bankruptcy court ruling.

To determine more about the two Rhodes companies, a group of student journalists and data scientists at Brown University analyzed thousands of pages of legal and regulatory filings, hundreds of millions of data points collected by the DEA about drug transactions, and interviewed former employees of the two businesses.

What emerges is a picture of two secretive Rhode Island drug manufacturers that operated in lockstep with Purdue Pharma since its OxyContin boom in the late 1990s. In fact, after Purdue was sued and took a conciliatory public stance in 2007, both Rhodes companies were quietly and aggressively growing in size and scope: acquiring patents, diversifying their drug portfolio, and producing record amounts of controlled substances each year from 2006 to 2014.

Rhodes Name, Purdue Connections

Although Rhodes Technologies, Rhodes Pharmaceuticals, and Purdue Pharma are ostensibly different companies, internal documents and lawsuits show that they have functioned as one corporate entity.

According to a lawsuit from New York Attorney General Letitia James filed against Purdue and Rhodes, "Purdue and the Sacklers oversaw and approved all Rhodes-related activity." The Sacklers received copies of the agendas for every Rhodes Technologies and Rhodes Pharmaceuticals board meeting, as

well as regular financial statements and results. The lawsuit also alleges that Rhodes contributed millions of dollars to two shell corporations owned by the Sacklers, “for the benefit of the Sackler Families.”

Meanwhile, bankruptcy filings from both Purdue and Rhodes show that Rhodes executives received more than \$12 million total in the past two years.

Bankruptcy filings show that Purdue paid Randy Shamblen, the president of Rhodes Technologies, at least \$3.37 million in the past two years. The president of Rhodes Pharmaceuticals, Vincent Mancinelli II, was paid at least \$3.34 million. As part of a “Key Employee Incentive Program” that Purdue pursued at the end of 2020 and beginning of 2021, Shamblen and Mancinelli both received bonuses worth more than \$230,000 this year.

To Andrew Kolodny, a psychiatrist, professor at Brandeis University, and the executive director of the anti-opioid group Physicians for Responsible Opioid Prescribing, Rhodes Technologies and Rhodes Pharmaceuticals were “a way for the Sackler family to profit off of their branded products but also to profit off of sales of generic opioids.”

Rhodes Technologies and Rhodes Pharmaceuticals, based in a sleepy Rhode Island town, have supplied people throughout the country with generic-brand opioids. Millions of doses of these medications made their way to distributors in every US state and Washington D.C. Hundreds of thousands of them were sent to Puerto Rico, Guam, the US Virgin Islands, and other US territories. Rhodes Technologies also exported over 60,000 pounds of raw oxycodone overseas. US patients spanning at least eight time zones took their drugs. DEA data shows that from 2009 to 2014, Rhodes Pharmaceuticals manufactured more than 1.25 billion doses of morphine, hydromorphone, hydrocodone, and oxycodone. In addition to these opioids, the company currently makes buprenorphine (which helps treat opioid addiction), as well as other drugs like amphetamines to treat ADHD, antidepressants, and cholesterol pills, according to their website.

In the same timeframe, Rhodes Technologies largely functioned as a supplier for Purdue Pharma, providing the company with over 153 tons of raw oxycodone powder, which Purdue then converted into OxyContin at the height of the prescription opioid crisis, the DEA’s records show.

Members of the billionaire Sackler family, owners of Purdue and Rhodes, have become the subjects of political ire and legal action for the aggressive marketing of OxyContin. Purdue is the defendant in thousands of lawsuits. In September 2019, Purdue filed for bankruptcy and in October 2020, the company pleaded guilty to three felonies and announced a \$8.3 billion settlement with the U.S. Department of Justice. Most recently, in September 2021, a bankruptcy court judge conditionally approved a settlement that dissolves Purdue Pharma (and all of its subsidiaries, including the Rhodes companies) and mandates billions in payments to victims of the opioid crisis, while allowing the Sackler family to escape criminal charges.

Appeals in the case are ongoing, including a September motion from Rhode Island Attorney General Peter Neronha. “The reality is that everyday Rhode Islanders can’t walk into a bankruptcy court and be released from their financial obligations if they’re not bankrupt,” Neronha said in an October interview. “The Sacklers are getting that opportunity. There’s just something fundamentally wrong about that in my view... As far as I’m concerned, nothing has changed.”

Rhodes Technologies and Rhodes Pharmaceuticals have been operating in Coventry since their formation under Purdue’s umbrella in 1998 and 2007, respectively. In 2019 the two Rhodes companies

paid \$781,944 in property taxes on their \$32 million compound, making them the largest single taxpayer in Coventry, supporting local schools, police and fire staff, and other public services.

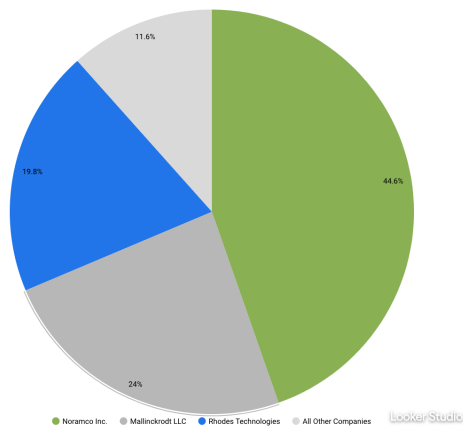
According to bankruptcy filings, the companies employed 210 people in 2019. Public officials and former employees say that most of the workers at both Rhodes companies are Rhode Islanders, or come from nearby Massachusetts and Connecticut. Former Coventry Councilman Gary Cote said that he thought about 80 percent of them live in Coventry or West Warwick. They are a “really important employer” in the area, he said.

That the companies produce opioids is not common knowledge in Coventry or around the state. “They don’t divulge anything to the town council,” said former Coventry Town Councilman Gregory Laboissonniere.

Former Councilman Cote said that he did not know that Rhodes manufactured opioids. The only thing he said he knew about the business was they were a pharmaceutical company. “It’s news to me,” he said, when told what kind of opioids they were manufacturing and in what amount.

A Global Scope

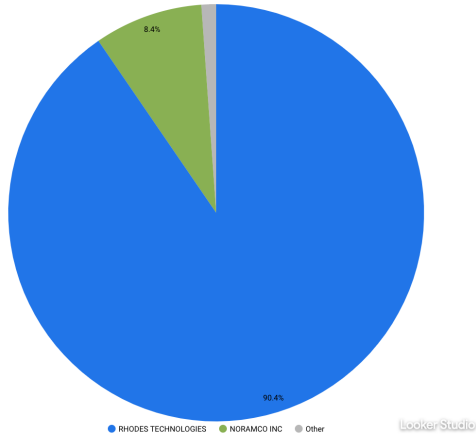
Rhodes Technologies was established in 1998. It produces active pharmaceutical ingredients, also known as APIs. APIs are the building blocks of various medications, including opioids. As 124,003 people were dying from prescription opioid overdoses between 2006 and 2014 according to an NIH study, Rhodes Technologies sold more than 310,000 pounds of oxycodone and hydrocodone powder to other opioid manufacturers. This small Rhode Island company manufactured nearly 20 percent of all of the raw oxycodone sold in the US. Noramco, a company previously owned by Johnson & Johnson and now owned by the private equity firm SK Capital, acquired the Coventry factory and other Rhodes Technologies assets from Purdue at the beginning of 2021. They made 44.6 percent of the raw oxycodone sold in the U.S. during this same time period. Together, the two companies amounted to nearly two-thirds of the raw oxycodone sold in the U.S. over the course of a decade.



Rhodes Technologies manufactured 19.8% of all the raw oxycodone sold in the U.S. between 2006 and 2014. Source: DEA ARCOS Database. Credit: Hal Triedman for The Public's Radio

Rhodes Technologies’ largest opioid product was oxycodone, and its largest client was Purdue Pharma. During that nine-year period, Rhodes Technologies made enough raw oxycodone for more than 870 million 160 mg OxyContin pills, and sold almost all of it to Purdue — enough to supply nearly half a gram to every single American resident, including children and babies. From 2006 through 2014, Rhodes sold more than 153 tons of oxycodone to Purdue,

providing 90.4 percent of Purdue’s raw supply of oxycodone powder.

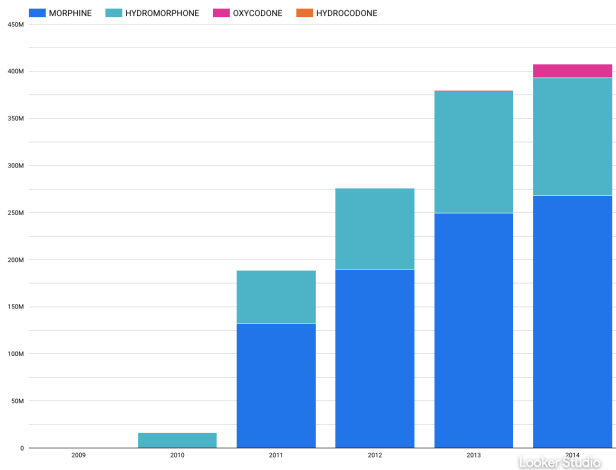


Rhodes Technologies provided Purdue Pharma with 90.4 percent of its external supply of raw oxycodone powder. Source: DEA ARCOS Database. Credit: Hal Triedman for The Public's Radio

Rhodes Technologies was also an exporter of oxycodone, and in this period produced more than 60,000 pounds of raw oxycodone for export outside the US, enough to produce more than 172 million 160 mg pills, according to the DEA database.

The second company operating out of the Coventry plant, Rhodes Pharmaceuticals, was established later, in 2007. It produces pills and other medications that are shipped to medical distributors, and then to pharmacies. Among the 1.25 billion doses of opioids that Rhodes Pharmaceuticals shipped between its founding and 2014, 4.2 million opioid doses went to distributors in Rhode Island, and over 34 million doses went to Massachusetts.

The second company operating out of the



Rhodes Pharmaceuticals' business grew rapidly. The company quickly started to produce new kinds of opioids. Source: DEA ARCOS Database. Credit: Hal Triedman for The Public's Radio

The first opioids that Rhodes Pharmaceuticals manufactured were morphine and hydromorphone, sold in pill form under the brand names MS Contin and Dilaudid. In 2013 and 2014, the company expanded its menu of drugs and began producing small amounts of oxycodone and hydrocodone, with generic formulations similar to those used in OxyContin, Percocet and Vicodin. Rhodes also produced all four of these drugs in liquid

form.

By 2016, opioids manufactured by Rhodes Pharmaceuticals comprised nearly five percent of the opioid prescriptions filled in the United States, with sales far exceeding those of Purdue, according to the Financial Times. In the face of public criticism and lawsuits, Purdue has claimed that it is now a relatively small producer of opioids. However, the Sackler family owned both Rhodes Pharmaceuticals and Purdue. In 2016, the two businesses collectively comprised six percent of the opioid prescription market, making them the seventh-largest opioid manufacturer in the country, the Financial Times reported in 2018.

In 2018, Richard Sackler, former president of Purdue Pharma, granted Rhodes Pharmaceuticals a patent for dissolvable oral buprenorphine wafers. Buprenorphine is an opioid-based medication used to treat opioid dependency. Rhodes Pharmaceuticals now manufactures buprenorphine wafers and patches.

Critics have seized upon this move as a callous way of profiting from an addiction crisis that the conglomerate was integral to creating.

“They would be able to profit both off of the drugs causing addiction as well as the drugs used for treating opioid addiction like buprenorphine, which is disturbing,” said Kolodny.

Asked for comment, Purdue pushed back on this framing. As part of the 2020 settlement with the Department of Justice, “Purdue has offered to make available for free tens of millions of tablets of a generic formulation of buprenorphine and naloxone sublingual tablets,” said Michele Sharp, a Purdue spokesperson. “Buprenorphine/naloxone tablets are a leading maintenance treatment of opioid dependence.”

‘A reliable and secure supply of oxycodone’

Rhodes Technologies was the first of the two Rhodes companies to open in Coventry. It moved to Rhode Island in 1998, three years after its factory in New Jersey exploded in an industrial accident, killing five workers, injuring 41, and forcing the evacuation of over 300 residents. During the move, Purdue, which had already owned the company for decades, changed its name from Napp Technologies to Rhodes Technologies. It bought a Hoescht Celanese chemical plant, and moved in over complaints from residents and local lawmakers about the company’s safety record. By 1999, the plant was up and running.

A fresh start in a new town wasn’t just a fortunate series of events for a company emerging from a fatal industrial accident. It also provided Purdue, the owner of Rhodes, with an opportunity to supply themselves with the raw materials necessary to keep up with skyrocketing demand for their new drug, OxyContin.

Bankruptcy documents released last fall related to the proposed sale of the Rhodes factory to Noramco say that Purdue originally opened the Coventry plant “to provide a reliable and secure supply of oxycodone API for branded OxyContin.”

Purdue Pharma was in the heyday of its OxyContin boom. Purdue had released OxyContin in 1995, claiming that its extended release technology was revolutionary in the field of pain management. Despite studies that showed it was no more effective than other existing opioids, the company promoted the drug with an unprecedented marketing campaign that boosted OxyContin sales, enriched top executives at the company, and kicked off the opioid epidemic.

Hundreds of millions of dollars spent on marketing worked. In 1996, right after the plant explosion in New Jersey, Purdue’s sales were \$44 million, with 316,000 prescriptions dispensed. In 2000, sales had jumped to \$1.1 billion, and in 2001 and 2002 combined, Purdue had over \$3 billion in sales, dispensing over 14 million prescriptions, according to a 2009 paper by Dr. Art Van Zee, a Virginia doctor who treated addicted patients at the outset of the epidemic.

OxyContin was a hit.

Rhodes Technologies started showing up in DEA registrations to produce opioids in 2002, with government approval to make codeine, oxycodone, and thebaine (an ingredient in oxycodone). That was also the year in which Rhodes undertook a multimillion dollar renovation and expansion of its Coventry factory, which, according to archived versions of their website, doubled its production capacity. By 2003, the company was registered to produce 10 controlled substances. By 2016, it was registered to produce

16 controlled substances, including 14 opioids and THC, the psychoactive ingredient in marijuana, according to publicly available DEA documents.

Rhodes Technologies became a middleman between the producers of raw opium and the final manufacturers of drugs. According to a Massachusetts lawsuit against Purdue, an executive named Frank Peter Boer “serv[ed] on the board of the Sacklers’ Rhode Island-based opioid manufacturing company, Rhodes Technologies, directing Purdue’s oxycodone pipeline there for a decade” before joining Purdue’s board in 2008.

A year earlier, in 2007, Purdue Pharma had pleaded guilty in the US District Court of Western Virginia to charges of “misbranding” OxyContin, and had admitted that it pushed the drug “with the intent to defraud or mislead.” The company had to pay \$634.5 million in fines and damages, but Purdue executives pleaded guilty to only a single misdemeanor and served no prison time. The payout was, to that point, the largest in pharmaceutical history. But it amounted to only about six months of OxyContin revenue.

Just four months after Purdue pleaded guilty, amid bad press and increasing scrutiny on the negative effects of OxyContin, Purdue executives invested in Coventry and expanded Rhodes Technologies’ scope, founding a sister company housed on the same site: Rhodes Pharmaceuticals.

Whereas Rhodes Technologies produced ingredients for opioids to sell to other companies, Rhodes Pharmaceuticals produced generic opioids for public consumption. And the company grew fast. DEA records show that it took two years for Rhodes Pharmaceuticals to start manufacturing opioids. But by 2009, Rhodes began producing hydromorphone and morphine, and was soon involved in thousands of transactions per month.

In the 2018 Financial Times report, a former senior manager from Purdue claimed that Rhodes was set up to be a “landing pad” for the Sackler family as the legal fallout from OxyContin grew.

And as for Boer, the person who, according to the Massachusetts lawsuit, oversaw the flow of oxycodone from Rhodes Technologies to Purdue for its first decade? He is still being paid by Purdue. In the years since Purdue declared bankruptcy, he has been paid over \$1.4 million, court records show. Reached by email, Boer declined to be interviewed for this story.



Rhodes Pharmaceuticals produced 1.25 billion doses of opioids from 2007-2014. FILE PHOTO

A Secretive Conglomerate

While opioids from Rhode Island flowed across the country and the world, Rhodes Technologies and Rhodes Pharmaceuticals operated mostly in the shadows of Purdue.

Rhode Pharmaceuticals’ website used to contain code that prevents it being shown on search engines like Google.

Archived versions of the website also show that at some point within the last year or so, the company removed a “Who We Are” page, which listed company leadership

Similarly, archived versions of Rhodes Technologies' website show that it has been “under construction” since 2016, with no company information, phone number, or address listed. However, according to an archived version of the company's website prior to it being taken down, its Coventry plant has a drug production capacity of over 30,000 gallons.

Attempts to contact Randy Shamblen and Vincent Mancinelli, the CEOs of the Rhodes companies, received no direct reply, nor did messages left at the one company phone number available online or emails sent to a non-functional public-facing email account. Eventually, Boer directed this reporter to Sharp, the Purdue spokesperson, who offered to provide a company statement by email. In that statement, she refused to answer basic questions about the two Rhodes companies — like how many people worked at Rhodes, or how many of those jobs were held by Coventry residents. Officials in Rhode Island's Division of Taxation and Department of Labor and Training claim that the number of people a Rhode Island company employs is confidential even though this information can be obtained on the Internet through the Dun & Bradstreet website.

As part of its bankruptcy, Purdue filed paperwork in September 2020 seeking to sell the Rhodes plant in Coventry to Noramco for at least \$10 million. But the sale, which went through in October 2020, includes a contract for Purdue to continue to receive raw oxycodone from their former factory for an undisclosed price for up to 11 years.

As part of the settlement agreement entered into by Purdue with the Department of Justice in October 2020, the company will dissolve and become a “Public Benefit Corporation” that will continue to sell painkillers, but whose profits will be put toward fighting the opioid crisis. The Sacklers have also agreed to forfeit \$225 million of their multi-billion dollar family fortune.

For the next seven to eleven years, much of the raw oxycodone that the public benefit corporation will turn into OxyContin will likely come from the Coventry factory that Rhodes owned and operated for decades.

Skeptics like U.S. Rep. David N. Cicilline (D-R.I.) have criticized this deal. “There's no question that the Sacklers and Purdue engaged in behavior that led to the death of many Rhode Islanders,” he said in an interview in December. “They were never fully held accountable. And the settlement, I would say, was completely inadequate.” While Purdue as a company pleaded guilty to three felonies, “nobody was criminally charged, even though thousands and thousands of people died. I was very disappointed with the settlement, and I remain so,” he said.

Cicilline questioned why the Sacklers themselves hadn't been prosecuted on criminal charges. They engaged in “a scheme that was used that led to serious over-prescription, incentives for doctors to prescribe when they shouldn't have, and all of the related addiction.”

Cicilline also took issue with the proposed public benefit corporation. After the settlement was announced, Cicilline signed two letters addressed to then-Attorney General William Barr from dozens of members of Congress, criticizing the idea of a public benefit corporation: “This proposal is a mirage designed to help the Sacklers keep billions in ill-gotten gains by deceiving the American people into believing they have already been severely punished,” the members of Congress asserted.

To Cicilline and the other members of Congress who signed the letters, the Sacklers should have been criminally prosecuted long ago, in 2007. Since then, they said, “the Sacklers siphoned off billions of dollars into offshore bank accounts to ensure that they would still walk away as billionaires when their criminal enterprise finally came crumbling down.”

While Cicilline had sharp words for Purdue and the Sackler family, he was careful not to cast blame on the two Rhodes companies in Rhode Island.

“The issue,” he said, “is what the company did, what the Sackler family did, what Purdue Pharma did, in this scheme that led to the death of Rhode Islanders and the addiction of people all across this country. Where it’s produced is obviously an important part of this, but it’s really not the production, it’s the scheme that was constructed by this company that led to the over-prescribing and incentivizing physicians to prescribe this when people didn’t actually need this kind of a pain medication.”

In an interview, Rhode Island Attorney General Neronha was also sharply critical of the proposed bankruptcy settlement, but cast blame on Purdue and the Sacklers rather than the Rhodes companies.

“I view Purdue as one company,” he said. “Companies have subsidiaries, but ultimately the parent company is responsible for them, much like the individuals who own the companies are responsible for them... From where I sit, the liability is from Purdue at the top, because those companies are all subsidiaries of Purdue.”

In her emailed statement, Sharp, the Purdue spokeswoman, confirmed the sale of some of Rhodes Technologies’ assets to Noramco and said that “100% of the assets of Purdue,” including Rhodes, would be “transferred to a new public benefit company (or similar entity), with a focus on abating the opioid crisis.” In her words, the Sacklers are no longer involved with Purdue, and “will not benefit from this sale, nor will they own or be part of the proposed new company.”

“Our ultimate goal is to achieve a global settlement that would deliver more than \$10 billion in value, including 100% of Purdue’s assets, to address the opioid crisis. Our proposed settlement structure would provide needed funds, as well as millions of doses of lifesaving opioid addiction treatment and overdose reversal medicines, to states, local communities and tribes to help abate the opioid crisis,” she said.

While the future of Purdue and Rhodes is being litigated and haggled over in courthouses across the country, bright searchlights stay on at the Coventry compound next to Pulaski Street. Machinery and personnel continue to churn out an ever-greater variety of opioids in various forms. Trucks and trains take the finished products — hundreds of tons of raw opioids and billions of pills — out of Rhode Island, across the country and around the world.

This story was produced as part of a reporting project on the opioid crisis by a team of Brown University student journalists. Find more of the reporting here.

Reporters Lucas Fried and Li Goldstein contributed to this story. Initial data explorations by Cece Xiao.