

VT SUPERIOR COURT
WASHINGTON UNIT
**STATE OF VERMONT
SUPERIOR COURT
WASHINGTON UNIT**
2013 DEC 19 P 3:58

IN RE: Medline Industries, Inc.)
) CIVIL DIVISION
) Docket No. 782-12-13 WNCV

FILED

ASSURANCE OF DISCONTINUANCE

Vermont Attorney General William H. Sorrell (“the Attorney General”) and Medline Industries, Inc. (“Respondent”) hereby agree to this Assurance of Discontinuance pursuant to 9 V.S.A. § 2459.

BACKGROUND

1. The Prescribed Products Gift Ban, 18 V.S.A. § 4631a, prohibits prescribed product manufacturers from giving most gifts to Vermont health care providers.
2. Respondent, Medline Industries, Inc., is a prescribed product manufacturer incorporated under the laws of Illinois, with its principal place of business located at One Medline Place, Mundelein, Illinois 60060. Respondent, Medline Industries, Inc., is predominantly a medical supply manufacturer and distributor.
3. Medline Industries, Inc. provided meals and various other gifts to Vermont health care providers during fiscal year 2010 (July 1, 2009 through June 30, 2010) and fiscal year 2011 (July 1, 2010 through June 30, 2011) (identified in Exhibit A).
4. Respondent promptly self-reported the above conduct to the Attorney General after it hired a compliance officer who identified the Vermont legal requirements.
5. The Attorney General alleges that the conduct described in Paragraph 3 constitutes violations of the Prescribed Products Disclosure Law, 18 V.S.A. § 4631a.

**INJUNCTIVE
RELIEF**

6. Medline Industries, Inc. shall comply with the Prescribed Product Gift Ban and

Disclosure Law, 18 V.S.A. §§ 4631a, 4632.

7. In the event that there are any future violations of Vermont's Gift Ban Law by Medline employees ("Involved Employees"), Medline shall require Involved Employees to undergo mandatory 8 hour compliance training on Vermont's Gift Ban Law, Medline's Code of Conduct, and conflict of interest principles. In addition, each Involved Employee shall be subjected to mandatory corrective action tailored to the factual circumstances. At a minimum, however, corrective action will consist of a warning but may include any appropriate corrective action beyond a warning up to and including termination of employment with Medline. Furthermore, Medline will specifically promote use of its internal compliance hotline for reporting (with an option to report anonymously) violations of Vermont's Gift Ban Law by any Medline employee or representative. Medline shall inform the Attorney General's Office at the time it files its annual disclosure if any violation occurred and, if so, whether subsequent investigation by Medline caused Medline to revise its existing Compliance Policy.

PENALTIES

8. Medline Industries, Inc. shall pay civil penalties of sixty-four thousand dollars (\$64,000) on or before thirty (30) days after signing this Assurance of Discontinuance. Respondent shall make payment to the "State of Vermont" and send payment to: Kate Whelley McCabe, Assistant Attorney General, Office of the Attorney General, 109 State Street, Montpelier, Vermont 05609.

OTHER TERMS

9. Medline Industries, Inc. agrees that this Assurance of Discontinuance shall be binding on Medline Industries, Inc., and its successors and assigns.

Disclosure Law, 18 V.S.A. § 4632(c).

NOTICE

13. Respondent may be located at:

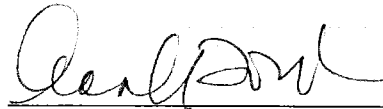
Ann Ford
Chief Compliance and Corporate Integrity Officer
Medline Industries, Inc.
One Medline Place
Mundelein, IL 60060

14. Respondent shall notify the Attorney General of any change of business name or address within 20 business days.

SIGNATURE

In lieu of instituting an action or proceeding against Medline Industries, Inc., the Office of the Attorney General, pursuant to 9 V.S.A. § 2459, accepts this Assurance of Discontinuance. By signing below, Respondent voluntarily agrees with and submits to the terms of this Assurance of Discontinuance.

DATED at _____, this 12th day of December, 2013.



10. The Attorney General hereby releases and discharges any and all claims that it may have against Medline Industries, Inc. for conduct violating the Prescribed Product Gift Ban, 18 V.S.A. § 4631a, during fiscal year 2010 (July 1, 2009 through June 30, 2010), fiscal year 2011 (July 1, 2010 through June 30, 2011), July 1, 2011-December 31, 2012, and 2012 (January 1, 2012 through December 31, 2012) as well as all claims for costs of investigation.

11. The Superior Court of the State of Vermont, Washington Unit, shall retain jurisdiction over this Assurance and the parties hereto for the purpose of enabling the Attorney General to apply to this Court at any time for orders and directions as may be necessary or appropriate to enforce compliance with or to punish violations of this Assurance of Discontinuance.

STIPULATED PENALTIES

12. If the Superior Court of the State of Vermont, Washington Unit enters an order finding Respondent to be in violation of this Assurance of Discontinuance by having violated the Prescribed Product Gift Ban, 18 V.S.A. § 4631a, then the parties agree that penalties to be assessed by the Court for each act in violation of this Assurance of Discontinuance shall be \$2,000.00 . For purposes of this Section, the term “each act” shall mean each violation of the Prescribed Products Gift Ban, 18 V.S.A. § 4631a.

This Section 12 on Stipulated Penalties shall expire no later than ten years from the effective date of this Assurance of Discontinuance with no further action necessary by the parties. If, after expiration of this Section 12, the Superior Court of the State of Vermont, Washington Unit enters an order finding Respondent to be in violation of this Assurance of Discontinuance by having violated the Prescribed Products Gift Ban, 18 V.S.A. § 4631a, any such violation shall be governed by the terms of the Prescribed Products Gift Ban and

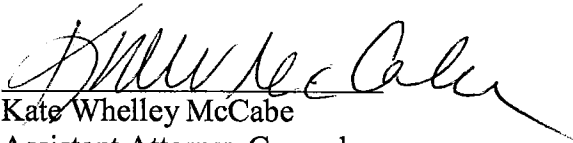
ACCEPTED on behalf of the Attorney General:

DATED at Montpelier, Vermont this 19th day of December, 2013.

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By:



Kate Whelley McCabe
Assistant Attorney General
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