

**MCKINSEY & COMPANY'S CONDUCT AND
CONFLICTS AT THE HEART OF THE
OPIOID EPIDEMIC**

HEARING
BEFORE THE
**COMMITTEE ON
OVERSIGHT AND REFORM**
HOUSE OF REPRESENTATIVES
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No additional documents were submitted for this hearing.

MCKINSEY & COMPANY'S CONDUCT AND CONFLICTS AT THE HEART OF THE OPIOID EPIDEMIC

Wednesday, April 27, 2022

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND REFORM,
Washington, D.C.

The committee met, pursuant to notice, at 10:08 a.m., in room 2154, Rayburn House Office Building, and via Zoom; Hon. Carolyn B. Maloney [chairwoman of the committee] presiding.

Present: Representatives Maloney, Norton, Connolly, Krishnamoorthi, Khanna, Mfume, Tlaib, Porter, Bush, Davis, Welch, Johnson, Kelly, DeSaulnier, Pressley, Comer, Jordan, Foxx, Grothman, Cloud, Higgins, Norman, Keller, LaTurner, Fallon, Herrell, and Donalds.

Chairwoman MALONEY. The committee will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time. I now recognize myself for an opening statement.

Good morning and thank all of you for coming. Today, we are holding the third hearing that I have convened as chair on our Nation's deadly opioid epidemic.

My goal is simple, to promote accountability and seek justice for the millions of families whose lives have been ravaged by this epidemic and to protect Americans from suffering from more harm.

Our committee has examined the role of Purdue Pharma, which got millions of Americans hooked on the pain killer Oxycontin despite knowing it was highly addictive. We have also investigated the role of the Sackler family, which made billions of dollars fueling a public health crisis that has killed half a million people in our country and counting.

Today's hearing focuses on another key driver of the epidemic that operated behind the scenes, the consulting firm McKinsey and Company. For nearly 15 years, McKinsey secretly designed strategies for companies like Purdue to boost sales of addictive painkillers, paving the way for an explosion of drug abuse and overdoses across the country.

Documents show that McKinsey created a roadmap for these drug companies to, quote, "turbo charge", end quote, opioid sales. Some of the advice McKinsey provided is absolutely shocking beyond belief.

In 2017, after the opioid epidemic had been declared a public health emergency, McKinsey recommended that Purdue offer phar-

macy benefit managers a rebate of thousands of dollars for each overdose caused by the opioid pills.

McKinsey's goals, it seems, was to make sure that mounting concerns about overdoses did not slow down sales. Apparently, this advice was too shocking even for Purdue to accept. Thanks to the tireless work of state attorneys general, we have finally begun to expose McKinsey's secret role in this health crisis.

I am deeply grateful for the participation today of Massachusetts Attorney General Maura Healey, who has been leading the fight for accountability from Purdue, the Sacklers, and McKinsey.

Our committee launched our own investigation into McKinsey more than five months ago. We have learned that at the same time McKinsey was providing secret advice to Purdue to boost opioid sales the firm was also consulting for the Food and Drug Administration, which oversees the opioid industry. In other words, McKinsey was advising both the fox and the henhouse and getting paid by both.

The committee recently released a staff report showing that at least 22 McKinsey consultants work for both the FDA and opioid companies, often at the very same time.

Now, McKinsey has defended this conduct claiming that the firm did not work for the FDA on specific opioid regulation or approvals. But the truth is there was obvious connections between McKinsey's work for FDA and for opioid companies.

For example, in 2009, McKinsey advised opioid companies to quote, "band together", end quote, to quote, "defend against strict treatment by the FDA," end quote.

Then, in 2011, McKinsey began working for the very FDA offices overseeing the opioid industry. The assignment was set to, quote, "strategic goals and objectives and to improve drug safety and address adverse health impacts." Clearly, McKinsey should not be setting strategy for both drug companies and the FDA.

Since 2008, McKinsey has collected \$140 million from the FDA. Just yesterday the FDA announced at a Senate hearing that it has stopped issuing contracts to McKinsey while investigations into its conduct are ongoing. Documents uncovered by the committee also paint a damning picture of how McKinsey used its Federal connections to advance its private sector business interests.

In a sales pitch to Purdue's CEO, McKinsey bragged about, quote, "who we know and what we know, including the FDA." In 2018, the firm sent a private memo to—they sent a private memo to President Trump's Secretary of Health and Human Services, Alex Azar. The memo was edited by consultants working for Purdue with one consultant urging that the memo should emphasize the, quote, "important societal benefit" end quote, of opioids. McKinsey's conflict of interests was undeniable, they were long lasting, and they were detrimental to public health.

Today, our committee will reveal new documents that raise even more questions about McKinsey's role in the opioid crisis. These documents show that the firm recommended a, quote, "cash prize", end quote, and other perks to boost opioid sales, and urged companies to target communities that were already hard hit by opioids.

McKinsey's conflicts and conduct are among the worst I have seen in my years in government. McKinsey has apologized for some

of its conduct but it continues to deny its conflicts of interest, raising doubts about whether it has really learned from its mistakes.

McKinsey also continues to withhold key information from this committee, including client lists and staffing information that could reveal the extent of the company's role in the opioid crisis and problems in other areas.

Today we will hear from McKinsey's managing partner, Bob Sternfels, and I hope we will get some answers about his company's practices. Today, I am also introducing legislation to ensure that we have stronger guardrails on conflicts in the future.

I want to thank Senator Peters, in partnership with Senator Grassley, for their leadership in developing this bipartisan legislation. We can no longer tolerate it when companies and Federal contractors put their profits over the health and safety of the American people.

I now recognize the distinguished ranking member, Mr. Comer, for an opening statement.

Mr. COMER. Thank you, Madam Chair, and I want to thank our witnesses who are here today.

The opioid epidemic has caused untold harm to millions of Americans, and in my district in rural Kentucky, thousands of my constituents have lost friends and loved ones to this devastating crisis.

But today's hearing is not about how to end the opioid epidemic. If it were, we would have officials from the Biden administration here testifying. President Biden has been in office for over a year.

Yet, we have not had any cabinet level officials here to testify about the many crises affecting America today. Zero Biden cabinet officials before the Oversight Committee.

Instead, the majority has allowed other committees to conduct the oversight this committee should be doing. This week alone House committees will hold 14 different hearings with cabinet secretaries and four more with agency heads. Today, the Energy and Commerce Committee will hold a hearing with the Secretary of Health and Human Services, Xavier Becerra.

This committee should have him here to explain why a teacher's union was allowed rewrite the CDC's school reopening guidance to effectively keep thousands of schools shuttered.

A career CDC official told us this level of coordination was uncommon, contradicting Dr. Walensky's assertion it was customary. And while he is at it, let us talk about the CDC's jumbled guidance on all things COVID because CDC continues to push for COVID mandates on Americans but seeks to end public health expulsions for illegal immigrants crossing the southern border—Title 42.

Tomorrow, Secretary of State Antony Blinken will testify before the House Appropriations and the House Foreign Affairs Committees. This committee should have him here to testify about the war in Ukraine, the botched withdrawal from Afghanistan, and the failures of the Afghani refugee program. We have a question—Republicans.

How many Afghans are over here? We can't get an accounting of that. I know this. It is significantly more than we were told were going to come to the United States. That is why committee Republicans have already requested that Secretary Blinken come testify.

Also tomorrow the Secretary of Energy Jennifer Granholm will testify before the Energy and Commerce Committee and the House Appropriations Committee. This committee should be where the Secretary of Energy comes to testify about rising gas prices and this administration's war on domestic energy production.

That is why committee Republicans have already requested that she come to testify before the House Oversight Committee. Today and tomorrow Secretary of Homeland Security Mayorkas will testify before the House Judiciary Committee, House Homeland Security Committee, and the House Appropriations Committee.

I said earlier in today's hearing it is not about the opioid crisis. If it were then Secretary Mayorkas should come here to testify about the crisis at the southern border, a crisis that is directly fueling this drug epidemic.

Republicans on the House Oversight Committee just returned from our second trip to the border and all we heard was about all the fentanyl and crystal meth pouring across the southern border.

We need Secretary Mayorkas here in the Oversight Committee to answer our questions. That is why Republicans on this committee have requested that he come testify. But Democrats and Chairwoman Maloney continue to ignore these requests.

Democrats aren't interested in fact finding. They want the public to believe the opioid crisis is still driven by over prescribing. It is not.

It is driven by the thousands of pounds of fentanyl and other illicit opioids pouring across our southern border every single day because of President Biden's open border policy.

Decreasing funding at the border, halting border wall construction, and allowing illegal immigrants to make a mockery of our immigration laws have made it easy for cartels to smuggle the drugs that are killing people in neighborhoods all over the country.

Last year alone over 100,000 Americans died of opioid overdoses, most of which were caused by illicit opioids that came across our southern border. Yet, this administration does everything in its ability to encourage an open border.

Madam Chair, this is the Oversight Committee. But this committee under Democrat leadership isn't conducting oversight. In fact, a nonpartisan group gave the Oversight Committee a failing grade on oversight.

Cabinet secretaries are finally coming to the Hill. But they are not coming to the Oversight Committee. Democrats' refusal to take seriously the core responsibility of this committee is damaging our institutional credibility.

Who needs an oversight committee that does no oversight? Come next January things are going to change if Americans entrust Republicans with a majority. We will hold the Biden administration accountable on behalf of the American people.

We will seek to root out waste, fraud, abuse, and mismanagement in the Federal Government and Americans will get answers to the issues that matter most to them—why their grocery bills are so high, why it costs so much to fill up their gas tank, why prices for everything are so high, why this administration was focused on keeping children out of school instead of searching for ways to get them back in the classroom, why their communities are overrun

with illegal aliens, why our children are struggling and teens turning to illicit drugs laced with fentanyl coming from our open border.

Next Congress when Republicans take back the House we will conduct robust oversight of this administration and find answers to these and many, many more questions.

Republicans are ready to deliver credible oversight that produces real results. Americans deserve no less from their Congress and no less from the House Oversight Committee.

Madam Chair, thank you, and I yield back.

Chairwoman MALONEY. The gentleman yields back.

Let me briefly say that this should not be a partisan issue because opioid abuse affects all Americans. All of us have people in our district that have died from overdoses, and the recent spike in overdose deaths began under the previous administration.

The Biden administration has surged efforts to address this crisis. The Department of Homeland Security seized more than 14,000 pounds of fentanyl last year and just yesterday released a new plan to further enhance border security.

The Homeland Security has Secretary Mayorkas testifying today. If you want to go to that hearing and discuss that, then go right ahead and do that. But today we are looking at, really, the second cause of death in America. It is preceded only by COVID.

For a long time we had more deaths from overdoses, and you will see that there were practices where they were giving rebates. Pay them more. Pay them more if you kill more people.

I always try to find a bill to answer problems. What do you do, put a bill in don't kill people? It is outrageous what they have done. It is serious. It needs to be looked at. The conflict of interest has to be looked at and it has to stop.

Now, I ask unanimous consent to put a listing of the 26 hearings that we have had in this committee, many of them with people that are in the administration, and on many issues that are important.

Chairwoman MALONEY. But nothing is more than hope important than the health of the American people and opioids is causing too many deaths. It is addictive. They said it wasn't addictive when it was addictive. It is a serious health problem. It needs to be addressed, and I hope we will focus on the issue before us.

Now we need to move on and I would like to introduce our witnesses. Our first witness today is Bob Sternfels, who is the global managing partner with McKinsey and Company, and I now will recognize Ms. Pressley to introduce our next witness, AG Healey. She will recognize AG Healey and we thank her so much for coming.

Ms. Pressley?

Ms. PRESSLEY. Good morning. Thank you, Madam Chair. It is really my distinct privilege to introduce Maura Healey, the attorney general for the Commonwealth of Massachusetts.

As the people's lawyer, General Healey has been a national leader in efforts to confront the opioid public health crisis, which has decimated communities and families in the Massachusetts Seventh and throughout the country.

She has been a champion for families and communities targeted, victimized, and traumatized by the corrupt and malicious actors that have profited from the opioid epidemic.

Most notably, Attorney General Healey created a first of its kind, a restorative justice-focused opioid recovery and remediation fund that takes the ill-gained profits from companies like McKinsey and uses them to expand access to opioid use disorder prevention, intervention, treatment, and recovery options.

Attorney General Healey, I applaud your leadership. I thank you for your many years of friendship and steadfast partnership, and I welcome you back to the House Committee on Oversight and Reform.

Ms. HEALEY. Many thanks to you, Congresswoman Pressley, for your work on behalf of so many families devastated by this opioid epidemic and crisis.

To Chairwoman Maloney, Representative Comer, members of the committee, thank you for holding this important hearing.

Chairwoman MALONEY. AG Healey, we are introducing all of the people and then we are coming back to you, very briefly.

But, unfortunately, AG Healey has a hard stop at 11 o'clock, but when she leaves she will be replaced on the panel by Gillian Feiner, who is a senior enforcement counsel in the Massachusetts AG office.

Next we will hear from Uttam Dhillon, who is the chair of the Regulatory Defense Compliance and White Collar Practice Group at Michael Best & Friedrich. Finally, we will hear from Jessica Tillipman, who is the assistant dean for government procurement law studies at George Washington University Law School.

The witnesses will be unmuted so we can swear them in. Please raise your right hand.

Do you swear or affirm that the testimony you are you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[Witnesses are sworn.]

Chairwoman MALONEY. Let the record show that the witnesses answered in the affirmative. Thank you. And without objection, your written statements will be made part of the record.

With that, Mr. Sternfels, you are now recognized for your testimony, and you will be followed by Attorney General Healey.

Thank you.

**STATEMENT OF BOB STERNFELS, GLOBAL MANAGING
PARTNER, MCKINSEY AND COMPANY**

Mr. STERNFELS. Chairwoman Maloney, Ranking Member Comer, and members of the committee, thank you for the opportunity to be here today to discuss our history, policies, and approach to client service.

McKinsey is one of the world's leading providers of business and organizational consulting services serving the largest and most significant American and multinational companies, institutions, foundations, and not for profit entities.

We were founded in Chicago in 1926, and today we encompass more than 38,000 employees globally with more than 12,000 employees in the United States. We are currently serving more than

3,000 clients and nearly half our revenues come from clients headquartered in the United States.

Our work is deeply rooted in American values, including the principles of economic growth and mobility, business innovation, sustainability, community development, and the rule of law.

Our approach to client service is centered on evidence-based empirical research, fact-based problem solving, rigorous data gathering, and deep economic analysis. Our consulting services often require us to work with the clients' most sensitive, confidential, and competitively important information.

The protection of this information entrusted to us is, therefore, a fundamental value at McKinsey and the backbone of our policies on conflict of interest. This is why we have a comprehensive set of policies and procedures designed to maintain client confidences, protect client data, and avoid [technical issue].

We have also adopted practical guardrails that are important to us and our clients, including long-standing restrictions on staffing projects where confidential information from one client could be used against another client.

These policies and procedures are core to who we are as a firm, and when we serve the U.S. Government we take additional measures to ensure compliance and accountability. We have a separate legal entity with dedicated physical space and technology, and additional policies also apply, including our organizational conflicts of interest policy, which follows the requirements of Federal Acquisition Regulation.

We also recognize that we must continue to evolve and strengthen our approach to governance and client service. As part of our own continuous improvement, in 2019, we launched a more rigorous framework and set of criteria to determine which clients we serve and on which topics.

It is by far the most comprehensive and complete client service framework in our industry today. We have substantially increased our internal resources in the area of risk, legal, and compliance. In the last four years alone, our investment and professional staff compliance training, technology, and related activities have topped \$600 million.

I would now like to turn to the committee's recent staff report about McKinsey's work for Purdue Pharma and the FDA. Most importantly, McKinsey did not—did not serve both the FDA and Purdue on opioid-related matters.

As both McKinsey and the FDA have made clear, our work for the FDA focused on administrative and operational topics, including improvements to organization structure, business processes, and technology.

In response to congressional questions, the FDA have been equally clear. McKinsey did not consult about any specific drug product or product class, and none of our contracts with the FDA are related to opioids.

The staff report has additional flaws. It looked at a time period of the work without examining the nature of the work. It implied incorrect conflict standards and it took large speculative leaps to reach unwarranted findings.

As one example, the staff report incorrectly said McKinsey shared confidential FDA information with its private sector clients. In fact, the referenced content was publicly published by the FDA more than eight months earlier.

Madam Chairman, we fully recognize—fully recognize the terrible consequences of the opioid epidemic. We have acknowledged our role in serving opioid manufacturers and we apologize for that work.

We have been committed to being part of the solution, including funding and a settlement that provides more than \$575 million to prevention, treatment, and recovery efforts. We are committed to continuing to provide service that are consistent with our values and guided by our strong policies on client service and conflict of interest.

Thank you, and I would be happy to answer questions today.

Chairwoman MALONEY. Thank you.

Attorney General Healey, you are now recognized for your testimony.

STATEMENT OF MAURA HEALEY, ATTORNEY GENERAL OF MASSACHUSETTS

Ms. HEALEY. Thank you, Chairwoman Maloney.

Chairwoman, Representative Comer, members of the committee, thank you for convening this important hearing. I am grateful to be here today on behalf of the people of Massachusetts, and I am here to explain to you why my team investigated McKinsey for its role in the opioid crisis, what we uncovered, and what we did about it.

I am here today because of the families who have been so hurt by this opioid crisis, thousands of people in our state, hundreds of thousands across this country, who today need access to treatment and recovery and harm reduction, parents who have lost their children, grandparents who are raising their grandchildren.

When I became attorney general, I promised that I would uncover what caused this crisis. I would hold the perpetrators accountable and make sure that nothing like this ever happens again.

In March 2015, I opened my investigation into Purdue and the Sackler family, and that investigation led to further investigations, including our investigation of McKinsey and its role in fueling this opioid crisis.

As attorney general, I follow the facts. I follow the law. We are prosecutors. We are investigators. We subpoenaed documents, we uncovered information, and here is what we learned about McKinsey. Through millions of confidential documents from Purdue Pharma, from the Sacklers, and from McKinsey, this is what we learned. We learned how McKinsey worked directly with Purdue and the Sacklers to turbo charge Oxycontin sales exactly at the time when people in Massachusetts were overdosing and dying.

We learned that McKinsey consultants worked directly with the Sackler billionaires who controlled Purdue. We found that McKinsey told the Sacklers to target the most dangerous prescribers who put the patients on opioids at the most highest levels and at the highest doses for the longest periods of time.

We found that McKinsey coached Purdue to band together with other opioid companies to defend against strict treatment by the FDA. We found that at the same time that McKinsey was working for Purdue the same McKinsey consultants were, in fact, also working for the FDA.

McKinsey went so far as to brag about this. They wrote to Purdue's CEO that Purdue should hire McKinsey because of, quote, "who we know," close quote, including, specifically, because McKinsey worked for the FDA.

We found that McKinsey did not want the world to know what it was doing. When I sued the Sacklers, McKinsey consultants read about my investigation and lawsuit and actually planned to delete their documents and emails. They wrote that they were going to destroy the evidence because, quote, "someone might turn to us," close quote.

I wasn't about to let them get away with that. I worked with attorneys generals from both parties to secure a national resolution that made McKinsey pay for its misconduct, forced McKinsey to change its practices, and required McKinsey to turn over its documents to the public for all to see.

I want to thank Colorado Attorney General Phil Weiser and many other colleagues for working with me to hold McKinsey accountable. I submitted for the record the court order that requires McKinsey to pay and change its ways.

First, we required McKinsey to pay more than \$500 million to address the opioid crisis nationwide. In Massachusetts, every dollar that we recovered is going to treatment, prevention, and harm reduction through a trust fund that is overseen by public health experts, by families who have experienced substance use disorder, and by representatives from Massachusetts' cities and towns.

Second, we banned McKinsey from the opioid business forever.

Third, if McKinsey ever tries to do business with any state, county, or city anywhere in America, we require that McKinsey must disclose its conflicts of interest in writing.

Fourth, to make sure that McKinsey never tries to destroy evidence again, we required McKinsey to preserve for five years every email and instant message by any of its employees working on any matter anywhere in the world.

And fifth, we required that the documents we uncovered from McKinsey's own files will be published on the internet so that families who are hurt and everyone else can see the evidence for themselves.

I applaud Chairwoman Maloney and this committee and your staff for taking on this important matter. The report that you released this month and the hearing that you are holding today will help expose dangerous misconduct.

On behalf of the people of Massachusetts, I thank you.

Chairwoman MALONEY. Thank you for your leadership and thank you for your testimony.

Mr. Dhillon, you are now recognized for your testimony.

STATEMENT OF UTTAM DHILLON, CHAIR, REGULATORY DEFENSE, COMPLIANCE AND WHITE COLLAR PRACTICE GROUP, MICHAEL BEST & FRIEDRICH, LLP

Mr. DHILLON. Chairwoman Maloney, Ranking Member Comer, and distinguished members of the Committee on Oversight and Reform, thank you for inviting me to testify today.

In 1997, I joined the House Government Reform and Oversight Committee as a senior investigative counsel, the first of several positions I have been fortunate to hold on the Hill. So, I am very pleased to return to this hearing room to serve as a witness at today's hearing.

I began learning about drug enforcement in the 1990's when I served as an assistant United States Attorney in the Central District of California, prosecuting drug traffickers and gang members, often one and the same.

During the second Bush Administration, I was nominated by the President and unanimously confirmed by the Senate as the first director of the Office of Counter Narcotics Enforcement at the Department of Homeland Security, a drug policy office responsible for working with DHS' counter narcotics agencies.

And more recently, I had the honor and the privilege to lead the brave professionals of the Drug Enforcement Administration and to serve as the director of Interpol Washington.

Today, the United States is experiencing the third wave of the opioid crisis. The first wave began with a flood of prescription opioids.

Increased pricing and better regulation led to a cheaper, more powerful alternative to prescription opioids—heroin—starting the second wave. The source of the second wave was predominantly Mexican drug cartels who poured cheap heroin into the U.S., resulting in increased heroin seizures along the Southwest border and a dramatic rise in overdose deaths.

Today, we are in the third wave of the opioid crisis, distinguished by the introduction of synthetic opioids such as fentanyl into the illicit U.S. drug market. This third wave is driven, largely, by the Mexican drug cartels and China's willingness to sell fentanyl and fentanyl precursors to those cartels.

Synthetic opioids such as fentanyl are easy to produce, easy to conceal, and more lucrative than other drugs. Unlike illicit drugs such as cocaine and heroin, drug traffickers do not need to control large areas of land to grow coca or opium, the plants from which cocaine and heroin are derived, nor are they subject to natural forces like droughts or blight.

The barriers for entry into this synthetic drug market are relatively low. All you need is a base understanding of chemistry—a basic understanding of chemistry, access to the right chemicals, and a distribution network.

Mexican drug cartels possess these three operating requirements and their pivot into synthetic opioids was as deadly as it was swift.

Last year, largely, as a result of illicit drugs smuggled into the U.S. across our Southwest border, over 100,000 Americans died from a drug overdose with more than 70 percent dying from synthetic opioids such as fentanyl.

That is an increase of 30 percent from the previous year. Add to that the countless number of Americans suffering from substance addiction and this crisis touches virtually every American.

DEA's most recent National Drug Threat Assessment issued in March of last year describes the Mexican drug cartels, also known as transnational criminal organizations due to the global nature of their criminal activity, as, quote, "the greatest drug trafficking threat to the United States," close quote.

These organizations, most notably the Sinaloa Cartel, and the Cartel de Jalisco Nueva Generacion, more commonly known as CJNG, are large, well-funded, and exceedingly violent.

They operate with relative impunity in Mexico and are responsible for tens of thousands of murders and disappearances in that country, and the cartels are taking advantage of our unsecured Southwest border by flooding our communities with fentanyl, methamphetamine, cocaine, and heroin, and they show no signs of abating.

To make matters even worse, since late 2020, the relationship between U.S. and Mexican law enforcement has deteriorated significantly. Last year, Mexico's government enacted strict regulations curtailing foreign law enforcement in Mexico by essentially requiring DEA to tell Mexican authorities about its operations and activities in Mexico.

Given the massive corruption in Mexico, this was the equivalent of requiring DEA to communicate its intelligence and law enforcement strategies directly to the drug traffickers.

And just last week, it was reported that one year ago Mexico disbanded a select anti-narcotics unit known as the Sensitive Investigative Unit that DEA had been working with for more than two decades.

These actions by the Mexican government are devastating blows to DEA's ability to fight transnational organized crime in Mexico. Mexican President Andres Manuel Lopez Obrador's anti-law enforcement tactics are making it very difficult for U.S. law enforcement to effectively fight and defeat the drug traffickers, largely, responsible for the illicit drugs driving America's overdose crisis.

The unfortunate result of all of this is that without immediate action to secure the Southwest border and reestablish an effective working relationship between U.S. and Mexican law enforcement, Mexican drug trafficking organizations will continue to grow stronger in the foreseeable future and we can expect to see increasing amounts of illicit drugs entering our country, poisoning our communities, and killing even more of our fellow citizens.

Thank you for the opportunity to testify today and I look forward to answering the committee's questions.

Chairwoman MALONEY. Thank you.

Professor Tillipman, you are now recognized for your testimony. Thank you.

**STATEMENT OF JESSICA TILLIPMAN, ASSISTANT DEAN FOR
GOVERNMENT PROCUREMENT LAW STUDIES, GEORGE
WASHINGTON UNIVERSITY LAW SCHOOL**

Ms. TILLIPMAN. Chairwoman Maloney, Ranking Member Comer, and the members of the committee, thank you for inviting me to

testify in this legislative hearing. I am Jessica Tillipman, the assistant dean for government procurement law studies at the George Washington University Law School.

In addition to leading the law school's government procurement law program, I teach our anti-corruption and compliance course. The interim majority staff report provides the compelling case study in how conflicts and compliance issues significantly undermine the public's confidence in our procurement system and the contractors that provide the U.S. Government with critical goods and services.

The U.S. Government procurement system aspires to obtain the best goods and services from the best firms at the best prices. To attain these goals and ensure taxpayer dollars are appropriately safeguarded, the Federal acquisition, or FAR, makes clear that the government procurement process demands the highest commitment to ethical and unbiased conduct.

To maintain integrity in the system, entities that do business with the government are subject to a patchwork of requirements, restrictions, and compliance obligations.

The House report presents two important questions. First, whether the FAR's current organizational conflict of interest, or OCI framework, adequately addresses potential conflicts between a contractor's public sector and private sector work, and if not, what legislative changes could help avoid potential conflicts of this nature in the future?

With respect to the first question, any objective observer with a basic understanding of the FAR and access to Google would conclude that existing OCI regulations most certainly cover conflicts between a contractor's public and private sector work.

As to the second question, the OCI language in the FAR, which has remained largely unchanged since 1984, should be revisited. It is no longer reflective of modern procurement practices and the sophisticated body of OCI case law that has developed over the past several decades.

OCIs are generally separated into three categories, but most relevant today is what is referred to as an impaired objectivity OCI, which may arise where a contractor's outside business relationships create an economic incentive to provide biased advice under a government contract.

Experience suggests that OCIs are more likely to occur in contracts involving certain services, such as management support services and consultant or other professional services. The FAR requires a contracting officer to avoid, neutralize, or mitigate significant potential conflicts before contract award.

To fulfill this obligation, contracting officers depend on contractors to disclose actual or even apparent OCIs. The failure to disclose information required by an applicable OCI clause can lead to a multitude of adverse consequences, including contract termination, prosecution for false statements, False Claims Act liability, or even suspension and debarment.

Given the potentially severe consequences for failure to disclose an actual or potential OCI, most experienced contractors take affirmative steps to identify potential conflicts of interest and, to the best of their ability, mitigate them by, for example, developing fire-

walls, executing nondisclosure agreements, or shifting work to a neutral unaffiliated third party.

All of the issues highlighted in the House report must be considered against the backdrop of a growing global consensus on the importance of internal ethics and compliance programs designed to prevent, detect, and mitigate ethics and corruption risks.

Given the heightened corruption risks and compliance obligations associated with government contracts, most sophisticated government contractors have invested heavily in risk-tailored ethics and compliance programs to reduce the risks they face.

Moreover, given the increased OCI risks associated with contracts involving management support and consulting services, contractors providing services of this nature would be expected to dedicate a greater proportion of their compliance resources to this particular aspect of their compliance program.

Notably, merely adopting an OCI policy is not enough. An official policy that appears strong and protective is virtually meaningless if ignored. To be clear, an occasional violation or deviation does not mean that compliance program is ineffective.

However, evidence of a systemic disregard for compliance policies and procedures, particularly when committed by senior leaders, is often very strong evidence of a weak culture of compliance.

In 2011, the FAR Council thoughtfully proposed a revision of the FAR's OCI rules that addressed numerous outstanding issues.

Although the rule was ultimately withdrawn, the House report reminds us that it is time to revisit the work the FAR Council began over a decade ago and bring greater awareness and compliance attention to this important issue.

Thank you for the opportunity to discuss this important matter with you. I would be pleased to answer any questions.

Chairwoman MALONEY. Thank you for your testimony.

I now recognize myself for five minutes.

Attorney General Healey, your investigation revealed that McKinsey helped drug companies increase opioid sales and fight against meaningful regulation of opioids. Based on your investigation, did McKinsey advise Purdue to undermine Federal drug safety measures, and if so, how?

Ms. HEALEY. Thank you, Congresswoman. The answer to that is, quite simply, absolutely and it is infuriating, and it spanned many years.

If you go back to 2008, there was a time when the FDA was actually trying to create a safety program for Oxycontin and impose stricter standards, and at that time, McKinsey was actively coaching Purdue on how to band together with other opioid companies to fight against those stricter safety requirements.

The FDA never implemented the stricter requirements and, of course, the opioid epidemic just kept getting worse. I submitted today McKinsey's own email from their very own files as the first exhibit with my testimony, from their own mouse marketing to Purdue and the Sacklers that their relationship, basically, with the FDA was something that would benefit Purdue and its bottom line.

Now, you move forward to 2013, another example. This is at a time when Americans were overdosing and dying of opioids. McKinsey is telling the Sacklers to, quote, "turbo charge"

Oxycontin sales by relentlessly targeting doctors who wrote the most dangerous prescriptions for the most patients at the highest doses possible, a calculated effort to specifically target those prescribers. This is from McKinsey as a way to boost more Oxy sales by Purdue.

McKinsey consultants went so far as to actually get in the car with Purdue sales representatives to go pitch opioids to doctors, and McKinsey went to Purdue's national sales meeting to push their scheme to sell more drugs.

We found that McKinsey time and time again worked directly with Purdue to oppose efforts directed at safety and knowing what was happening in terms of people becoming sick, overdosing, and dying. McKinsey designed schemes to get more people on opioids and, as a result, more people suffered and died.

And I want to raise something as well that I find really appalling. One thing that we uncovered is that as thousands of people in America were dying, McKinsey was briefing Purdue on ways to salvage the opioid business with health insurance companies because there was more pressure being brought to bear as more recognition that these prescription opioids which in Massachusetts alone have accounted for two-thirds of all overdoses in our state since 2009—that while this is happening and more focus and attention is being brought to bear, McKinsey is advising Purdue on how to deal with this and, in particular, concerns raised by insurance companies.

So, here is what McKinsey proposes. They actually propose paying a rebate to the insurers for each patient who overdoses. Their analyses show that paying a rebate could be a, quote, “attractive option” for Purdue if the payment was in the range of \$6,000 to \$14,000 for each patient who was harmed. The money wouldn't go to the patient but it would go to the insurance company to encourage them to keep paying for Purdue's drugs.

While we don't believe that this rebate proposal ever got traction, it is evidence that McKinsey shouldn't be in this business and it is emblematic of the kind of activity that McKinsey engaged in with Purdue.

And to answer your question, it absolutely undermined public safety.

Chairwoman MALONEY. Thank you.

Mr. Sternfels, our committee found that McKinsey made more than \$140 million consulting for the FDA in 2008 but McKinsey has never publicly disclosed how much it made working for private opioid companies.

How much money was your firm paid by Purdue and other opioid manufacturers?

Mr. STERNFELS. Congresswoman, I don't have that number today. If that is of interest, I am happy to dig that up and come back to this committee.

Chairwoman MALONEY. Fine.

Attorney General Healey, how much money was McKinsey paid by Purdue? Do you know?

Ms. HEALEY. Forgive me. I was unmuting. Eighty-six million dollars.

Chairwoman MALONEY. Eighty-six million dollars. That is a lot of money and that is just one of four companies that they were paid

privately, and we know what kind of advice that brought with that money, advice on how to fight Federal regulation, increase its own bottom line, knowing that it would lead to more opioid overdoses.

I have many questions but my time is almost expired and I want to stick very strictly with the five-minutes because AG Healey has an 11 o'clock leave and I want more people to get to her.

But, Mr. Sternfels, can you please make a commitment that you will give to this committee the documents that we have requested by Friday?

Mr. STERNFELS. Chairwoman, as we have made very clear, our intent is to work fully with this committee to answer all the scope of questions that you have answered and we will continue to do that. So, I think, as we had indicated going into this, we are not done on answering your questions and you have my commitment that we will continue to provide the information.

Chairwoman MALONEY. Thank you. Thank you. Very briefly, will you commit to turning over the complete client list and staffing information the committee required requested in November in our November letter by this Friday?

Mr. STERNFELS. We will continue to keep working with you, Congresswoman, on the questions that you need. Our team is not disbanding on helping answer your questions.

Chairwoman MALONEY. Well, the families destroyed by the opioid epidemic deserve accountability from your company and we will not stop until we get it.

My time has expired. I now recognize the gentlelady from North Carolina.

Ms. Foxx, you are now recognized for five minutes.

Ms. FOXX. Thank you, Madam Chair, and if I go over a little bit I will note the clock went off but you kept talking.

Limiting the supply of opioids available on our streets is crucial to preventing opioid abuse and overdoses. That is why I introduced the Return Act, which aims to pave the way for drug take-back programs to provide incentives for individuals to turn in their unused opioids for destruction.

Simply put, we need to keep these drugs off our streets and prevent illegal opioids such as fentanyl ever crossing our border.

Mr. Dhillon, would you agree that stopping the illicit trafficking of fentanyl across our southern border is, arguably, the most important thing we can do to limit opioid overdose deaths?

Mr. DHILLON. Absolutely.

Ms. FOXX. Thank you. Mr. Dhillon, would the administration's actions such as moving to rescind Title 42 and moving to stop construction of the border wall help stop the flow of fentanyl into the country?

Mr. DHILLON. Anything that prevents drug traffickers from entering into the United States is a good thing. Anything that allows a free flow of individuals without screening across our Southwest border allows drug traffickers, human traffickers, terrorists, and others to freely enter the United States. So, anything that prevents that is a bad thing.

Ms. FOXX. So, do you think that finishing construction of the border wall will help CBP gain operational control over the border and slow down drug traffickers?

Mr. DHILLON. Absolutely. Any barrier helps Customs and Border Protection. As I am sure you know, if you visited the border, Border Patrol will tell you that a wall, a barrier of any kind that delays the entry—the illegal entry into the United States gives them the opportunity to evict those individuals.

Ms. FOXX. Yes. It is just common sense.

Mr. DHILLON. It is just common sense. I also would like to say—

Ms. FOXX. Could I ask you another question?

Mr. DHILLON. Yes, ma'am. But if I could just on CBP, a point that I would like to make, in Fiscal Year 2021, the highest year on record for assaults against CBP officers in history, I think that demonstrates what is happening at our Southwest border today.

Ms. FOXX. Thank you. During your tenure at the Drug Enforcement Administration you oversaw the first annual decrease in overdose deaths in 30 years. The Trump DHS set an all-time high for the amount of drugs seized at the border and the Trump administration awarded a record amount in Federal grants in support of drug interdiction and public health programs.

What should we do to build off those successes?

Mr. DHILLON. We need increased border security. We need to re-establish our law enforcement relationship with Mexico. It is critical for the Drug Enforcement Administration to be able to fight drug traffickers at home where they live in Mexico.

Right now, drug traffickers, as a result of the policies of the Mexican administration, have free rein in Mexico. They have free rein at the border. There are literally hundreds if not thousands of drug traffickers associated or members of drug cartels—the Sinaloa Cartel, the CJNG Cartel—right here in the United States. We need to attack them at all those levels.

Ms. FOXX. Right. Republicans have sent five letters to the chairwoman asking her to hold a hearing on Biden's border crisis and the need to secure the southern border. So far, we have not heard any hearing—had any hearings on this issue.

If we do not address the crisis at the southern border will we be able to stem the tide of opioid abuse in this country?

Mr. DHILLON. Absolutely not. I believe that if we do not secure the Southwest border, the drug cartels will continue to flood this country with even more fentanyl, methamphetamine, cocaine.

It is important to recognize also that Americans are dying at record numbers from methamphetamine and cocaine overdoses. We are focusing on fentanyl because we see more Americans dying as a result of opioids.

But there are other drugs that are killing Americans, too. We have record overdose deaths here and the only way to stop it is to stop the drugs from coming into the U.S. and the majority are coming through the Southwest border.

Ms. FOXX. Well, you already touched on my last questions in that comment, but just, say, all together, that there is a lot at stake on the southern border if we do not stop this drug trafficking, and you have mentioned the transnational criminal organizations coming into our country.

Are they going to continue to grow and import their violence into the U.S.?

Mr. DHILLON. Absolutely. There is no reason for them not to. This is a multi-billion dollar trade and when you have billions of dollars involved and criminal organization—global criminal organizations fighting for every dollar, you can expect violence to increase as a result.

Ms. FOXX. Thank you. Thank you, Madam Chairman. I didn't need my time.

Chairwoman MALONEY. The gentlelady yields back.

As announced at the beginning of this hearing, Attorney General Healey has a hard stop at 11 o'clock. Attorney General Healey, we thank you for your testimony. You are excused. We will pause for a moment while Ms. Feiner gets on the camera. Thank you so much for your leadership.

Ms. HEALEY. Thank you.

[Pause.]

Chairwoman MALONEY. Thank you. The gentlelady from the District of Columbia, Ms. Norton, is recognized for five minutes.

Ms. Norton?

Ms. NORTON. Thank you, Madam Chair, for this important hearing. It is only in recent years that McKinsey's role in helping Purdue to flood the—our communities with highly addictive painkillers has come to light. Two weeks ago, the committee released an interim staff report that found that McKinsey didn't just work for both FDA and Purdue, they staffed some of the exact same people for those contracts.

Dean Tillipman, when a government contractor uses the exact same personnel for both private sector and public sector work, are there any potential red flags for conflict of interest?

Ms. TILLIPMAN. Thank you for your question, Congresswoman.

An OCI analysis is very fact-intensive analysis. Nevertheless, depending on the nature of that work, if there is a potential of significant overlap it could raise significant red flags about the presence of an OCI.

Ms. NORTON. Mr. Sternfels, you are the global managing partner of McKinsey. You have also held roles with responsibility for McKinsey operations. The buck, therefore, clearly, stops with you.

When did you first become aware that McKinsey staffed the same consultants at Federal regulators and private sector companies with matters before them?

Mr. STERNFELS. Thank you, Congresswoman, and I would also just start by we fully recognize the travesty that this crisis has had in America and we have lost several of our colleagues in the epidemic as well.

As you note, I became our global managing partner in July of last year is when I took over—

Ms. NORTON. Is that when you became first aware?

Mr. STERNFELS. That is when I took over this current role and I became aware of our staffing, actually, on this particular issue with—associated with my responsibilities around that time.

Ms. NORTON. Every single one of the 37 FDA contracts examined by the committee had at least one McKinsey consultant who also consulted for Purdue Pharma on it.

The committee found at least 22 consultants who worked at FDA and opioid manufacturers since 2008. On one project in 2011,

McKinsey consulted for an FDA office responsible for multiple drug safety matters on setting that office's priorities for, and I am quoting, "strategic goals and priorities" and asked McKinsey to help weigh—again, I am quoting—"the adverse impact of drugs on health in the U.S." At least four non-McKinsey consultants worked on the same contract—on this contract and worked for Purdue at the same time.

Mr. Sternfels, are there today consultants working on Federal Government contracts who are also working for private sector clients with business before those agencies?

Mr. STERNFELS. Congresswoman, I am aware that we have some subcontracts in place today with the FDA, for example. I am not aware if any of the currently staffed members also work in industry.

I will point you to the fact that this notion of conflict of interest—I would go to Professor Tillipman—is not rooted in the individuals. It is rooted in the nature of the work, to quote her own statement, and what we—

Ms. NORTON. Well, will you commit today that McKinsey will stop staffing consultants on projects for Federal agents and private sector clients with business before those agents—agencies?

Mr. STERNFELS. I will commit today and remain committed that we will not staff on any topical areas that are in direct conflict, Congresswoman. That is the nature of OCI FAR.

We take compliance with that incredibly seriously. We take disclosure incredibly seriously, and we will make absolutely sure that we comply with all rules and regulations that are appropriate with that.

Ms. NORTON. Thank you. I just want to say that just yesterday the FDA announced it would not be engaging in any further contracts with McKinsey. I encourage all Federal agencies to reevaluate whether they should be spending taxpayer time on that firm.

[Pause.]

Ms. NORTON.

[Presiding.] The gentleman from Wisconsin, Mr. Grothman, is recognized for five minutes.

Mr. GROTHMAN. Thank you. I would like to thank the committee chairman for having this hearing. I don't think we can really have too many hearings on the drug companies and maybe the excessive influence they have on our bureaucracy.

We, right now, have in the most recent 12-month period 110,000 deaths from illegal drug overdoses. I will ask Mr. Dhillon could he comment on those deaths and which drugs, in particular, you think are responsible for the 110,000?

Mr. DHILLON. Which drugs are most responsible?

Mr. GROTHMAN. Yes.

Mr. DHILLON. Opioids are as a general category. So, that would include synthetic opioids such as fentanyl and natural opioids such as heroin, and prescription drugs—prescription opioids. That group together is responsible for the vast majority of the overdoses.

Mr. GROTHMAN. I am told right now fentanyl is the biggest of the bunch. Is that—

Mr. DHILLON. Absolutely. That is correct.

Mr. GROTHMAN. And where do those drugs come from?

Mr. DHILLON. Largely, they come from Mexico. The drugs are imported either as fentanyl into Mexico and then brought by the cartels across our Southwest border, or precursor chemicals come from China into Mexico. The drug cartels then manufacture the fentanyl and bring it across the Southwest border.

Mr. GROTHMAN. OK. I was told by my local DEA guy that he thought maybe 100 percent of the deaths in Mexico came from fentanyl brought across the southern border. I mean, 540—could all 540? But that is what he speculated.

Mr. DHILLON. Yes, that is probably—I always hate to say—hesitate to say 100 percent. But there is virtually no, that I know of, illicit fentanyl manufacturing occurring in the U.S. It is almost entirely in foreign countries and then brought into the U.S.

Mr. GROTHMAN. Could you comment—and I was down on the border last week, and it is so frustrating to see 110,000 deaths and nobody, seemingly, caring very much because you would figure as a minimum we would begin to try to cutoff the spigot and, actually, things are going the opposite way right now.

We have less drugs being captured because the Border Patrol is busy doing other things. Could you comment on our efforts being made to stem the tide of drugs across the southern border? It seems like—it seems like it goes up 80,000, 90,000, 100,000, 110,000, the less we guard the border. Could you comment on that?

Mr. DHILLON. Well, I want to say that the men and women of the Border Patrol and Customs and Border Protection, I know, are doing their very best. They are overwhelmed.

I view the border at this point as, essentially, an unguarded border and the cartels are aware of that. They are actually—they actually plan at times to surge migrants to the borders so that they can take Customs and Border Protection—I am sorry, Border Patrol—off the line.

So I believe, at this point, large swaths of our Southwest border are, essentially, unprotected, allowing for anybody—drug traffickers, human traffickers, terrorists—to cross our border at will and enter into the United States.

Mr. GROTHMAN. Can you say we, as a government, care about the 110,000 who died last year and still have an open border?

Mr. DHILLON. I believe that once—in my view, establishing border policy, immigration policy, one cannot ignore national security, and national security, a part of that, is looking at how these drug cartels are affecting and killing our citizens.

So, in my view, it is impossible to have or to have a drug—a border policy that doesn't also take into account national security.

Mr. GROTHMAN. Ultimately, people should go to prison or suffer some penalty for that, I would think. Some people consider sales or trafficking in fentanyl or other deadly drugs nonviolent crimes.

Do you consider that nonviolent?

Mr. DHILLON. I could not disagree more with that contention. You have—over 100,000 Americans were murdered by drug traffickers last year. That is violence. Talk to any individual who has lost a family member. Look in their eyes and you will see the pain. This is a violent crime. This is a—this is not a victimless crime. Drug trafficking has created—

Mr. GROTHMAN. Do you think we should increase the mandatory minimums on fentanyl? Right now you have to have more fentanyl than heroin to get the mandatory—

Mr. DHILLON. We absolutely should be increasing the mandatory minimum on fentanyl's. I am a firm believer in mandatory minimums for drug traffickers and I believe that the fentanyl mandatory minimum should be increased. Incarceration works.

Putting drug traffickers in jail works. Right now, we have overdose deaths because the supply is high. The only way to attack the supply is to seize those drugs and put the traffickers in jail.

Mr. GROTHMAN. Thank you. Final question. There are allegations, which I believe, by the way, that the relationships between the regulatory agencies and the pharmaceutical industries are too cozy and, as the result, there are some drugs we are not looking into.

Do you believe that sometimes the relationship between big pharma and the drug companies is too cozy in this country?

Mr. DHILLON. That is not something that I can actually address, sir. I can say that when I was the head of DEA there was no cozy relationship between DEA and the pharmaceutical companies.

Ms. NORTON. The gentleman's time has expired. Thank you very much.

I call now the gentleman from Georgia, Mr. Johnson, who is recognized for five minutes.

Mr. JOHNSON. Thank you, Madam Chair.

Mr. Sternfels, isn't it true that since 2008 the Food and Drug Administration has paid McKinsey more than \$140 million in taxpayer money?

Mr. STERNFELS. We have been serving the Food and Drug Administration since that time, Congressman.

Mr. JOHNSON. And you have received \$140 million over that time, correct?

Mr. STERNFELS. I don't know the exact number but it sounds about right.

Mr. JOHNSON. And, Mr. Sternfels, isn't it also a fact that \$40 million of those fees came from the FDA's Center for Drug Evaluation and Research, which oversees numerous opioid-related programs?

Mr. STERNFELS. Congressman, I don't have the splits by program. If that is of interest, I am happy to provide that back to the committee.

Mr. JOHNSON. Sure. Sure. But, I mean, you won't disagree with the fact that your firm, McKinsey, took money from the FDA's Center for Drug Evaluation and Research, which oversees numerous opioid-related programs, correct? You won't disagree with that?

Mr. STERNFELS. No, Congressman. I would agree with you that we did work on, I think, what is called CDER as the acronym for that, and it might make sense to also describe what we actually did with CDER because, as I think the committee knows, it covers all drugs, not just opioids. We worked on—

Mr. JOHNSON. But it does include opioids, though, correct?

Mr. STERNFELS. It does, and we worked—

Mr. JOHNSON. And isn't it true, Mr. Sternfels, that at the same time that McKinsey was taking money consulting from the FDA that McKinsey was also consulting with the opioid manufacturers,

including Purdue Pharma, Johnson & Johnson, Mallinckrodt Pharmaceuticals, and also Endo International, correct?

Mr. STERNFELS. We work with a host of pharmaceutical companies and—

Mr. JOHNSON. At the same time that you were working with the Federal Government, correct?

Mr. STERNFELS. We work, Congressman on different topic areas.

Mr. JOHNSON. Now, Mr. Sternfels, when was it that McKinsey first alerted the Federal Government to the fact that you were also working with the opioid companies?

Mr. STERNFELS. If you look through the history of our work with the FDA in our proposal process, Congressman, we have made multiple mentions in our proposals of our experience both in the pharmaceutical industry and—

Mr. JOHNSON. But when did—when was it—when did you first alert the Federal Government that you were working for the opioid companies at the same time?

Mr. STERNFELS. I can't point to the first specific instance. But I can tell you there were over 40 references for one partner in particular about our work with pharmaceuticals and over 20 over a period of several years that he had specific experience with opioids.

Mr. JOHNSON. So, isn't it a fact, though, Mr. Sternfels, that while your company was receiving money from the Federal Government that it failed to disclose to the Federal Government that it was also taking money from the pharmaceuticals? Isn't that correct?

Mr. STERNFELS. I think that is incorrect, Congressman, with respect. We made very clear that we were working both with the industry and with opioids, in particular.

Mr. JOHNSON. From day one with the Federal Government you are contending that McKinsey let the government know that it was also taking money from the pharmaceutical industry?

Mr. STERNFELS. I will figure out if it is from day one.

Mr. JOHNSON. From the opioid industry, actually.

Mr. STERNFELS. And, Congressman, if the first date is of interest, I will find that. I looked for total references and there is many. But I will go back and get you when the first date that—and as recently as yesterday we have seen the FDA come out on record both about the work that we did with them and our relevant experiences in the industry and in opioids. So, if it is useful, I will go back and get you the actual first date if that is helpful.

Mr. JOHNSON. Yes. I would like for you to do that. I would like for you to do that. And do you believe it is proper for a company—a private company—to contract with the taxpayers of America through the Federal Government for money to advise the Federal Government on how to combat the opioid epidemic while at the same time taking money from the opioid industry to help them turbo charge profits? Is that right?

Mr. STERNFELS. I would not—sir, I 100 percent agree that would not be appropriate. Our work for the Federal Government was not specifically focused on combating the opioid epidemic, and if we were working that exact issue on both sides that would be a conflict of interest. Hundred percent agree.

Ms. NORTON. The gentleman's time has expired.

Mr. JOHNSON. I thank you, and I yield back.

Ms. NORTON. The gentleman from South Carolina, Mr. Norman, is recognized for five minutes.

Mr. NORMAN. Thank you, Madam Chairman.

You know, I find it interesting there is not one Democrat posing the question to the Biden administration, as you pointed out, Mr. Dhillon, who is allowing somewhere close to 540,000 a month, which are five football stadiums that whole 79,000 people, into this country, not knowing where they came from, not knowing what they represent.

There is not one question that has been posed to the Biden administration as to why you are not securing the border. There is not one Democrat that signed a discharge petition on having Title 42 remain in effect. All we need is seven to put it for a vote.

And, you know, we heard Tom Homan, who used to be director of ICE, and Mark Morgan, who was head of the Border Patrol, give a dark picture for what is happening to this country under this administration under his watch, President Biden's watch, and what it is doing to the children who, as you mentioned, Mr. Dhillon, are dying.

Do you see the issue that the fentanyl and all the opioids coming across are a direct result of the policies of this administration?

Mr. DHILLON. Look, I want to say that I believe that an open border allows drug traffickers free rein to bring in any drugs or any contraband they want.

So, any policy that does not secure our border absolutely is a policy that is resulting in overdose deaths every day. So, sir, to answer your question are the policies of this administration allowing drug traffickers to enter into the U.S., the answer is yes.

Mr. NORMAN. It used to be, under the Trump administration, a thousand a day was alarming. Now we are having close to 585,000 people a month coming into this country and we not knowing where they are going, what they are doing.

What, in your opinion, should be done to stop this?

Mr. DHILLON. We need to secure the border. We need to do two things right away. We need to secure the border so that Border Patrol can go back to actually interdicting drug traffickers, seizing their drugs, arresting them, and prosecuting them.

We also need to establish a—reestablish our law enforcement relationship with Mexico. More than a year ago, the Mexican government, essentially, made it impossible for the Drug Enforcement Administration to operate in Mexico.

DEA has—in terms of foreign offices—has the most number of agents and offices in Mexico, for obvious reasons. That is where the drug traffickers are who are killing our citizens every day with their poisons.

We need to—the administration needs to immediately reestablish those relationships. It needs to hold Mexico's feet to the fire. It needs to tell Mexico that we will not tolerate what is, essentially, looking like a narco state on our southern border. We will not tolerate Mexico allowing drug trafficking organizations like the Sinaloa Cartel and CJNG to pour these deadly drugs into the U.S.

Those are the first two priorities. There are many other things that need to be done but those are the two that need to be done immediately.

Mr. NORMAN. Well, I have been to the border, as many have. I can't—I don't think this President has been to the border. I don't think the Vice President has been to the border, other than her laughing about it. I don't really see the thought that this is a serious situation with this country.

Do you agree that the Border Patrol agents that I met with and others are totally demoralized and totally feel like the handcuffs are on them, not on the criminals?

Mr. DHILLON. Sir, I have not had a chance to visit the border and visit with those hardworking law enforcement agents along the border since I was the DEA administrator.

But I have, certainly, read accounts of that and absolutely believe that to be the case. I can't imagine how if you joined Customs and Border Protection, if you joined Border Patrol, if you joined ICE and, basically, your hands are being tied and you are not being allowed to do the job that you joined to do that your morale is very high. So, I would agree that that is the case.

Mr. NORMAN. This is a total travesty of this country. It is going to be hard to recover from. It is a violation of the Constitution. We have got an invasion that is taking place right before our eyes and nothing is being done about it.

And for the four families that are having that dead child or that dead relative due to a drug overdose there is simply no excuse for. I think—

Mr. DHILLON. Sir, I would actually point out that during the Trump administration we succeeded for the first time since 1990 in bringing drug overdose deaths down. So, there is hope. With the correct policies it can be done. We can succeed at bringing these numbers down. We can be successful with the right policies.

Mr. NORMAN. Thank you for your testimony. I yield back.

Ms. NORTON. I recognize the gentlewoman from Illinois, Ms. Kelly, for five minutes.

Ms. KELLY. Thank you, Madam Chair.

Mr. STERNFELS, I want to ask you about the history of McKinsey's work for Purdue Pharma. McKinsey first began working for Purdue Pharma in 2004. Is that correct?

Mr. STERNFELS. I think that is about right in terms of timeframe, Congresswoman.

Ms. KELLY. McKinsey had a few engagements with Purdue in 2004 and 2005, but most of McKinsey's engagements occurred after McKinsey reengaged with Purdue in 2008. Is that correct?

Mr. STERNFELS. I think so, and then wound—most of it wound down about 2014.

Ms. KELLY. In 2007, one year before McKinsey reengaged with Purdue, the company and three of its executives pleaded guilty to Federal criminal charges of misleading doctors and public about Oxycontin's addictiveness and its potential to be abused.

At that point, several states had also sued Purdue for misleading claims about Oxycontin's addictive potential and, yet, McKinsey's work continued for the next decade.

According to information obtained by the committee, from 2008 to 2017 McKinsey had 65 engagements with Purdue Pharma or its affiliates. Many of these involved working to increase the profitability of Oxycontin.

During this period, hundreds of government entities sued Purdue for its harmful practices. What is more, your consultants were tracking those lawsuits for Purdue, one 2017 presentation to Purdue and, I quote, “128 lawsuits in Federal, state, and local governments filed against Purdue this year,” unquote, and reported that media mentions, and I quote, “now imply that Oxycontin may have been a driver of the opioid crisis.”

Your company was clearly aware of the harm Purdue was causing. Did McKinsey ever consider cutting ties with Purdue during this period?

Mr. STERNFELS. Well, Congresswoman, thanks for the question, and you are right that we had a long history of serving Purdue. As you all know, we also exited opioids on our own decision in 2019, and I have apologized—and you heard my opening statement—for our work with Purdue and other opioid manufacturers.

We fully recognize that it fell short of our standards and it is why we pivoted to settle with the states and spend over \$575 million on prevention and treatment.

So, we are all in in being part of the solution, going forward. You know, I think the root of this is while our intent was not to fuel an epidemic in any of our work, I think we failed to recognize the broader context of what was going on in society around us and that is why we put new policies and protocols into place to prevent this kind of stuff from happening again.

Ms. KELLY. All rightly. It wasn't until more than a decade after reengaging with Purdue to boost sales of Oxycontin and after making untold millions of dollars in consulting fees for this work that McKinsey issued a public apology for its role in finding—in fueling the opioid epidemic, as you have just said.

But for over a decade, McKinsey advised Purdue on how to boost sales of Oxycontin while tens of thousands of people were dying each year from opioid overdoses.

It is time for accountability and transparency. The American people deserve the truth about your company's role in this epidemic. And I yield back.

Ms. NORTON. The gentlelady yields back.

I recognize the gentleman from Texas, Mr. Cloud, for five minutes.

[No response.]

Ms. NORTON. I move on, therefore, to recognize the gentleman from Louisiana, Mr. Higgins.

Mr. HIGGINS. Thank you, Madam Chair. Thank you for holding this hearing. I am going to try and bring some perspective to this conversation—the street perspective, my perspective.

Louisiana overdose deaths have increased since 2018—just some specific numbers—from 1,065 in 2018 to 1,926 in 2020, virtually doubled overdose deaths. But the opioid crisis in America is constantly a moving target for law enforcement and this committee should be focused on the actual challenges that America faces right now.

McKinsey, obviously, was involved in gray areas and, arguably, criminal areas of their interaction with the opioid disbursement across the country, and they are being held to account. They have settled with 49 or 50 states and we should acknowledge that as a

committee and move on to the actual threat to our country, which is fentanyl pouring over the border.

Over the course of the last 30 years, the opioid threat has changed. Back in the mid 1990's, Oxy showed up in street with the street names Percs, 512, OC. My DEA friend will know this. Oxy showed up. It was very powerful and it was frightening.

By 2007 or so, Oxy was moved aside by Hydrocodone, Lortabs, Hydro tabs. Lortabs were horrible. They were available like candy on the street. It was very easy to get a prescription. So-called pain management was the destruction of untold scores of thousands of American families. Each one had a story.

In 2009 as a street cop, I welcomed a new resident to our community. That was a regular part of being a good cop. Somebody moves in, you get down and talk to them. A lady moved into a single-wide trailer with her adult daughter and her granddaughter. The family seemed very happy for a while. I kept an eye on the family.

But over the course of about a year, things started to go wrong, and I knew that it was about drugs and I knew that it was about Lortabs. And I watched that family disintegrate. The daughter left with the granddaughter. Couldn't deal with the mother anymore. The mother was addicted. I had to take her dog away from her because she was abusing her dog. She was spiraling downwards further and further.

One night I got a call from the daughter through the police department. They dispatched me to the house. She hadn't been able to reach her mother. This is one story—one story, America. Pay attention, because this story is multiplied by the millions across our country. The daughter calls. She couldn't reach her mom.

I got to the house. I couldn't get in. I didn't have a warrant but I kicked the door. Her grandmother laying there dead, empty bottle of Lortabs in a filthy single wise. She died in squalor and filth, dead by tabs. This story is multiplied again and again in my career. Every cop knows this story.

By 2014 or so, Lortabs were gone. The laws were changed up here in this body. The schedule was changed on that drug. Doctors started restricting the prescription.

It was in that era I suppose McKinsey was responsible for what they were responsible for and they have been held to account. But it is our southern border right now where fentanyl is pouring across into our country. Leading cause of death, my God, and we are not discussing the border in this committee?

Americans are dying. Fentanyl is 80 to 100 times more powerful than morphine. A backpack of that junk will kill a whole city. It is pouring into our country directly as a result of the policies coming out of our own White House.

Our own White House is killing Americans with fentanyl pouring across the border. We want to talk about litigation and settlements from McKinsey, a company that had to deal with pushing RX drugs. They should be held to account but they are being held to account. That is the American way. This committee should be focused on the existing threat.

Madam Chair, I yield.

Ms. NORTON. I now recognize Mr. Krishnamoorthi, the gentleman from Illinois, for five minutes.

Mr. KRISHNAMOORTHI. Thank you, Madam Chair.

Mr. Sternfels, I wanted to draw your attention to a different topic, namely, JUUL Labs and vaping. There are two complaints I have before me, one by the Alaska attorney general against JUUL from 2020, as well as another complaint filed by the city and county of Denver, Colorado, against the same, along with some other defendants. McKinsey is not one of the defendants but it is mentioned within each of these complaints.

I will draw your attention to paragraph 155 of the Alaska complaint, in which it says that in 2018, at least as of 2018, McKinsey and Company had been retained by JUUL Labs to conduct some market research with regard to e-cigarettes and teen preferences with regard to e-cigarettes. You don't have any evidence to dispute this particular fact, correct?

Mr. STERNFELS. Congressman, what I do know is that we stopped all work for vaping and that from my understanding our work with JUUL was actually focused on youth prevention while we worked with them, and with our new client framework that I had mentioned earlier this ended up saying, look, what is going on in society means that we shouldn't actually be doing work in vaping.

Mr. KRISHNAMOORTHI. So yes, there was an engagement with JUUL at least through 2018 under the topic heading, largely, youth e-cigarette prevention. Let me just go over some of the work that was done.

In paragraph 156 of this complaint it says that McKinsey and Company surveyed teens aged 13 to 17, generating over 1,000 responses and as part of that survey that McKinsey conducted it found that teens co-favorite flavors were mango and mint. You don't dispute those findings, correct?

Mr. STERNFELS. What I—I don't dispute the findings, Congressman. What I understand was that work was to then exclude those flavors to drive youth prevention, at least my understanding of the work.

Mr. KRISHNAMOORTHI. Well, let me just tell you what JUUL ended up doing with that conclusion. In November 2018, the FDA, basically, warned JUUL that it has to stop selling flavored e-cigarettes because those flavored e-cigarettes are what hooked young people onto vaping.

JUUL decided that they would stop selling all flavors except mint e-cigarettes, possibly because they found that one of the co-favorite flavors that teens had identified in your survey was mint.

I presume that you would have counseled them to stop selling mint e-cigarettes, correct?

Mr. STERNFELS. Congressman, I am not an expert on flavors of vaping. What I can tell you as a father of three teenagers I am 100 percent in agreement about the concerns around vaping, particularly for youth.

I do know that our work was focused on making recommendations around youth prevention.

Mr. KRISHNAMOORTHI. I guess what I am saying, Mr. Sternfels, is if your findings identified that mango and mint flavors were

teenagers' co-favorite flavors as part of your survey and you had been engaged to prevent vaping among youth, I presume that you would have counseled JUUL not to sell mint e-cigarettes following the conclusions of your survey, right?

Mr. STERNFELS. I am not familiar with our specific recommendations, Congressman. I do know that part of the reason we decided to exit the category entirely was the belief that even our work focused on youth prevention was not having the effect in the broader society that we envisioned by the exit.

Mr. KRISHNAMOORTHY. Let me jump in for one second, Mr. Sternfels.

No, I am sorry for interrupting. I just have limited time. I would respectfully request that you and McKinsey please produce this particular survey along with your recommendations coming out of this survey, because it is very important to my investigation as chair of the Economic and Consumer Policy Subcommittee into the youth vaping epidemic.

I should tell you that following our investigation the Trump administration then banned these flavors except for menthol and tobacco flavored e-cigarettes. Mint and menthol are extremely close in taste preferences among youth.

And so I would—can you commit to producing those documents to us? Or should I just commend you for focusing in on this area?

Mr. STERNFELS. Well, Congressman, I just commend you for focusing in on this area. As you heard me, I am equally worried as a father of three teenagers on this, and I would be happy to work with you following up on what your specific questions are with respect to vaping to help answer any questions you may have after the testimony today.

Mr. KRISHNAMOORTHY. OK. Thank you.

Ms. NORTON. The gentleman's time has expired.

I recognize the gentleman from Texas, Mr. Cloud, for five minutes.

Mr. CLOUD. Thank you, Ms. Chairman.

Last term, we had seven hearings on the border in this committee hearing. We have seen videos of the majority members now who were at the border crying tears. Today, we are here to talk about an opioid epidemic while the number-one killer in the United States among young people is fentanyl.

I am from south Texas and so regularly I hear stories from farmers and ranchers. I just left a meeting with farmers and ranchers to come here. I will constantly hear about their fences being run over from bailouts.

We hear from families who are afraid to let their children roam their own property because of what is going on. We hear stories of rape trees found on properties. I visited the facilities where a young woman—over 50 percent of them will admit to being abused along the journey.

And just recently, we had a Texas National Guard member, Bishop Evans, who drowned while trying to save what he thought was some migrants who were trying to make their way here and it looks more now like they were trafficking drugs into our country. Yet, this committee refuses to have a hearing on this.

Mr. Dhillon, you mentioned that under the Trump administration something happened with the drug overdose issue in our country, which was remarkable, actually, historically. Could you speak to that?

Mr. DHILLON. I believe it was in 2018 we saw drug overdose deaths reduced for the first time—decreased for the first time, a little over 4 or 5 percent, and that was the first reduction that we saw, I believe, since 1990 and I believe that was as a result of the aggressive policies.

And I am here talking mostly about enforcement but it is also to remember that prevention and treatment are absolutely critical in fighting the overdose crisis, and during the Trump administration we took that three-pronged approach.

We prioritized prevention. We prioritized treatment and we prioritized enforcement, and I believe that was why we saw overdose deaths dip that year. The same aggressive approach, again, with enforcement, which has to be an important part of that to reduce supply, I think, could also have a similar effect.

Mr. CLOUD. You mentioned prevention and enforcement. Would you connect the enforcement that happened at the border as a prevention mechanism? I mean, would you say the data suggests that there was a connection?

Mr. DHILLON. When we talked about prevention we usually talked about education.

Mr. CLOUD. Sure.

Mr. DHILLON. Taking drugs is bad. In my day, it was this is your brain on, you know, the fried egg.

Mr. CLOUD. Right. The frying pan, yes.

Mr. DHILLON. Yes. So but, yes, prevention in the sense that preventing drugs from coming into the U.S. I describe that as the supply issue. One of the things we learned from the opioid crisis is that supply matters, that an increase in supply results in an increase in overdose deaths.

So, enforcement is the only way you can attack supply so enforcement has to be a critical part of that, which means the only way to keep supply down is to stop those drugs from coming across our Southwest border and a secure border is absolutely critical to that.

Mr. CLOUD. Now, you mentioned Mexico. It was interesting the term you used—I have thought of it before but I don't hear the term much—as becoming a narco state. Could you speak to that a little bit?

Mr. DHILLON. Well, so the government designates certain countries as a narco state. I am not saying that the government has done that. But what I am saying—that the U.S. Government has done that.

Mr. CLOUD. Sure.

Mr. DHILLON. But what I am saying is that the way Mexico is now treating drug traffickers, in my view, not harshly at all—

Mr. CLOUD. Right.

Mr. DHILLON [continuing]. that its failure now, its affirmative efforts to undo the cooperation—the law enforcement cooperation between the U.S. and Mexico is, effectively, turning Mexico into a narco state.

Mr. CLOUD. Right.

Mr. DHILLON. There were swaths of Mexico, parts of the country, that are completely controlled by drug traffickers.

Mr. CLOUD. Controlled by drug traffickers.

Mr. DHILLON. So, we need to recognize the national security risk of an open border. We have what is verging on a narco state on our southern border.

Mr. CLOUD. And what is interesting about that is we are beginning to see certain communities even in California that—where cartels are beginning to take over certain communities and we are seeing that now being established, albeit in pockets, but here in the United States as well.

The Biden administration policies have—their open border policies have created a reversal of this trend for sure. Right now, the big issue, of course, in the public sphere is Title 42 and there is an understanding that that would—I have been to the border several times over the last year—that that is like the last thing holding together any shred of security.

Now, we understand that Nancy Pelosi doesn't want to bring a Title 42 bill to the floor. But I will say this. There is a mechanism, a discharge petition. We need seven more Democratic members to support in order for us to force a vote on the Title 42 bill, and I would encourage the members of this committee, 15 of which who said we needed to repeal Title 42 Because of the false story about Border Patrol members riding horses whipping migrants. Fifteen members of this committee—

Chairwoman MALONEY.

[Presiding.] The gentleman's time has expired.

Mr. CLOUD [continuing]. supported that. I would encourage you to reverse course and support this discharge petition.

Thank you. I yield back.

Chairwoman MALONEY. The gentleman yields back.

The gentleman from California, Mr. DeSaulnier, is recognized for five minutes.

Mr. DESAULNIER. Thank you, Madam Chair, and thank you for your tenacity on this subject. It is so important. It is hard to believe that we could hear and have another hearing that would be worse in terms of business behavior than the one we had with the Sackler family and Purdue Pharma. It is very, very upsetting to hear this testimony. The company, McKinsey, that I used to respect I can't imagine having anyone—my children working for McKinsey, Mr. Sternfels.

Ms. Feiner, congratulations to you and the attorney general for your—makes me proud of being a native of Massachusetts. Let us talk a little bit about what you uncovered about the communication of trying to cover up the actions by McKinsey.

In 2018, an investigation on Purdue began closing in on McKinsey. Their employee, Martin Elling, a partner at McKinsey, emailed another partner to ask if we should do anything, quote, "other than eliminating all our documents and emails."

A month later, Mr. Elling emailed himself a note to, quote, "delete old Pur documents from a laptop," Pur referring to Purdue Pharma.

Ms. Feiner, did you uncover evidence in your investigation that McKinsey consultants may have taken even additional steps to hide or cover up their actions?

Ms. FEINER. Thank you for your question.

Yes, we did uncover documents about obstruction, deleting emails and documents relating to McKinsey's work for Purdue, and because they discussed destroying evidence right after we filed our lawsuit we included a term in our judgment requiring McKinsey to automatically preserve every email or instant message by every McKinsey employee working on any matter anywhere in the world.

People at McKinsey and at other companies engaged in this type of conduct, this reprehensible conduct, should know when your company and your executives do something that you don't want uncovered, the right answer is not to do it. No one should think that they will be allowed to hurt people and keep it secret.

And one astonishing fact that we uncovered is that there were people inside of McKinsey who saw these red flags. They saw these conflicts and they said, you know, we should be treading carefully here.

There are conflicts between industry, our industry clients like Purdue, and our regulator clients, and they went ahead and they changed recommendations in documents anyway.

Conduct like this should never happen, especially when it affects American lives, and that is why we banned McKinsey from the opioid business forever, and I am pleased to hear today that they are no longer working for JUUL.

I think that those kinds of changes and conduct are the results of this committee's efforts and our office's efforts and I think that we are on the right track.

We have to protect American lives. That is our job. Thank you.

Mr. DESAULNIER. Thank you. And you heard the comments by the managing partner of McKinsey earlier about things being taken out of context. Can you—based on your investigation, the overall theme of McKinsey's irresponsible behavior, how do you respond to what I take as obfuscation?

Ms. FEINER. Yes, I agree with you that there is definite obfuscation here. I mean, just look at the types of recommendations that they were making to Purdue at the height of this crisis when thousands and thousands of Americans were getting sick from the disease of addiction and dying.

They were working with companies like Purdue, like Johnson & Johnson, to turbo charge opioid sales. That is the height of irresponsibility, at a time when they were also working inside the FDA learning how that agency worked and trading on their relationships and their insider knowledge to get their private clients.

Mr. DESAULNIER. The testimony today strikes me as encouraging the continued behavior or at least defending it, making light of that behavior in spite of the apology.

Ms. FEINER. I think that this is par for the course with companies that engage in misconduct like this. I mean, it is not surprising to hear that their answers today are defensive.

I think the real thing that this committee is doing and our investigation did is to look at what they were saying at the time that

they were engaging in this conduct, and those actions and those words speak volumes.

Mr. DESAULNIER. Mr. Sternfels, have you done a comprehensive analysis of what communication happened within the company and will you turn any of that over to the committee as the chairman has suggested?

Mr. STERNFELS. Congressman, we have done a comprehensive analysis of the communications and document retention and the policies associated with that are absolutely critical to us. It is why that the two colleagues that you made mention of were terminated as soon as we actually realized that they violated our document retention policy. And if that—areas of further interest—

Chairwoman MALONEY. The gentleman's time has expired, regretfully.

OK. Now we recognize the gentleman from Pennsylvania, Mr. Keller. You are recognized for five minutes.

Mr. KELLER. Thank you, Chairwoman Maloney, Ranking Member Comer, and I would like to thank our witnesses for being here today.

The opioid epidemic is an issue that continues to affect millions of Americans. CDC reports that last year from April 2020 to April 2021 there were 100,000 deaths caused by overdoses and three-quarters of those were due to opioids.

Clearly, it is a devastating problem that is happening and it deserves congressional attention. But it is not a stand-alone problem. President Biden and my colleagues on the other side of the aisle refuse to address the glaring source of illicit drugs in our country, the unsecured southern border.

In Fiscal Year 2021, Customs and Border Patrol seized 11,000 pounds of fentanyl at our southern border. That is enough to kill two and a half billion people. Think about that.

The amount of fentanyl that would have flooded American communities without CBP intervention would have been sufficient to kill one-third of the Earth's population. DEA issued its first public safety alert in six years, warning the public about fentanyl-laced prescription pill lookalikes. And we heard what had happened in 2018 when we saw the first reduction in overdoses and I think that is partly due, as was mentioned by my colleagues, to the fact that we were taking the security of our southern border seriously during the Trump administration.

So, Mr. Dhillon, as a former DEA acting administrator, how do you think the current situation at the border is affecting the DEA's ability to keep life-threatening substances off our streets?

Mr. DHILLON. It is making it very difficult. Again, if you combine the efforts of Mexico to, essentially, make it impossible for DEA to operate there, an open border, you are, essentially, forcing DEA to fight the battle against the drug cartels on our home turf.

So, that means the DEA is only able to really attack drug traffickers now once the drugs get into the U.S. and you are going after the traffickers here locally.

Extraditions over the last year of drug traffickers from Mexico has decreased significantly. During the Trump administration, we had a number of extraditions from Mexico for wanted drug traffickers. That has ended.

So, that means we can't even prosecute drug traffickers in Mexico because we—even if we could collect the evidence, which we can't now because of the poor relationship that Mexico has created with U.S. law enforcement, we can't even get them here because the Mexican government isn't expediting them.

So, the job has become astronomically higher, I think, for all drug and law enforcement in the U.S.

Mr. KELLER. OK. So, I guess I would ask, what would you recommend government—what actions should we take as government officials to help the DEA in its mission to stomp out illicit substance trafficking at our southern border?

Mr. DHILLON. Well, I think from a policy perspective, securing the border is the first thing. That is where the drugs are coming from. So, that is—it is just common sense that we need a more secure border.

But we also need to take the battle to the drug traffickers where they live, which means DEA needs to be able to work effectively with Mexican law enforcement in Mexico where we can work with them to go after drug labs there, which DEA has done in the past, where we can collect evidence against high-level drug traffickers in the cartels.

We can then give that evidence to U.S. Attorneys here in the U.S. who can indict them, and then we can seek extradition.

Pressure needs to be put on Mexico to reengage the U.S. in a cooperative manner to allow us to do our jobs there.

Mr. KELLER. Thank you. I appreciate that, and it is a serious issue and there is many serious issues. I heard my colleagues talk about vaping and other things, which, again, are serious issues. But we talk about these things and then we just voted on a bill to legalize marijuana for recreational use.

I mean, really, we need to get serious if we are concerned about addiction. Addiction is a health epidemic and we need to make sure we are treating it that way, not making more drugs available and making it easier to have that happen.

So, if my colleagues on the other side of the aisle are serious about addressing the opioid crisis, then they should be serious about securing our southern border.

Thank you, and I yield back.

Chairwoman MALONEY. The gentleman yields back.

The gentlelady from Michigan, Ms. Tlaib, is recognized for her five minutes.

Ms. TLAIB. Thank you so much, Chairwoman.

Hey, Bob, do you know what the term hyperbolic means?

Mr. STERNFELS. No. Can you help me?

Ms. TLAIB. Yes. Oh, I am going to show you an example actually.

So, Bob, you know, in 2020, after McKinsey's work for Purdue Pharma came to light your firm admitted that it, quote, "did not adequately acknowledge that the epidemic unfolding in our communities or terrible impacts of opioid misuse and addiction on millions of families across the country." Like, you just didn't—did not adequately acknowledge. OK.

So, then the committee, of course—the great work of the committee continued their investigation and found that McKinsey didn't just fail to acknowledge the severity but behind closed doors

your staff, your team, routinely just went through this whole disregarding all the information that was coming very clearly to you all in regarding the mass poisoning in the first place.

So, I would like to put up an email, in 2018 an email where McKinsey's government-facing practice discussed how a senior partner at McKinsey who served opioid manufacturers viewed the situation.

[Screen.]

Ms. TLAIB. The person wrote, quote, "told me the word epidemic and/or crisis are hyperbolic." OK. So, Bob, this—you know, it means marked by language that exaggerates or overstates the truth.

So, fair question, Bob. More than half a million people in the United States have died of opioid overdoses in 1999. Do you agree, yes or no, that calling a half a million deaths an epidemic or crisis is hyperbolic?

Mr. STERNFELS. I am still a little confused on the question. I think half a million is catastrophic.

Ms. TLAIB. That it is exaggerated—that you literally are saying half a million that is just an exaggeration, that it is not a crisis to have a half a— you know, literally, a half a million people died of opioid overdose. That is what you all said in an email.

Mr. STERNFELS. I have been clear, Congresswoman, that we view it as an epidemic.

Ms. TLAIB. OK. We have the email, Bob.

OK. For 15 years, you all know, the strategy of McKinsey, Bob, was routinely used to have sales and marketing representatives targeting doctors who wrote, you know, high numbers of prescriptions and including those that ran so-called pill mills.

I mean, to me, that is trafficking, correct? Aren't you guys trafficking?

Mr. STERNFELS. I wouldn't say that our work on any aspect of sales and marketing is trafficking, Congresswoman.

Ms. TLAIB. Yes. I know you all wear suits and everything and you don't consider yourself drug traffickers. But let me give you some information here.

When the FDA announced new restrictions on opiates in 2013, including a, quote, "boxed warning for pregnant women", McKinsey consultants at Purdue had doubts that this warning would even change the behavior of high-prescribing doctors and emailed each other about the safety concerns.

So, I would like to put one such email up on the screen.

So Laura, on your team—she is a principal at the firm—she said, "I am most curious to see if high writers even notice this. Smiley face."

So, Bob, I think it is safe to assume that, quote, "high writers" were—refer to prescribers that were writing high numbers of prescriptions for opioids. Would you agree?

Mr. STERNFELS. If you can give me a second just to read that the email, Congresswoman. I just see it up on the screen here.

Ms. TLAIB. I mean, those are, like—

Mr. STERNFELS. I get—yes. Sorry.

Ms. TLAIB. Those were the exact prescribers McKinsey was advising Purdue to target, correct, in order to turbo charge sales?

Mr. STERNFELS. From my understanding, this email chain refers to how we could help Purdue comply with new FDA restrictions. I completely agree that a smiley face is totally inappropriate. But I think this chain—

Ms. TLAI. Yes. Yes. Well, you guys are trafficking. You are making money off of poisoning people. So, why do you think your employee—you think it is fun? Why do you think your employee would even put a smiley face next to a question of whether or not high writers would notice a black box warning—literally, a warning had been put on the Oxycontin for pregnant women?

Mr. STERNFELS. I can't guess as to why there was a smiley face. I do know this string relates to how we help Purdue comply with that—with new FDA regulations.

Ms. TLAI. No. You all were happy to think that this warning wasn't going to derail McKinsey's pill-pushing schemes, you know, trafficking the drugs while McKinsey was celebrating its blood money, communities were being torn apart.

You know, Bob, 86 percent of overdoses in my district in the city of Detroit were due to overdoses from opiate. Did you know that?

Mr. STERNFELS. I did not know that stat. I know that there have been many.

Ms. TLAI. Do you know behind that number—behind that number was a human being, Bob? Do you understand, like, if anyone could explain me the difference between McKinsey big pharma opioid cartel and the organizations of people like Pablo Escobar, I am all ears. I really am.

You all may be wearing suits and you may be having these fancy offices but you are doing the same freaking thing.

Thank you so much.

Mr. COMER. Would the lady yield to a question?

Chairwoman MALONEY. Her time has expired and we are trying to keep on record.

Mr. Fallon from Texas, please.

Mr. Fallon?

Mr. FALLON. Thank you, Madam Chair.

Today, the majority party wants to discuss the business practices and conflicts of interest of McKinsey and Company. Well, that is all well and good. I have been here a year and a half and we haven't talked about having a hearing about the southern border at all.

What we should also be talking about is the business practices and conflicts of interest of some Members of Congress who choose to shamefully and blatantly ignore the root causes of 100,000 American deaths, our fellow citizens, due to drug overdoses, 75 percent of which are opioid overdoses.

And, now, where do these drugs come from? How do they get here and who is responsible for bringing them?

Today what we really should be talking about—or if we don't do it today we should have a hearing about it, certainly—it has been a year and a half—discussing, some say, the border crisis. It is not even a crisis anymore.

We are talking about a border catastrophe, and if these trends continue it is going to be cataclysmic. The border crisis catastrophe

and cataclysmic events that are going on are responsible for 100,000 of our citizens' deaths.

In 2021, the DEA in Phoenix, Arizona, alone seized 9.5 million fentanyl-laced pills that were designed to look like prescription drugs. In Fiscal Year 2021, U.S. Customs and Border Patrol seized 11,000 pounds—over 11,000 pounds of fentanyl, which is enough to kill every American eight times over. We keep hearing that but let that sink in.

In Fiscal Year 2021, almost 200,000 pounds—or sorry, 200,000 pounds of methamphetamine was seized. Now, the Mexican drug cartels are making wild profits, record profits, in fact, and it is not just with narcotics smuggling but with the smuggling of human beings.

We talked to Customs and Border Patrol a few weeks ago and they told us that the cartels are charging \$4,000 a person, and in March there was 221,000 known illegal border crossers, about 60,000 to 70,000 known got aways.

So, you are bordering on a number here of about 300,000. You do the math on that, that is a billion dollars in a month and the estimates are that the drug cartels' GDP is somewhere between \$15 billion and \$25 billion on the narcotics end. But that is making about \$10 billion to \$15 billion just on smuggling human beings.

And the answer is not to sit there and obfuscate and ignore and be an ostrich and put your head in the sand. We had the Homeland Security Director Mayorkas last year say in front of a committee that the border was secure, and then he gets caught on a hot mic a few months later saying that it is chaos.

So, which one is it? Because is that hyperbole or is that a lie? So, the crisis isn't getting better, by the way, just because the media doesn't cover it. It is not getting better. It is getting worse.

Mr. DHILLON, a question for you. Where is the majority of the fentanyl that gets into this country—where is it produced? What country makes it?

Mr. DHILLON. It comes from Mexico. It is either produced in Mexico or it is trans shipped from China to Mexico and then—

Mr. FALLON. So, China.

Mr. DHILLON. But the bottom line is it all ends up in Mexico, by and large, and then comes across our Southwest border.

Mr. FALLON. Right. So China, obviously, no friend of the United States—our biggest foe and I think we would all agree our greatest threat, moving forward.

Methamphetamine—where is most of that produced?

Mr. DHILLON. Mexico. Meth labs are rampant in Mexico. Super labs.

Mr. FALLON. So, the high-tech labs that we saw, like, on "Breaking Bad," you know, that were underground, they are in Mexico, right? I mean, those really exist.

Mr. DHILLON. As the acting administrator of the Drug Enforcement Administration, I visited one of those labs in a jungle. They exist and they produce enormous amounts of methamphetamine. That technology can be applied to fentanyl. So, I would anticipate that the cartels are already doing that.

Mr. FALLON. Yes, they are going to cut out China and they will just make it there. More money to be made? How does the majority

of these drugs that are killing our fellow citizens get to this country? Is it by air, is it by land, or is it by sea?

Mr. DHILLON. It is by land across the Southwest border.

Mr. FALLON. The southern border.

So if—as Americans, if we are not safe, then we are not free, and what we need to be doing is ensuring that we use Title 42 as a tool to secure the border and reimplement the migrant protection protocols that worked magnificently when President Trump was able to turn this flood into a trickle, and now, unfortunately, it is a flood again.

Support legal migration by deporting criminals and building walls and other barriers with gates. Because this isn't about migration. There is going to be migrants coming this country and there should be. But we want to support legal migration and oppose with every fiber of our being illegal migration.

And it shouldn't be a partisan issue. It is. I don't know why. But we are going to find out in November what the American people think about this.

Thank you very much, Madam Chair, and I yield back.

Chairwoman MALONEY. The gentleman yields back.

I now recognize the gentlelady from Missouri. Ms. Bush is recognized for five minutes.

Ms. BUSH. St. Louis and I thank you, Chairwoman Maloney, for convening this timely hearing.

My hometown in St. Louis ranks among the deadliest cities in the country for overdose deaths among Black people. Just last week, the University of Missouri, St. Louis, released data that showed opioid-overdose deaths among Black people in St. Louis, city and county, increased by 560 percent in the last six years; 560 percent in six years alone.

As a nurse, I am heartbroken by this preventable, preventable, totally preventable loss of life. And as a Congressman, I am outraged.

We are demanding answers from one of the most evasive and secretive consulting companies in the world, McKinsey & Company. They have worked for and advised both, opioid manufacturers like Purdue and the Federal agency responsible for regulating them, the FDA.

Over the span of 15 years, McKinsey raked in nearly \$1 billion in government contracts; contracts that included assisting the FDA in determining who drugs are safe. At the same time, they would make untold millions more consulting with companies like Purdue to help them exploit regulatory loopholes at the FDA.

There are dire implications of private corporations crafting public policy behind closed doors. And the process of discovering the extent of McKinsey's role in fueling the opioid crisis, lawmakers have an obligation to call for both, accountability and justice, transparency and honesty, and apology and reparations.

The families and friends of the nearly 500,000 people who have died from an overdose since 1999, they deserve answers. Congress deserves answers. And those who died or whose lives have been destroyed because of opioids, deserve accountability.

Mr. Sternfels, please respond yes or no, just simply yes or no, is McKinsey required to disclose current or potential conflict of interest when bidding for government contracts?

Mr. STERNFELS. We are, ma'am.

Ms. BUSH. Thank you.

And another yes-or-no question, was it a conflict of interest to consult with the FDA about the safety of drugs like OxyContin, while also profiting from OxyContin through Purdue?

Mr. STERNFELS. We did not comment on the safety of drugs, such as OxyContin or any other drug in our work with the FDA.

Ms. BUSH. Is your company willing to submit documentation to the committee, confirming that McKinsey's relationship with Purdue was not a conflict of interest?

Mr. STERNFELS. We have been very transparent with this committee, Congresswoman, on both, our work with Purdue and we are happy to provide any more transparency around that, and also with our work with the FDA. And so, if there are any questions around either side on that, Congresswoman, I am happy to work with you to provide it.

We believe in transparency on both those. I know you said—

Ms. BUSH. Thank you.

Mr. STERNFELS [continuing]. we didn't, but we do.

Ms. BUSH. So, I will take that as a yes, that you will be willing to submit documentation to the committee, confirming the relationship was not a conflict of interest. Thank you so much.

Ms. Feiner, when OxyContin sales were low, McKinsey advised Purdue to send its sales representatives to, quote, high-decile prescribing physicians. Purdue adopted this advice.

Ms. Feiner, why would McKinsey have advised Purdue to target these physicians?

Ms. FEINER. Thank you for your question.

McKinsey did a lot of work with the data and found out, and sold advice to Purdue, that the highest decile prescribers were the most likely to write more OxyContin prescriptions and that is the same advice that they sold to Johnson & Johnson.

You know, 25 times more than their counterparts, those are the doctors that McKinsey was sending Purdue sales reps to visit relentlessly, 25 times more than their counterparts, because they were the most profitable targets. They didn't care whether those doctors were writing safe prescriptions and, in fact, looking at the data, you know, the odds were that they weren't. Purdue paid its sales reps to visit these doctors over and over again.

We tracked every time Purdue visited a Massachusetts doctor and every time someone in Massachusetts died of an overdose, and we found that Purdue's top targets were at least 10 times more likely to prescribe Purdue opioids to patients who overdosed and died.

The Nation, thousands and thousands of Purdue patients overdosed and died. That is why it was so important to us to expose McKinsey & Company.

Ms. BUSH. Thank you so much for those insights.

As a nurse who has seen devastation, the devastation opioids have caused in my community, I am deeply troubled by these taxes—these tactics. Communities like mine have struggled under

the deadly and devastating opioid crisis for decades, our community criminalized, and companies like Purdue and their consultants, like McKinsey, enrich themselves in billions.

Chairwoman MALONEY. The gentlelady's time has expired.

Mr. CONNOLLY. Will the lady yield to a question?

Chairwoman MALONEY. The gentleman from Florida, Mr. Donalds, is now recognized for five minutes.

Mr. DONALDS. Thank you, Madam Chair.

We are wasting more time in Congress. This hearing, although the opioid epidemic from pharmaceutical manufacturers in the United States was a serious problem in our country for a period of time, many states, like my state of Florida, like the state of Massachusetts, and so many of the other 48, have actually gone through legislation, at the state legislative level, to actually deal with over-prescribing any opioid epidemic, as it existed at that time.

We have a new opioid crisis, folks, and it is not from big pharma in the United States; it is from the drug cartels who operate pharmaceutical sites below the southern border in Mexico. We all know this.

I was on the southern border a week and a half ago. It was my third trip to the southern border. For the record, Madam Chair, the President of the United States has not been. The Vice President of the United States was there for about three hours.

But members of this committee have been there multiple times in the last 15 months and the thing we are told consistently by border agents on the ground, the people who are tasked with actually securing our country, is that the is the President's radical policies on immigration at the southern border have led to massive increases in trafficking fentanyl, trafficking methamphetamines, trafficking heroin, and trafficking cocaine into the United States. And that the fentanyl that is being trafficked into the United States is being laced into all pills and other narcotics by the drug cartels, because fentanyl is 40 percent more addictive than crack cocaine.

The drug cartels are lacing this into everything that they traffic into the United States and that is what is leading to the death of American citizens, primarily by fentanyl, but then also by opioids, who are using illegal drugs.

We all understand what happened with this company and what they were doing with the FDA, but that was 10 years ago. Why are we focused on an issue from 10 years ago where most of the legislative fixes have already occurred? I mean, are we just trying to get a pound of flesh for talking points? That is the way it seems to me, because the real issue that is happening right now is how we are treating trafficking of both, people and drugs into the United States.

Ms. Tillipman, I am so sorry that you came here today, because we are wasting your time. I was told my one of my colleagues that you had one question this entire hearing and you were there prepared. But what we are talking about today has no impact on the United States currently.

What does have impact on the United States currently, Mr. Dhillon, I have heard you give the same answer multiple times today, is the mere fact that the drug cartels are utilizing our weak

and ineffective border policies to traffic more drugs into the United States.

Let me give a picture to the American people how this is actually working. The coyotes are actually marketing to people in countries all over the world, not just the Northern Triangle countries, to all over the world that, hey, if you pay us a couple thousand dollars, we will traffic you into the United States, where, when we know that you are trying to get there, it is going to take you legally about three years or five years to get in, but if you do it our way, you can get in, in about a month. So, that is what is happening. They are doing this all over the world. The drug cartels are allowing the coyotes to move people across the southern border and they are getting a piece of the action.

By some estimates, the drug cartels made \$7 billion last year, if not more, allowing people to be trafficked into the United States because those who don't know that anything that moves across the southern border into the United States, the drug cartel is paid, whether it is legal or illegal to come into our country. Those are the facts.

The immigration policy currently by Joe Biden and by Secretary Mayorkas, is that border agents are supposed to begin processing people's asylum/amnesty claims at the southern border and our Border Patrol is not allowed to make a determination on credible fear. They are only allowed to begin the processing of people coming into the United States and that they are given a day in court in front of an asylum judge. But the asylum judge hearings are, at a minimum, six months to three years, the first hearing.

So, instead of saying people need to claim asylum or claim amnesty at a U.S. embassy in their home country, or if their country does not have a U.S. embassy, at the next closest embassy, the Biden administration is allowing people to travel two, three, four, five, sometimes six different countries, passing U.S. embassies and consulates, to come to our southern border, enter illegally, and force Border Patrol agents to process people, as opposed to securing the border. That is what is happening, America.

Oh, and by the way, under Homeland Security, the Office of ORR, is they are putting people on airlines all over the United States and sending them everywhere.

We are not serious. If we were serious, we would have Secretary Mayorkas, who is in Appropriations right now, we would bring him in here and ask him about the real threat.

Chairwoman MALONEY. The gentleman's time is expired.

Mr. DONALDS. Madam Chair, the real threat—

Chairwoman MALONEY. The gentleman's time is expired.

Mr. DONALDS [continuing]. to the American people, which is fentanyl trafficking by the drug cartels into the United States, and they are using radical immigration policy by Joe Biden to kill more Americans here.

Chairwoman MALONEY. The gentleman's time is expired.

Mr. DONALDS. Now, I will yield back.

Chairwoman MALONEY. The gentlelady from California, Ms. Porter, is now recognized for five minutes.

Ms. PORTER. I hope you can hear me if I don't shout.

Mr. Sternfels, to be clear, is your position that manufacturer, that McKinsey, is your position that McKinsey, working for both, the FDA and opioid manufacturers at the same time, did not create a conflict of interest?

Mr. STERNFELS. That is my—

Ms. PORTER. Is that your position?

Mr. STERNFELS. That is my position, to be clear.

Ms. PORTER. OK. I appreciate your clarity.

Let's look at what McKinsey employees told pharmaceutical companies. McKinsey consultants bragged to opioid-maker, Purdue Pharma, that their FDA work, quote, improved Purdue's ability to influence the regulatory environment; that is a McKinsey statement.

Quote, McKinsey's FDA work improve, will improve Purdue's ability to influence the regulatory environment.

McKinsey worked for Purdue at the same time it was working for the FDA.

Mr. Sternfels, should McKinsey have disclosed to the FDA that it was helping opioid manufacturers influence drug-safety regulations?

Mr. STERNFELS. I will start with your direct question, which is we don't view our work at the FDA, at the same time, working with pharmaceutical companies, including opioids, as a conflict, because the topics were different.

Ms. PORTER. OK. I know you say that you worked on, I read your testimony and all of the information, you worked on broad, systemic issues is your claim.

But are you suggesting that working on things like the design on organizational structure, staffing, resource allocation, building the bones of a drug safety system doesn't affect how those regulations actually get enforced against an entity like Purdue? I mean, if your work for FDA was so important, didn't it have some influence on what they actually did in the world with regard to drug manufacturers?

Mr. STERNFELS. No, it didn't, Congresswoman.

It may be worthwhile being more specific—

Ms. PORTER. So, you charged the Government to not do important work?

Mr. STERNFELS. I didn't say that the work wasn't important; I said that it didn't actually influence their decision with respect to pharmaceutical companies or opioids, in particular. It may be worth—for the committee understanding in a bit more detail what actually we did with the FDA.

This is the kind of work that McKinsey & Company performed for the FDA. It was implementing technology solutions so that we could have repeatable process. It was taking paper out of processes that had too much paper. It was putting in visibility and performance management as to where people were allocated so that FDA employees could actually be more productivity to help save taxpayer money.

These are the kinds of aspects. We didn't design the processes. We didn't actually set policy. We made some of these core processes more efficient and effective to make the FDA more efficient and effective.

Ms. PORTER. Well, Mr. Sternfels, is, shouldn't the FDA have been allowed to make its own decision about whether or not your company's work for Purdue did or did not create a conflict? Why should you and your company be the decisionmaker here?

Mr. STERNFELS. We aren't the sole decisionmaker in this.

Ms. PORTER. Who made you conflict of interest czar for the United States Government?

Mr. STERNFELS. We are not the conflict of interest czar, Congresswoman. We follow—

Ms. PORTER. OK. So, let me ask you, did you disclose to the FDA your, McKinsey's work at the same time, did you disclose to the FDA that McKinsey was working, at the same time it was working for the FDA, that it was working for Purdue? Did you disclose that to the FDA?

Mr. STERNFELS. We made clear in multiple instances that the individuals involved had experience in both, pharmaceuticals and opioids, in particular.

Ms. PORTER. Reclaiming my time.

Mr. Sternfels, they didn't have experience; they were the identical humans working for both at the same time.

Did you tell the FDA, did you make these disclosures and then allow the Government to decide if there was a conflict of interest?

Mr. STERNFELS. When we assessed the work progress, the work request from the FDA, we brought professionals, our legally team, our dedicated government team, to understand, first, is there a conflict of interest?

We verified that the work was different and, therefore—

Ms. PORTER. Reclaiming my time.

Mr. Sternfels, that is you putting yourself as the czar of conflicts. Look, your scheme worked really well for McKinsey; McKinsey got contracts, Purdue got rich, and America got addicted.

Since 2008, McKinsey earned \$140 million in contracts from the FDA, and you did not ever disclose your work for Purdue. You did not disclose your conflicts of interest.

So, my question for you is, since you didn't disclose the conflicts of interest, will you return to \$140 million to the FDA?

Mr. STERNFELS. I will point you to the FDA's statement as recently as yesterday, where they highlight that our work was not related to opioids or the pharmaceutical industry whatsoever.

Chairwoman MALONEY. The gentlelady's time is expired.

I now recognize the gentleman from Kentucky, Mr. Comer, he is recognized for five minutes.

Mr. COMER. Thank you, Madam Chair.

And I appreciate Representative Porter's questions about disclosure.

Representative Porter, I hope you share our passion for wanting administration officials to have full disclosure with their conflicts of interest when we talk about, in January, the Biden family's lack of disclosures and Peter Daszak's lack of disclosures with his work with the WHO immediately after the outbreak of COVID from the Wuhan lab. So, we look forward to working with you on that quest for disclosures.

Mr. Dhillon, welcome back to the committee. As you heard from members on our side of the aisle, we are very concerned about

what is going on with the southern border. You can't have a conversation about opioid abuse without talking about what is going on at the southern border.

And unlike my friends on the other side of the aisle, we have actually been on this committee, Republicans, to the border at least two times; many members, Glenn Grothman, have been probably seven or eight times and many other members like Representative Biggs and Yvette Herrell live on the border. So, it is a daily struggle.

But will we be able to stem the crisis of opioids in this country without focusing on the southern border?

Mr. DHILLON. No.

Mr. COMER. Would you agree that policies that fail to address the situation at the southern border is exacerbating the opioid epidemic as cartels smuggle drugs past an overwhelmed Border Patrol?

Mr. DHILLON. That is correct.

Mr. COMER. Do you agree that Mexican trends national criminal organizations, or cartels, as Representative Donalds was talking about, manufacturer synthetic opioids in clandestine labs on the Mexican side of the border?

Mr. DHILLON. They either import them from Mexico finished or they manufacturer them in labs. They also press them into pill form, also.

Mr. COMER. That is right.

And I was in Ohio County, a little town called Hartford, Kentucky, two weeks ago talking to the sheriff and they had just had a big crystal meth bust there, the biggest one they had ever had in that part of Kentucky. One hundred percent of that, they verified from drug agents, was manufactured in a lab just across the border in Mexico. They carried it right across the border with our lax border policies. It is just unbelievable.

And when the cartels manufacturer these synthetic opioids, where are they obtaining the precursor chemicals from, what country?

Mr. DHILLON. Largely China. India is also a country where they obtain those chemicals, but it is largely China.

Mr. COMER. China. China, Madam Chairwoman.

Do we wonder on this side of the aisle if this administration is compromised by China because of son of—Hunter Biden, and now what we have learned in the last few weeks, Hunter Biden's uncle's dealings with China?

Because it just seems like this country, you know, we know that China is contributing to the drug problem in the United States; fentanyl to Mexico, Mexico packs it across the border—a hundred thousand deaths from fentanyl. We know that China played a leading role in COVID-19. We know that China had covered up a lot that went on in that Wuhan lab, but yet, this administration doesn't want to talk about China.

It is odd and that is why we keep talking about Hunter Biden, because we wonder if this administration is compromised on China because of the President and the President's son and the President's brother's shady business dealings in China.

Now, as Representative Donalds mentioned, we found out when we were on our second border trip, that the cartel, they smuggle both, people and drugs in their operations.

Is that correct, Mr. Dhillon?

Mr. DHILLON. Yes, the cartels on their side of the border completely control all of the passages into the United States. You cannot get from Mexico into the U.S. without going through a cartel member.

Mr. COMER. Now, are the cartels using their human-smuggling operations to facilitate their drug-smuggling operations?

Mr. DHILLON. Yes, they profit both, from human smuggling and they can also use them to bring drugs into the U.S.

Mr. COMER. All right. Well, Madam Chair, I appreciate the concern about the opioid crisis in America. We share your concern about the opioid crisis in America.

Much of what we talked about has been litigated and there have been many reforms made with respect to the American opioid producers. The problem with opioids on the southern border, and this administration has an open-border policy that is facilitating the opioid crisis in America, we need to have hearings with Mayorkas, with administration officials to talk about the Biden border crisis.

I yield back.

Chairwoman MALONEY. The gentleman's time has expired.

The gentleman from Vermont, Mr. Welch, is recognized for five minutes.

Mr. WELCH. Thank you very much, Madam Chair.

Let me get right to it. I want to thank all the witnesses for being here, but I do want to direct my questions to Mr. Sternfels. As you know, after former President Trump nominated Alex Azar to serve as Secretary of Health and Human Services, McKinsey consultants got to work drafting a transition memo to share with Mister, with him.

That memo covered six broad topics and the third one was the very important topic of tackling the opioid epidemic. And I would like to bring up that memo, if we could, so that you can take a look at it.

[Slide.]

Mr. WELCH. But the draft of that section that was originally presented had strong language about the severity of the opioid crisis and it emphasized the link, that link between prescription opioids and the epidemic. And it read, despite significant attention and effort, the opioid crisis continues to inflict devastating consequences on the health and well-being of people in this country. Millions of Americans are addicted to opioids. Approximately 95 million Americans use prescription painkillers in the past year; more than used tobacco.

You know, I regard that as candid and complete. But the final version was distilled to an anodyne statement, quote, you are well aware of the major challenges associated with the opioid and associated heroin epidemic.

So my question, Mr. Sternfels, is what happened? What happened to the complete and clear language, replaced by the anodyne, sanitized language?

Mr. STERNFELS. Thanks, Congressman.

You know, I would start with the notion of transition memos for both, Democrats and Republicans taking office, has been something that we have often done——

Mr. WELCH. No. No. No.

The only thing, you don't have to give me a dialog about the transition memos. The language was candid and complete and then it was anodyne.

I mean, why?

Mr. STERNFELS. No, I appreciate where I was going is the memos cover the entire Department, so HHS, and if you read the memo entirely, it covers many topics under the remit of HHS of which the opioid epidemic, which I believe, and I am not exact on this, I think we named the epidemic six times, at least in the final memo, is one very important topic.

Mr. WELCH. Let me go on. Let me go on to the next question, because, frankly, I am not finding that an explanation.

McKinsey did significant work for Purdue Pharma and the task that McKinsey had was to help that terrible Sackler family sell more and more drugs that got more and more people addicted. That was, like, the day job. At night, McKinsey did work for the governmental agencies that were tasked with trying to stem the opioid epidemic.

So, let me ask how McKinsey can justify a day job facilitating the efforts of the biggest drug-dealing family in the history of the country and its night job was trying to help the Government address the problems that that drug family caused during the day. Just tell me how that works.

Mr. STERNFELS. Well, Congressman, I want to be very clear. I am not here to defend the work that we did with Purdue. I have noted clearly that it fell short of our standards and that we, and I apologized for that work, and it was part of the reason that we led to the accelerated settlement for the state's AG and are now firmly vetted in being part of the solution, the \$575 million that we paid, standing up McKinsey Health Institute. So, I want to be clear on that front.

And I also want to——

Mr. WELCH. I do appreciate that.

Go ahead.

Mr. STERNFELS. OK. Sorry, I didn't mean to interrupt you.

I also want to be clear that the work that we did with the FDA focused on improving their processes. It was agnostic of any pharmaceutical-specific drug, including opioids——

Mr. WELCH. Right.

Mr. STERNFELS [continuing]. and the FDA has been on record——

Mr. WELCH. OK.

Mr. STERNFELS [continuing]. multiple times to that effect.

Mr. WELCH. All right. Thank you.

In fact, I only have a little time, I didn't mean to interrupt you, but I will just ask the professor, do you have any comments on this?

Ms. TILLIPMAN. I think there has been almost a hyper-fixation in listening to the words that I have heard today on subject matter overlap. It is important to keep in mind that the crux of an OCI

analysis is bias and, in fact, the language in many agency clauses and the language that are in FDA contracts actually ask companies to report the existence of any facts that may cause a reasonably prudent person to question the contractor's impartiality because of the appearance or existence of bias.

So, by focusing exclusively on subject matter, you are only really taking a piece of it. All of it needs to be factored in and considered when you are doing an analysis of this nature.

Mr. WELCH. Thank you very much.

I yield back and I thank the chair.

Chairwoman MALONEY. The gentleman [Audio malfunction.] is recognized for five minutes.

Mr. Davis?

Mr. DAVIS. Thank you, Madam Chairwoman.

Mr. Sternfels, according to your website, McKinsey boasts that it is, and I am quoting, the trusted advisor and counselor to many of the world's most influential businesses and institutions, end of quote.

Your life sciences practice, in particular, holds itself out, and I am quoting again, the leading consultancy for pharmaceutical and medical products companies, end of quote.

In December 2020, after McKinsey entered into a \$573 million-dollar settlement with state attorneys general, including Attorney General Healey, for McKinsey's role in contributing to the opioid epidemic, your company issued an apology for, and I am quoting again, our work for Purdue.

But Mr. Sternfels, McKinsey did opioid work-related for companies other than Purdue; isn't that right? Could I have a yes-or-no answer?

Mr. STERNFELS. That is correct, Congressman.

Mr. DAVIS. Thank you.

Nearly six months ago, this committee requested that McKinsey turn over all documents from its risk committee regarding its opioid and drug-consultant work. I think we deserve to know how McKinsey's risk processes failed at Purdue.

It also requested client lists and work product from opioid distributors, like McKesson, AmerisourceBergen, and Kartner Health, and pharmacies like CVS and Walmart, all of whom played a pivotal role in this epidemic.

You have not turned over these materials. So, Mr. Sternfels, can we count on you to produce these documents to the committee?

Mr. STERNFELS. Congressman, I want to be clear that our work with distributors and pharmacies did not cover opioids. I also want to restate our collaboration with this committee to turn over 375,000 pages of material, which relate to pharmaceutical companies beyond Purdue; some of those have actually related to opioids that you actually have some documents on.

And if there are further questions that you are interested in, I would be happy to continue to work with you to answer those questions. We know we are not done answering your questions.

Mr. DAVIS. OK. Is, but you can't get those to us in, say, a week or something that is close to that?

Mr. STERNFELS. Congressman, as I have said—

Mr. DAVIS. That is—

Mr. STERNFELS [continuing]. I am happy to work with you.

Mr. DAVIS. Thank you. Let me move on.

Two weeks ago in response to the committee's staff interim report, McKinsey issued a statement that, and I quote, we understand and accept the scrutiny around our past client service to opioid manufacturers, end of quote.

This statement echoed your December 2020 pledge to, quote, again, continue to cooperate fully with the authorities investigating these matters, end of quote.

Now, Mr. Sternfels, you cannot claim to be accepting accountability without committing to transparency. This committee identified 22 McKinsey consultants who worked for both, the FDA and Purdue, even at the same time.

The committee has asked what other pharma companies they work for. You have not told us. Congress cannot develop legislative reform to address these issues without fully understanding the extent of McKinsey's conflicts of interest.

Mr. Sternfels, as a start, will you commit to providing the committee with the lists of these consultants, private sector clients, as requested by the committee?

Mr. STERNFELS. Congressman, I would start by agreeing with you on this notion of transparency and accountability; those are absolutely fundamental tenets for you and for us.

We have been very clear around the 22 consultants. We don't hide the fact that they worked with both, the FDA and the pharmaceutical companies. It gets to the heart of the issue: we don't believe there is a conflict of interest, given there was no bias and there was no overlap in topic areas.

If there are further things you would like to know—

Mr. DAVIS. So, thank you, again. Now, let me reclaim my time before it runs out. Thank you for your answers.

Today's hearing illustrates the dangers of allowing McKinsey to operate behind its code of silence. McKinsey's conflicts of interests have led to enormous costs, not just in dollars and cents, but in human lives. Without full transparency, there can be no accountability.

I thank you, Madam Chairwoman, and yield back the balance of my time.

Chairwoman MALONEY. The gentleman yields back.

The gentleman from Virginia, Mr. Connolly, is recognized for his five minutes.

Mr. Connolly?

[No response.]

Chairwoman MALONEY. Does he know?

Voice. Then go to Mr. Comer for closing.

Chairwoman MALONEY. OK. Mr. Connolly?

[No response.]

Chairwoman MALONEY. He is not listening.

Voice. Go to Mr. Comer for—

Chairwoman MALONEY. OK. Mr. Comer, we recognize you for closing.

Mr. COMER. For closing?

Chairwoman MALONEY. Yes. He is, apparently, not ready.

Mr. COMER. Well, thank you, Madam Chair.

And I want to, again, thank our witnesses——

Voice. Ms. Pressley just walked in.

Chairwoman MALONEY. Excuse me, Ms. Pressley just walked in.

Mr. COMER. OK. That is fine.

I will yield back.

Chairwoman MALONEY. Congresswoman Pressley, you are now recognized.

Voice. You are on.

Chairwoman MALONEY. Congresswoman Ayanna Pressley, you are now recognized and then we will go to Mr. Connolly.

Does she hear?

Ms. PRESSLEY. OK. Thank you, Madam Chair——

Chairwoman MALONEY. OK.

Ms. PRESSLEY [continuing]. and thank you to the committee staff who drafted the report detailing the deceptive, callous, and immoral role that McKinsey has played in furthering the opioid epidemic.

As Attorney General Healey mentioned, families in the Commonwealth of Massachusetts have been disproportionately impacted by this crisis. The overdose death rate in my state is nearly twice as high as the national average and those stolen lives are disproportionately people of color.

In the Massachusetts' 7th, the district that I represent, I hear from community health centers and addiction recovery organizations that are doing all that they can to facilitate healing after the pain caused by McKinsey and opioid manufacturers.

So, Mr. Sternfels, your apologies feel empty and insincere and sort of PR responses, because McKinsey was profiting off of the hurt and harm for years with zero remorse. In 2013, McKinsey presented Purdue Pharma, run by the Sackler family, with a strategy to, quote, turbocharge, unquote, sales of OxyContin.

Ms. Feiner, as senior counsel in a lawsuit led by Massachusetts, was this the first time that McKinsey deployed the turbocharge strategy?

Ms. FEINER. Thank you for your question.

No. Well, McKinsey had been doing similar work for Purdue for a very long time, so it started early. And it also used the same destructive playbook with another client, Johnson & Johnson, for its NUCYNTA opioid. So, this was not the first time that McKinsey pulled out this playbook for one of its opioid clients.

Ms. PRESSLEY. Thank you.

And, in fact, documents obtained by the committee show that in 2011, McKinsey consultants launched a project, as you just referenced, to turbocharge Johnson & Johnson's flagship opioid NUCYNTA. McKinsey helped to identify physicians that would write high numbers of opioid prescriptions. In one Johnson & Johnson presentation, McKinsey stated it had, quote, key McKinsey experts who have implemented similar efforts, unquote, at other pharma companies.

Mr. Sternfels, what other companies had McKinsey worked with on these sales strategies outside of Johnson & Johnson?

Mr. STERNFELS. Congresswoman, first, I would apologize if you think that our stance is insincere. We take this stuff deadly seriously and it is why we are here today, and it is why there is noth-

ing more important that being transparent and accountable with all of you.

If a full list of the work that we do in terms of pricing work, revenue work, what have you, with opioid manufacturers is of interest, I will get you that and come back to it. I don't have that—

Ms. PRESSLEY. Thank you.

Mr. STERNFELS. I don't have the full list with me.

Ms. PRESSLEY. That is enough.

OK. I will reclaim my time and look forward to that information if you can't provide it here in the committee hearing today, again, on what other companies McKinsey worked with on these sale strategies of turbocharge, outside of Johnson & Johnson. So, that is the information that I will be looking for.

But, again, we know McKinsey had strategies to spread opioids like, quote, wildfire, and that these were strategies that they had perfected elsewhere. Based on the documents the committee has, McKinsey pushed a turbocharged opioid strategy at Purdue and at Johnson & Johnson; however, we need more documents to see what other pharmaceutical companies you worked with. So, I thank you in advance for your transparency on that.

Mr. Sternfels, will you finally commit to providing the committee just one more time, yes or no, with all the information that we have requested?

Mr. STERNFELS. As I have said many times today, I am fully committed to continuing to work with the committee. We know that we are not done in answering your questions and we want to pursue that, quite frankly, until you feel that you have the answers that you need, Congresswoman.

Ms. PRESSLEY. Thank you.

Like the Sackler family in Purdue Pharma, McKinsey & Company, you have been complicit in creating this country's opioid crisis and profiting off of the pain of millions of families. You have raked in billions of dollars every year.

Offering an apology while avoiding responsibility is really worthless. What you have done is unconscionable. It is unacceptable. Families were robbed of loved ones by your so-called consulting expertise and McKinsey & Company must be held accountable.

And I yield back.

Chairwoman MALONEY. The gentlelady yields back.

The gentleman from Virginia, Mr. Connolly, is recognized for five minutes. Thank you.

Mr. CONNOLLY. Thank you, Madam Chairwoman.

And I am sorry I am in and out of this hearing. I have been hearing NATO meetings all morning because we have the NATO Parliamentary Assembly from Europe is in town and I am hosting them, so forgive me for being in and out.

Ms. Feiner, I was listening to some of my colleagues. So, the OxyContin part of the opioid crisis began, apparently, south of the border; is that right?

Ms. FEINER. Thank you for that question.

You know, the opioid crisis began with prescription opioids and, largely, with Purdue's misconduct around selling OxyContin. And I think we can look to the—

Mr. CONNOLLY. But they were located south of the border, right, Purdue's U.S. headquarters?

Ms. FEINER. No, they were not. They were located——

Mr. CONNOLLY. Oh.

Ms. FEINER [continuing]. right in New York.

Mr. CONNOLLY. Oh, my lord. Oh, well, goodness. I wouldn't know that from their questioning.

So, the source of OxyContin, the production of it must be south of the border, right?

Ms. FEINER. Nope. Right in the United States. I believe that there——

Mr. CONNOLLY. Oh, my gosh.

Ms. FEINER [continuing]. plants are in Rhode Island and North Carolina.

Mr. CONNOLLY. So, it is not Mexican or Central American doctors writing these prescriptions; it is actually good-old American doctors north of the border?

Ms. FEINER. You are correct.

Mr. CONNOLLY. Oh my gosh. Because, you know, listening to some of my good friends on the other side of the aisle, I had a different impression and I even thought maybe Purdue Pharma, which really is the heart and soul of the opioid crisis in America that led to the hundred thousand deaths this last year alone, I thought it must be based in another country south of the border, because listening to the rhetoric of my friends.

Well, certainly, the opioid crisis began with the presidency of Joe Biden, right? I mean, President Biden, we have to lay this squarely at his feet.

This began about a year and a half ago; is that right?

Ms. FEINER. That is incorrect. I think it started in the late 1990's.

Mr. CONNOLLY. Oh my gosh. All right.

Well, I am learning something every second talking to you, Ms. Feiner. Thank you.

So, let's talk a little bit about phrases like "turbocharge." What was turbocharge about? Who came up with that?

Ms. FEINER. McKinsey. McKinsey actually had multiple meetings with Purdue in Purdue's offices, at fancy restaurants, and with the Sacklers. And they told them that the way to maintain a high volume of OxyContin sales was to turbocharge the sales engine to motivate their salesforce, give them target lists for the highest prescribers in the country, and have their sales reps go out and visit them relentlessly, and incentivize the sales reps to visit them relentlessly, and to stick to their call plans, which McKinsey assembled. And that is what turbocharging was; it was to keep the sale of OxyContin going.

Mr. CONNOLLY. And by the way, just for the record, is McKinsey headquartered south of the border?

Ms. FEINER. No, it is not.

Mr. CONNOLLY. Is it located in——

Ms. FEINER. Right here in this country.

Mr. CONNOLLY. In this country, OK.

And did that turbocharge program, then, sort of morph into something called "Evolve to Excellence"?

Ms. FEINER. It was all part of the same plan to increase OxyContin sales at the time that, at the same time, that regulators were trying to reduce opioid prescriptions in the United States.

Mr. CONNOLLY. And if we can put on the screen——

[Slide]

Mr. CONNOLLY. Then something was developed, a rewards program called “Wildfire.” And I even see a picture of our previous President up there.

And are you familiar with this rewards program, Ms. Feiner?

Ms. FEINER. I am familiar with the idea that McKinsey looked for many ways to incent sales representatives to turbocharge the OxyContin sales and this was one of them.

Mr. CONNOLLY. And they used phrases like “cash prizes that are significant and meaningful” as part of the rewards program, “enormous prestige,” and “celebrity status within the company” if you met certain sales goals; is that correct?

Ms. FEINER. Yes.

Mr. CONNOLLY. My time is going to expire, but Mr. Sternfels, 600,000 Americans are dead. Many people are still struggling with addiction.

Do you have any regret that you want to share with the committee?

Mr. STERNFELS. Thank you, Congressman.

I regret that we didn’t act sooner, sir. And if I could play this over, I would have put the client protocols in a decade earlier. I would have reached settlement even faster. And we would have pivoted from serving the manufacturers, despite, you know, whatever goals there were, and I already apologized for that, to actually being part of the solution. So, if it was a regret, it would have been to act sooner, sir.

Mr. CONNOLLY. That is a comfort to those who lost loved ones during this opioid epidemic.

I yield back.

Chairwoman MALONEY. The gentleman yields back.

I would, before we close, like to offer the ranking member, Mr. Comer, an opportunity to offer his closing remarks.

You are now recognized.

Mr. COMER. OK. Well, thank you, Madam Chair.

And, again, I thank our witnesses for being here today. And, Madam Chair, I thank you for having a history lesson for us today about what happened with big pharma and with McKinsey many years ago.

But it is really not sincere to have a full committee hearing about the opioid crisis and not have any witnesses, not have any discussion about what is going on, on the southern border, because the fentanyl crisis is the opioid crisis. This is the drug crisis that is affected every American today, right now, in the present.

You know, today, we witnessed outrage by Tlaib and Pressley about opioid overdose deaths in their district. Republicans share their outrage over opioid overdose deaths. We all have those in our districts.

We heard Representative Porter express concern that McKinsey didn’t properly disclose their conflicts of interest when doing contract work with the FDA.

Republicans strongly share her concern. We want full disclosure of every potential conflict of interest. That is one role the House Oversight Committee plays; that is why we have requested so many hearings with respect to the origination of COVID-19, with respect to Hunter Biden and all the shady business dealings that we believe have left the Biden administration compromised with China, which is always at the root of just about every conflict with have in America now.

We have heard many Democrats express anger with Purdue Pharma and McKinsey and their past wrongdoings, and Republicans share your anger.

My question to Democrats is this, you have heard today, Republicans express our concern, outrage, and anger with the Biden administration and their open-border policy.

Do you share our concern about the Biden border crisis that is bringing fentanyl and crystal meth and every drug imaginable across the border?

If you share our outrage, join us in going to the southern border, listening to the Border Patrol agents. Join us when we request hearings and let's have a bipartisan hearing about the crisis on the southern border and get the appropriate Biden officials in here to see what they are doing about it.

Let's not just talk about past litigation. Let's talk about the present and what we are going to do about it in the future. This is the drug issue that this committee needs to be focusing on: the fentanyl coming across the southern border.

So, Madam Chair, I will conclude by, again, asking on behalf of all Americans, for you to hold a bipartisan hearing on the border crisis that is bringing in so many drugs and has led to a hundred thousand fentanyl deaths in the last year alone.

I yield back.

Chairwoman MALONEY. The gentleman yields back.

I thank all of my colleagues and all the panelists for your participation today.

Over 500,000 Americans have died from opioid overdoses and that number continues to climb every day. Today's hearing represents a critical step in ensuring public accountability for those responsible for the Nation's opioid epidemic; not just the opioid manufacturers or their billionaire owners, but their hired guns, who hid behind suits and board rooms.

We now know that Purdue and the Sacklers were relying on McKinsey's consultants to create the roadmap to flood America with addictive painkillers. McKinsey pushed the most horrific advice on how to push more opioids onto our hardest-hit communities.

Today we learned that McKinsey reaped at least \$86 million in revenue from consulting Purdue alone. They consulted for other companies on their marketing strategies and over \$140 million from the FDA.

Mr. Sternfels, I am very disappointed that you continue to deny that McKinsey's consulting for the FDA and opioid manufacturers presented a conflict of interest and you defended your company's failure to disclose this information to the FDA, despite the overwhelming evidence of the conflicts presented today.

What we need now from McKinsey is what you claimed repeatedly that you support, and that is transparency. We expect you for fully comply with the committee's document request by this Friday so that we can see how widely and deeply your firm's conflicts of interests run.

We, many of us on this committee, introduced legislation today to address these conflicts of interests, and we intend to continue seeking legislative solutions to prevent companies like McKinsey from putting profits over Americans' health and safety.

We look forward to working with you to get these documents and we look forward to working with you in passing this legislation.

I would like to add, in closing, that not only are we all very grateful to our panelists for their remarks, and I want to commend my colleagues for participating very, very passionately today in this very important conversation.

With that, and without objection, all members will have five legislative days within which to submit extraneous information and to submit additional written questions for the witnesses to the chair, which will be forwarded to the witnesses for their response.

I ask our witnesses to please respond as promptly as you are able.

This hearing is adjourned.

[Whereupon, at 12:52 p.m., the committee was adjourned.]

