



JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE

SETH DEARMIN
CHIEF OF STAFF

June 28, 2021

North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Tim Moore
Co-Chairs, Joint Legislative Commission on Government Operations

Senator Danny Earl Britt, Jr.
Senator Warren Daniel
Representative James Boles, Jr.
Representative Allen McNeill
Representative Carson Smith
Co-Chairs, Appropriations Subcommittee on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

Re: N.C.G.S. §114-2.5; Report on Settlement Agreements

Dear Members:

Pursuant to N.C.G.S. §§ 114-2.4A and 114-2.5, I am pleased to report the following settlements.

Boston Scientific

This consent judgment with Boston Scientific Corporation settled allegations that Boston Scientific Corporation misrepresented the safety of their transvaginal mesh devices by failing to disclose the full range of potential serious and irreversible complications caused by the mesh. Boston agreed to comprehensive injunctive relief and is required to make changes to their advertising and business practices. In particular they are to disclose and describe complications in understandable terms in their marketing materials; refrain from misrepresenting risks; inform health care providers about significant complications when providing training; ensure anyone marketing or selling the mesh are trained to report patient complaints and adverse events to the

company; and provide appropriate disclosures about sponsorship and conflicts of interest when submitting a clinical study or data regarding mesh for publication or presentation. Additionally, Boston agreed to pay \$186.6 million to the States, of which NC received \$4,204,063.00 to be used for attorneys' fees and other costs of investigation and litigation, or be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation, or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by State law.

J&J OTC

This consent judgment with Jonson & Johnson Consumer Inc. settled a multistate investigation that alleged that the company promoted certain over-the-counter drugs despite issues at manufacturing facilities and adulterated drugs. In some cases the benefits and qualities of these drugs were misrepresented. Johnson & Johnson agreed to abide by stringent marketing practices and report any product recalls to the Attorneys General. Additionally, Johnson & Johnson agreed to pay the Attorneys General \$33,000,000.00, of which NC received \$860,888.11 to be used for attorneys' fees, costs of investigation or litigation, consumer education, or other consumer protection purposes as permitted by State law.

McKinsey

This settlement agreement in the multistate investigation into McKinsey & Company, Inc. United States ("McKinsey") settled allegations that McKinsey, one of the world's largest consulting firms, had a role in advising opioid companies how to promote their drugs and profit from the opioid epidemic, including OxyContin maker Purdue Pharma. McKinsey agreed to produce tens of thousands of internal documents detailing its work for Purdue Pharma and other opioid companies for disclosure online. Furthermore, going forward, McKinsey agreed to adopt a strict document retention plan, continue its investigation into allegations that two of its partners tried to destroy documents in response to investigations of Purdue Pharma, implement a strict ethics code, and stop advising companies on potentially dangerous Schedule II and III narcotics. Additionally McKinsey agreed to pay \$573 million to the States, of which NC will receive \$18,984,494.71 to be paid to the Attorney General over five years. The funds are to be used for Opioid-Remediation Purposes to the extent practicable to remediate the harms caused to the State and its citizens by the opioid epidemic and to recover the costs of the investigation and pursuing these claims.

Sabre

This assurance of voluntary compliance (AVC) with SABRE Corporation settled the multistate investigation regarding the allegations that SABRE Corporation exposed the data of approximately 1.3 million credit cards during a data breach of the company's hotel booking system. While the hotels provided notice to the customers involved, some customers received their notices late and some received multiple notices stemming from the same breach. SABRE agreed to specify the

June 28, 2021

Page 3

roles and responsibilities of both parties in an event of a breach in future contracts; implement specific security requirements; implement a written incident response and data breach notification plan; and undergo a third-party security assessment. Additionally, they agreed to pay \$2,400,000.00 to the States, of which NC received \$76,019.85 to be used for attorneys' fees and other costs of investigation and litigation, or to be placed in, or applied to the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation, or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by State law

We will be happy to respond to any questions you may have regarding this report.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Dearmin', followed by a long, horizontal, slightly wavy line that extends to the right.

Seth Dearmin
Chief of Staff



RECEIVED
N.C. DEPT OF JUSTICE
FINANCIAL SERVICES

2021 JUN 28 PM 2:41

JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
9001 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-9001
WWW.NCDOJ.GOV

CONSUMER PROTECTION
TOLL-FREE IN NC:
877.566.7226
OUTSIDE OF NC: 919.716.6000
FAX: 919.716.6050

MEMORANDUM

TO: Financial Services
FROM: Kevin L. Anderson, Senior Deputy Attorney General
RE: Settlement Deposit Distribution
State v. Boston Scientific Corporation
DATE: June 28, 2021



Kevin L. Anderson

Pursuant to the consent judgment filed in North Carolina v. Boston Scientific Corporation a wire transfer in the amount of \$4,201,036.00 (four million, two hundred one thousand, thirty six dollars) was received by the NC Attorney General's Office, Financial Services Division, on April 15, 2021.

The states alleged that Boston Scientific Corporation ("Boston") misrepresented the safety of their transvaginal surgical mesh devices by failing to disclose the full range of potential serious and irreversible complications caused by the mesh.

Boston agreed to pay \$188.6 million to the States, of which NC received \$4,201,036.00. paid to the Attorney General, to be used for attorneys' fees and other costs of investigation and litigation, or be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation, or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of the Attorney General.

Additionally, Boston agreed to comprehensive injunctive relief and is required to make changes to their advertising and business practices. In particular they are to: disclose and describe complications in understandable terms in its marketing materials; refrain from misrepresenting risks; inform health care providers about significant complications when providing training; ensure anyone marketing or selling the mesh are trained to report patient complaints and adverse events to the company; and provide appropriate disclosures about sponsorship and conflicts of interest when submitting a clinical study or data regarding mesh for publication or presentation.

Please credit these funds to consumer funds (2140-2166) to be used for the purposes outlined above. A copy of the deposit memo, wire transfer details, and Consent Judgment are attached. If you have any questions, please contact Wendy Stevens at 716-6877.

cc: Kim D'Arruda
Melissa Lovell
Wendy Stevens/Boston Scientific Corporation Settlement File

JOSH STEIN
ATTORNEY GENERAL



CONSUMER PROTECTION
TOLL-FREE IN NC: (877) 566-7226
OUTSIDE OF NC: (919) 716-6000
FAX: (919) 716-6050

MEMORANDUM

TO: Financial Services

FROM: Wendy Stevens *WGS*
Budget & Finance Administrator, Consumer Protection

RE: **Check Deposit Boston Scientific Corporation**

DATE: April 19, 2021

Attached is a wire transfer from Bank of America pursuant to the consent judgment in the multistate action against Boston Scientific Corp in the amount of \$4,201,036.00 (four million two hundred one thousand thirty six dollars). Please deposit funds in cost center 2140-2166. If you have any questions, please contact me at 919-716-6877.

cc: Wendy Stevens/Boston Scientific Settlement File



Previous Day Composite Report

Custom

As of 04/15/2021

Company: NC DEPARTMENT OF STATE TREASURER

User: Janice Boyce

04/19/2021 09:27 AM ET

Commercial Electronic Office®

Treasury Information Reporting

Currency: USD

Bank: 121000248

Account: 4128455847(NC)

WELLS FARGO BANK, N.A.
NORTH CAROLINA DEPARTMENT OF STATE TREASURER

Balances

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	4,201,036.00
Total Debits	4,201,036.00
Total Number Credits	1
Total Number Debits	1

Summaries

Type of Credit	Number of Items	Amount
Total Wire Transfer Credits	1	4,201,036.00
Credit Totals	1	4,201,036.00
Type of Debit	Number of Items	Amount
Total ZBA Debits	1	4,201,036.00
Debit Totals	1	4,201,036.00

Credit Transactions

4/15/2021	195 / INCOMING MONEY TRANSFER Cust Ref: 000000000000 Unique ID: RG210415132042 WT FED#02986 BANK OF AMERICA, N /ORG=BOSTON SCIENTIFIC CORP MASTER SRF# 2021041500380451 TRN#210415132042 RFB# 214FA0440ECZ2M28	Credit Amount: Bank Ref: IA009982255978	4,201,036.00
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Debit Transactions

4/15/2021	575 / INDIVIDUAL ZBA DEBIT Cust Ref: 000000000000 ZERO BALANCE ACCOUNT TRANSFER TO 2062670003460	Debit Amount: Bank Ref: IA041500000009	4,201,036.00
Account Net Amount			0.00

Currency: USD

Bank: 121000248

Account: 2000021316302(NC)

WELLS FARGO BANK, N.A.
DEPT OF JUSTICE

You do not have access to balances for this account.

Summaries

Type of Credit	Number of Items	Amount
Total ACH Credits	1	1,164.80
Credit Totals	1	1,164.80
Type of Debit	Number of Items	Amount
Total ZBA Debits	1	1,164.80
Debit Totals	1	1,164.80
Credit Transactions		
4/15/2021	169 / MISCELLANEOUS ACH CREDIT Cust Ref: 000000000000 Unique ID: 00000091003952989764 BANKCARD DEPOSIT 210415 419161272994 DOJ EAST NCJA BOOKSTOR	Credit Amount: Bank Ref: IA000018108534
		1,164.80

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
21 CVS _____

STATE OF NORTH CAROLINA *ex rel.* 2021 MAR 23 A 11:15
JOSHUA H. STEIN, ATTORNEY GENERAL GO., C.S.C.

Plaintiff,

v.

BOSTON SCIENTIFIC CORPORATION

Defendant.

COMPLAINT

INTRODUCTION

Plaintiff State of North Carolina, by and through its Attorney General, brings this action against Defendant Boston Scientific Corporation pursuant to North Carolina's Unfair and Deceptive Trade Practices Act, N.C.G.S. §§ 75-1.1, *et seq.* Plaintiff seeks a permanent injunction, costs, and other appropriate relief.

PLAINTIFF COMPLAINS OF DEFENDANTS AND ALLEGES AND SAYS AS FOLLOWS:

The Parties

1. Plaintiff is the State of North Carolina acting on relation of its Attorney General, Joshua H. Stein, who brings this action pursuant to authority found in Chapters 75 and 114 of the North Carolina General Statutes.

2. Defendant Boston Scientific Corporation ("Boston Scientific") is a Delaware corporation and headquartered at 300 Boston Scientific Way, Marlborough, MA 01752-1234.

3. At all times relevant hereto, Defendant Boston Scientific transacted business in the State of North Carolina and nationwide by marketing, promoting, advertising, offering for sale, selling,

and distributing transvaginal surgical mesh devices, and that business is governed by the North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. §§ 75-1.1, *et seq.*

Background

4. “Surgical Mesh,” as used in this Complaint, is a medical device that contains synthetic polypropylene mesh intended to be implanted in the pelvic floor to treat stress urinary incontinence (SUI) and/or pelvic organ prolapse (POP) manufactured and sold by Boston Scientific in the United States.

5. SUI and POP are common conditions that pose lifestyle limitations and are not life-threatening.

6. SUI is a leakage of urine during episodes of physical activity that increase abdominal pressure, such as coughing, sneezing, laughing, or exercising. SUI can happen when pelvic tissues and muscles supporting the bladder and urethra become weak and allow the neck of the bladder to descend during bursts of physical activity, and the descent can prevent the urethra from working properly to control the flow of urine. SUI can also result when the sphincter muscle that controls the urethra weakens and is not able to stop the flow of urine under normal circumstances and with an increase in abdominal pressure.

7. POP happens when the tissue and muscles of the pelvic floor fail to support the pelvic organs resulting in the drop of the pelvic organs from their normal position. Not all women with POP have symptoms, while some experience pelvic discomfort or pain, pressure, and other symptoms.

8. In addition to addressing symptoms, such as wearing absorbent pads, there are a variety of non-surgical and surgical treatment options to address SUI and POP. Non-surgical options for SUI include pelvic floor exercises, pessaries, transurethral bulking agents, and behavior

modifications. Surgery for SUI can be done through the vagina or abdomen to provide support for the urethra or bladder neck with either stitches alone, tissue removed from other parts of the body, tissue from another person, or with material such as surgical mesh, which is permanently implanted. Non-surgical options for POP include pelvic floor exercises and pessaries. Surgery for POP can be done through the vagina or abdomen using stitches alone or with the addition of surgical mesh.

9. Boston Scientific marketed and sold Surgical Mesh devices to be implanted transvaginally for the treatment of POP for approximately 10 years or more. Boston Scientific ceased the sale of Surgical Mesh devices to be implanted transvaginally for the treatment of POP after the Food and Drug Administration (FDA) ordered manufacturers of such products to cease the sale and distribution of the products in April 2019.

10. Boston Scientific began marketing and selling Surgical Mesh devices to be implanted transvaginally for the treatment of SUI by 2003, and continues to market and sell Surgical Mesh devices to be implanted transvaginally for the treatment of SUI.

11. The FDA applies different levels of scrutiny to medical devices before approving or clearing them for sale.

12. The most rigorous level of scrutiny is the premarket approval (PMA) process, which requires a manufacturer to submit detailed information to the FDA regarding the safety and effectiveness of its device.

13. The 510(k) review is a much less rigorous process than the PMA review process. Under this process, a manufacturer is exempt from the PMA process and instead provides premarket notification to the FDA that a medical device is “substantially equivalent” to a legally marketed device. While PMA approval results in a finding of safety and effectiveness based on the

manufacturer's submission and any other information before the FDA, 510(k) clearance occurs after a finding of substantial equivalence to a legally marketed device. The 510(k) process is focused on equivalence, not safety.

14. Boston Scientific's SUI and POP Surgical Mesh devices entered the market under the 510(k) review process. Boston Scientific marketed and sold Surgical Mesh devices without adequate testing.

Boston Scientific's Course of Conduct

15. In marketing Surgical Mesh devices, Boston Scientific misrepresented and failed to disclose the full range of risks and complications associated with the devices, including misrepresenting the risks of Surgical Mesh as compared with the risks of other surgeries or surgically implantable materials.

16. Boston Scientific misrepresented the safety of its Surgical Mesh by misrepresenting the risks of its Surgical Mesh, thereby making false and/or misleading representations about its risks.

17. Boston Scientific also made material omissions when it failed to disclose the risks of its Surgical Mesh.

18. Boston Scientific misrepresented and/or failed to adequately disclose serious risks and complications of one or more of its transvaginally-placed Surgical Mesh products, including the following:

- a. heightened risk of infection;
- b. rigid scar plate formation;
- c. mesh shrinkage;
- d. voiding dysfunction;
- e. de novo incontinence;

- f. urinary tract infection;
- g. risk of delayed occurrence of complications; and
- h. defecatory dysfunction.

19. Throughout its marketing of Surgical Mesh, Boston Scientific continually failed to disclose risks and complications it knew to be inherent in the devices and/or misrepresented those inherent risks and complications as caused by physician error, surgical technique, or perioperative risks.

20. In 2008, the FDA issued a Public Health Notification to inform doctors and patients about serious complications associated with surgical mesh placed through the vagina to treat POP or SUI. In 2011, the FDA issued a Safety Communication to inform doctors and patients that serious complications associated with surgical mesh for the transvaginal repair of POP are not rare, and that a systematic review of published literature showed that transvaginal POP repair with mesh does not improve symptomatic results or quality of life over traditional non-mesh repair and that mesh used in transvaginal POP repair introduces risks not present in traditional non-mesh surgery for POP repair.

21. In 2012, the FDA ordered post-market surveillance studies by manufacturers of surgical mesh to address specific safety and effectiveness concerns related to surgical mesh used for the transvaginal repair of POP. In 2016, the FDA issued final orders to reclassify transvaginal POP devices as Class III (high risk) devices and to require manufacturers to submit a PMA application to support the safety and effectiveness of surgical mesh for the transvaginal repair of POP in order to continue marketing the devices.

22. In April 2019, the FDA ordered manufacturers of surgical mesh devices intended for transvaginal repair of POP to cease the sale and distribution of those products in the United States. The FDA determined that Boston Scientific had not demonstrated a reasonable assurance of safety

and effectiveness for these devices under the PMA standard. On or around April 16, 2019, Boston Scientific announced it would stop global sales of its transvaginal mesh products indicated for POP.

VIOLATION OF LAW

23. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding paragraphs 1 through 24 as if they were set out at length herein.

24. In the course of marketing, promoting, selling, and distributing Surgical Mesh products, Boston Scientific made false statements about, misrepresented, and/or made other representations about the risks of Surgical Mesh products that had the effect, capacity, or tendency, of deceiving or misleading consumers. Pursuant to N.C.G.S. § 75-1.1, such false statements and misrepresentations constitute unfair or deceptive trade practices that are prohibited by North Carolina's Unfair and Deceptive Trade Practices Act.

25. In the course of marketing, promoting, selling, and distributing Surgical Mesh products, Boston Scientific has made representations concerning the characteristics, uses, benefits, and/or qualities of Surgical Mesh products that they did not have. Pursuant to N.C.G.S. § 75-1.1, such false statements and misrepresentations constitute unfair or deceptive trade practices that are prohibited by North Carolina's Unfair and Deceptive Trade Practices Act.

26. Defendant Boston Scientific made material omissions concerning the risks and complications associated with Surgical Mesh products, and those material omissions had the effect, capacity, or tendency of deceiving consumers. Pursuant to N.C.G.S. § 75-1.1, such omissions constitute unfair or deceptive trade practices that are prohibited by North Carolina's Unfair and Deceptive Trade Practices Act.

27. The acts or practices described herein occurred in trade or commerce as defined in North Carolina's Unfair and Deceptive Trade Practices Act.

28. These acts or practices affected the public interest because they impacted numerous North Carolina consumers.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

A. That this Court, pursuant to N.C.G.S. § 75-1.1, permanently enjoin and restrain Defendant, their agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in unfair or deceptive trade practices in the marketing, promoting, selling and distributing of Defendant's Surgical Mesh devices;

B. That this Court fashion equitable relief to cure Defendant's deceptive practices;

C. That this Court order Defendant to pay all costs for the prosecution and investigation of this action, as provided by N.C.G.S. § 75-16.1; and

D. That this Court grant such other and further relief as the Court deems just and proper.

This the 23rd day of March, 2021.

JOSHUA H. STEIN
Attorney General



Kimberley A. D'Arruda
Special Deputy Attorney General
N.C. Department of Justice
P.O. Box 629
Raleigh, NC 27602-0629
(919) 716-6000
kdarruda@ncdoj.gov
State Bar No. 25271



RECEIVED
N.C. DEPT. OF JUSTICE
FINANCIAL SERVICES

APR -7 PM 2:31

JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
9001 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-9001
WWW.NCDOJ.GOV

CONSUMER PROTECTION
TOLL-FREE IN NC: 877.566.7226
OUTSIDE OF NC: 919.716.6000
FAX: 919.716.6050

MEMORANDUM

TO: Financial Services
FROM: Kevin L. Anderson, Senior Deputy Attorney General
RE: Settlement Deposit Distribution
State v. McKinsey & Company, Inc. United States
DATE: April 16, 2021



Kevin L. Anderson

Pursuant to a settlement agreement in the multi-state investigation into McKinsey & Company, Inc. United States ("McKinsey") a wire transfer in the amount of \$15,735,496.23 (fifteen million seven hundred thirty five thousand, four hundred ninety six dollars and twenty three cents) was received by the NC Attorney General's Office, Financial Services Division, on April 1, 2021.

The States alleged that McKinsey & Company, being one of the world's largest consulting firms, had a role in advising opioid companies how to promote their drugs and profit from the opioid epidemic. It was alleged that McKinsey contributed to the opioid crisis by promoting marketing schemes and consulting services to opioid manufacturers, including OxyContin maker Purdue Pharma, for over a decade. This included direction on how to maximize profits from its opioid products, including targeting high-volume opioid prescribers, using specific messaging to get physicians to prescribe more OxyContin to more patients, and circumventing pharmacy restrictions in order to deliver high-dose prescriptions to patients.

McKinsey agreed to pay \$573,000,000.00 to the States, of which NC is to receive \$18,984,494.71 to be paid to the Attorney General over five years and is to be used for Opioid-Remediation Purposes to the extent practicable to remediate the harms caused to the State and their citizens by the opioid epidemic and to recover the costs of the investigation and pursuing these claims.

Opioid-Remediation Purposes shall be expenditures that have not already been incurred and are designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) support other strategies to address the opioid epidemic, including prevention, treatment, recovery support, connections to care, and harm reduction. Expenditures may include reasonable related administrative expenses. A non-exclusive list of remediation strategies can be located in Appendix B of the attached settlement and qualify as Opioid-Remediation Purposes.

Payments will be made as follows:

- \$15,735,496.23 April 1, 2021
- \$812,249.62 by April 1, 2022
- \$812,249.62 by April 3, 2023
- \$812,249.62 by April 1, 2024
- \$812,249.62 by April 1, 2025

Additionally, McKinsey agreed to produce tens of thousands of internal documents detailing its work for Perdue Pharma and other opioid companies for public disclosure online. Furthermore, going forward, McKinsey agreed to adopt a strict document retention plan, continue its investigation into allegations that two of its partners tried to destroy documents in response to investigations of Perdue Pharma, implement a strict ethics code that all partners must agree to each year, and stop advising companies on potentially dangerous Schedule II and III narcotics.

Please credit these funds to consumer funds (2140-2164) to be used for the purposes outlined above. Attached are copies of the deposit memo, wire transfer confirmation, and settlement agreement. If you have any questions, please contact Wendy Stevens at 716-6877.

cc: Jonathan Marx
Kim D'Arruda
Melissa Lovell
Wendy Stevens/McKinsey & Company, Inc. United States Settlement File



JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
9001 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-9001
WWW.NCDOJ.GOV

CONSUMER PROTECTION
TOLL-FREE IN NC:
877.566.7226
OUTSIDE OF NC: 919.716.6000
FAX: 919.716.6050

MEMORANDUM

TO: Financial Services
FROM: Wendy Stevens, Finance & Budget Administrator, Consumer Protection
RE: **Wire Transfer Deposit McKinsey & Company, Inc. United States**
DATE: April 8, 2021

Attached is a wire confirmation in the amount of \$15,735,496.23 (fifteen million seven hundred thirty five thousand, four hundred ninety six dollars and twenty three cents) received on April 1, 2021 pursuant to the settlement agreement in the multistate investigation against McKinsey & Company, Inc. United States. Please deposit funds in cost center 2140-2164. If you have any questions, please contact me.

cc: Wendy Stevens/McKinsey Settlement File



Previous Day Composite Report

Custom

From 04/01/2021 Through 04/05/2021

Company: NC DEPARTMENT OF STATE TREASURER

User: Janice Boyce

04/06/2021 01:03 PM ET

Commercial Electronic Office®

Treasury Information Reporting

Credit Transactions

4/2/2021	169 / MISCELLANEOUS ACH CREDIT	Credit Amount:	566.07
	Cust Ref: 000000000000	Bank Ref: IA000012493173	
	Unique ID: 00000091004051976858		
	BANKCARD DEPOSIT 210402 419161272994 DOJ EAST NCJA BOOKSTOR		

Debit Transactions

4/2/2021	575 / INDIVIDUAL ZBA DEBIT	Debit Amount:	566.07
	Cust Ref: 000000000000	Bank Ref: IA040200000049	
	ZERO BALANCE ACCOUNT TRANSFER TO 2062670003460		

Account Net Amount

0.00

Grand Total For Currency: USD

Balances

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	.00
Total Debits	0
Total Number Credits	0
Total Number Debits	0

As of 4/1/2021

Currency: USD

Bank: 121000248

Account: 4128455847(NC)

WELLS FARGO BANK, N.A.
NORTH CAROLINA DEPARTMENT OF STATE TREA

Balances

Closing Ledger Balance	.00
Closing Collected Balance	.00
Opening Available Balance	.00
One Day Float	.00
Two+ Day Float	.00
MTD Average Closing Ledger Balance	.00
MTD Average Closing Collected Balance	.00
Total Credits	15,735,496.23
Total Debits	15,735,496.23
Total Number Credits	1
Total Number Debits	1

Handwritten: Jap # 624
BC23600
4-1-2021

Summaries

Type of Credit	Number of Items	Amount
Total Wire Transfer Credits	1	15,735,496.23
Credit Totals	1	15,735,496.23
Type of Debit	Number of Items	Amount
Total ZBA Debits	1	15,735,496.23
Debit Totals	1	15,735,496.23

Credit Transactions

4/1/2021	195 / INCOMING MONEY TRANSFER	Credit Amount:	15,735,496.23
	Cust Ref: 000000000000	Bank Ref: IA009977109333	
	Unique ID: RG210401019642		
	WT FED#02686 BANK OF AMERICA, N /ORG=MCKINSEY AND COMPANY INC UNITED STA SRF#		
	2021033100633014 TRN#210401019642 RFB# NC2021APR		

Debit Transactions

You are using PROD Environment
 Edit Journal ?

Save Complete Cancel

15
 Last Saved 4/8/21 8:48 AM

Data Access Set: NC CASH - AGENCY 0900

Projected Balances

PTD Total

Journal Batch: 0900 DEP 04/08/2021 SETTLEMENT ? Show More

Batch Actions

No lines selected.

Journal Batch 0900 DEP 04/08/2021 S

Source Manual

Description SETTLEMENT

Approval Status Required

Balance Type Actual

Funds Status Not attempted

* Accounting Period Apr-21

Batch Status Unposted

Completion Status Incomplete

Attachments None

Journal ? Show More

Manual 22925 08-APR-2021 08:47:40

Journal Actions

Journal Manual 22925 08-APR-21

Currency USD US Dollar

Description

Conversion Date 4/1/21

* Ledger NC CASH US

Conversion Rate Type User

* Accounting Date 4/1/21

Conversion Rate 1

* Category DEP - CASH & CHECK

Inverse Conversion Rate 1

Journal Lines ?

Actions View Format + - Detach Wrap

Line * Account

Entered (USD)

Description

Debit

Credit

1 0900-023600-11120000-0000000-1 15,735,496.23

SETTLEMENT-MCK

Type DEP - CASH & CHECK

DEP - CASH & CHECK 0000000300386

Regional Information

2 0900-023600-00004000-0000000-0000000

15,735,496.23 SETTLEMENT-MCKI

Total

15,735,496.23

15,735,496.23

Columns Hidden 11

FILED

21CV001585

STATE OF NORTH CAROLINA

WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
No. _____

STATE OF NORTH CAROLINA ex rel,
JOSHUA H. STEIN, ATTORNEY GENERAL,
Plaintiff,

v.

MCKINSEY & COMPANY, INC.
UNITED STATES,
Defendant.

FINAL CONSENT JUDGMENT

Plaintiff, the State of North Carolina, by and through Attorney General Joshua H. Stein, (the "State" or "Plaintiff") has filed a Complaint for a permanent injunction, equitable monetary relief, and other relief in this matter pursuant to N.C.G.S. § 75-1.1 *et seq.*, alleging that Defendant McKinsey & Company, Inc. United States ("McKinsey" or "Defendant"), committed violations of the North Carolina Unfair and Deceptive Trade Practices Act. Plaintiff, by its counsel, and McKinsey, by its counsel, have agreed to the entry of this Final Consent Judgment/Consent Order ("Judgment") by the Court without trial or adjudication of any issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

IT IS HEREBY ORDERED THAT:

I. FINDINGS

A. For purposes of this proceeding only, this Court has jurisdiction over the subject matter of this lawsuit and over the Parties (as defined below). This Judgment shall not be construed or used as a waiver of any jurisdictional defense McKinsey may raise in any other proceeding.

- B. The terms of this Judgment shall be governed by the laws of the State of North Carolina.
- C. Entry of this Judgment is in the public interest and reflects a negotiated agreement among the Parties.
- D. The Parties have agreed to resolve the issues resulting from the Covered Conduct (as defined below) by entering into this Judgment.
- E. McKinsey has cooperated with the Signatory Attorney General's (as defined below) investigation and is willing to enter into this Judgment regarding the Covered Conduct in order to resolve the Signatory Attorney General's claims and concerns under N.C.G.S. § 75-1.1 as to the matters addressed in this Judgment and thereby avoid significant expense, inconvenience, and uncertainty.
- F. "MultiState Executive Committee" means the Attorneys General and staffs representing California, Colorado, Connecticut, Massachusetts, New York, North Carolina, Oregon, Oklahoma, Tennessee, and Vermont.
- G. The Signatory Attorney General acknowledges McKinsey's good faith and responsible corporate citizenship in reaching this resolution.
- H. McKinsey is entering into this Judgment solely for the purpose of settlement, and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, all of which McKinsey expressly denies. McKinsey does not admit any violation of the State Consumer Protection Laws (as defined below and set forth in footnote 1) and does not admit any wrongdoing that was or could have been alleged by the Signatory Attorney General

before the date of the Judgment. No part of this Judgment, including its statements and commitments, shall constitute evidence of any liability, fault, or wrongdoing by McKinsey.

I. This Judgment shall not be construed or used as a waiver or limitation of any defense otherwise available to McKinsey in any other action, or of McKinsey's right to defend itself from, or make any arguments in, any other regulatory, governmental, private individual, or class claims or suits relating to the subject matter or terms of this Judgment. This Judgment is made without trial or adjudication of any issue of fact or law or finding of liability of any kind. Notwithstanding the foregoing, the Signatory Attorney General may file an action to enforce the terms of this Judgment.

J. No part of this Judgment shall create a private cause of action or confer any right to any third party for violation of any federal or state statute except that the Signatory Attorney General may file an action to enforce the terms of this Judgment. It is the intent of the Parties that this Judgment shall not be binding or admissible in any other matter, including, but not limited to, any investigation or litigation, other than in connection with the enforcement of this Judgment. This Judgment is not enforceable by any persons or entities besides the Signatory Attorney General, McKinsey and this Court.

II. DEFINITIONS

The following definitions shall be used in construing the Judgment:

A. "Covered Conduct" means any and all acts, failures to act, conduct, statements, errors, omissions, events, breaches of duty, services, advice, work, deliverables, engagements, transactions, or other activity of any kind whatsoever, occurring up to and including the Effective Date arising from or related in any way to (i) the discovery, development, manufacture, marketing, promotion, advertising, recall, withdrawal, distribution, monitoring, supply, sale, prescribing, reimbursement, use, regulation, or abuse of any opioid, or (ii) the treatment of

opioid abuse or efforts to combat the opioid crisis, or (iii) the characteristics, properties, risks, or benefits of any opioid, or (iv) the spoliation of any materials in connection with or concerning any of the foregoing.

B. "Effective Date" means the date on which a copy of the Judgment, duly executed by McKinsey and by the Signatory Attorney General, is approved by, and becomes a Judgment of the Court.

C. "McKinsey" means McKinsey & Company, Inc. United States, a Delaware Corporation, and all its current or former officers, directors, partners, employees, representatives, agents, affiliates, parents, subsidiaries, operating companies, predecessors, assigns and successors.

D. "Parties" means McKinsey and the Signatory Attorney General.

E. "Signatory Attorney General" means the Attorney General of North Carolina, or his/her authorized designee, who has agreed to this Judgment.

F. "Settling State" means the state that has agreed to this Judgment.

G. "State Consumer Protection Laws" means the consumer protection laws cited in footnote 1.¹

¹ALABAMA – Alabama Deceptive Trade Practices Act § 8-19-1 et seq. (2002); ALASKA – Alaska Unfair Trade Practices and Consumer Protection Act AS 45.50.471 – 45.50.561; AMERICAN SAMOA – Consumer Protection Act, A.S.C.A. §§ 27.0401 et seq.; ARIZONA – Consumer Fraud Act, A.R.S. §44-1521 et seq.; ARKANSAS – Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101, et seq.; CALIFORNIA – Bus. & Prof Code §§ 17200 et seq. and 17500 et seq.; COLORADO – Colorado Consumer Protection Act, Colo. Rev. Stat. § 6-1-101 et seq.; CONNECTICUT – Connecticut Unfair Trade Practices Act, Conn. Gen Stat. §§ 42-110a through 42-110q; DELAWARE – Delaware Consumer Fraud Act, Del. CODE ANN. tit. 6, §§ 2511 to 2527; DISTRICT OF COLUMBIA, District of Columbia Consumer Protection Procedures Act, D.C. Code §§ 28-3901 et seq.; FLORIDA – Florida Deceptive and Unfair Trade Practices Act, Part II, Chapter 501, Florida Statutes, 501.201 et. seq.; GEORGIA – Fair Business Practices Act, O.C.G.A. Sections 10-1-390 et seq.; GUAM – Trade Practices and Consumer Protection, 5 G.C.A. Ch. 32 et seq.; HAWAII – Uniform Deceptive Trade Practice Act, Haw. Rev. Stat. Chpt. 481A and Haw. Rev. Stat. Chpt. 480; IDAHO – Idaho Consumer Protection Act, Idaho Code § 48-601 et seq.; ILLINOIS – Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 et seq.; INDIANA – Deceptive Consumer Sales Act, Ind. Code §§ 24-5-0.5-0.1 to 24-5-0.5-12; IOWA – Iowa Consumer Fraud Act, Iowa Code Section 714.16; KANSAS – Kansas Consumer Protection Act, K.S.A. 50-623 et seq.; KENTUCKY –

H. Any reference to a written document shall mean a physical paper copy of the document, electronic version of the document, or electronic access to such document.

III. INJUNCTIVE RELIEF

It is ordered that:

A. McKinsey shall not accept any future engagements relating to the discovery, development, manufacture, marketing, promotion, advertising, recall, withdrawal, monitoring, sale, prescribing, use or abuse of any Opioid or other opioid-based Schedule II or III controlled substance;

B. Nothing in Section III.A above is intended to prohibit McKinsey from offering its services to: (1) clients who, as part of their overall business, develop, manufacture, market, promote, advertise, recall, withdraw, distribute, monitor, supply, sell or prescribe opioids or

Kentucky Consumer Protection Act, KRS Ch. 367.110, et seq.; LOUISIANA - Unfair Trade Practices and Consumer Protection Law, LSA-R.S. 51:1401, et seq.; MAINE - Unfair Trade Practices Act, 5 M.R.S.A. § 207 et seq.; MARYLAND - Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 et seq.; MASSACHUSETTS - Mass. Gen. Laws c. 93A, §§ 2 and 4; MICHIGAN - Michigan Consumer Protection Act, MCL § 445.901 et seq.; MINNESOTA - Minn. Stat. §§ 325D.44, 325F.69; MISSISSIPPI - Mississippi Consumer Protection Act, Miss. Code Ann. § 75-24-1, et seq.; MISSOURI - Missouri Merchandising Practices Act, Mo. Rev. Stat. §§ 407.010 et seq.; MONTANA - Montana Consumer Protection Act §§ 30-14-101 et seq.; NEBRASKA - Consumer Protection Act, Neb. Rev. Stat. §§ 59-1601 et seq. and Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §§ 87-301 et seq.; NEW HAMPSHIRE - NH RSA § 358-A et seq.; NEW JERSEY - New Jersey Consumer Fraud Act, NJSA 56:8-1 et seq.; NEW MEXICO - NMSA 1978, § 57-12-1 et seq.; NEW YORK - General Business Law Art. 22-A, §§ 349-50, and Executive Law § 63(12); NORTH CAROLINA - North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. § 75-1.1, et seq.; NORTH DAKOTA - Unlawful Sales or Advertising Practices, N.D. Cent. Code § 51-15-02 et seq.; NORTHERN MARIANA ISLANDS - Consumer Protection Act, 4 N. Mar. I. Code §§ 5201 et seq.; OHIO - Ohio Consumer Sales Practices Act, R.C. 1345.01, et seq.; OKLAHOMA - Oklahoma Consumer Protection Act 15 O.S. §§ 751 et seq.; OREGON - Oregon Unlawful Trade Practices Act, Or. Rev. Stat. § 646.605 et seq.; PENNSYLVANIA - Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. 201-1 et seq.; PUERTO RICO - Puerto Rico Antitrust Act, 10 L.P.R.A. § 259; RHODE ISLAND - Deceptive Trade Practices Act, Rhode Island Gen. Laws § 6-13.1-1, et seq.; SOUTH CAROLINA - South Carolina Unfair Trade Practices Act, S.C. Code Ann. § 39-5-10 et seq.; SOUTH DAKOTA - South Dakota Deceptive Trade Practices and Consumer Protection, SDCL ch. 37-24; TENNESSEE - Tennessee Consumer Protection Act, Tenn. Code Ann. 47-18-101 et seq.; TEXAS - Texas Deceptive Trade Practices-Consumer Protection Act, Tex. Bus. And Com. Code 17.41, et seq.; UTAH - Consumer Sales Practices Act, Utah Code Ann. §§ 13-11-1 et seq.; VERMONT - Vermont Consumer Protection Law, 12A V.I.C. §§ 101 et seq.; VIRGINIA - Virginia Consumer Protection Act, Va Code Ann. § 59.1-196 et seq.; WISCONSIN - Wis. Stat. § 100.18 (Fraudulent Representations); WYOMING - Wyoming Consumer Protection Act, Wyo. Stat. Ann. §§ 40-12-101 through -114.

other opioid-based Schedule II or III controlled substances, so long as the subject matter of the engagement does not specifically relate to opioids or other opioid-based Schedule II or III controlled substances; or (2) health care providers, health plans, non-profit entities, governments, and quasi-governmental agencies, or any other client that is not a pharmaceutical manufacturer, for purposes of addressing a humanitarian health crisis, drug abuse prevention, treatment, and mitigation or abatement efforts, or other public health benefit;

C. Within eighteen months of the Effective Date for paragraph 4 below, and within twenty-four months of the Effective Date for paragraphs 1-3 below, McKinsey shall develop and implement a document retention policy that provides as follows:

1. McKinsey shall maintain a centralized document storage system ("Storage System") such as a document management system or a file sharing platform.
2. Unless prohibited by state, federal, or foreign law, McKinsey shall require its partners and employees, to the extent possible on a best-efforts basis, to create and maintain a final working papers file ("Final Working Papers File") relating to client engagements on the Storage System. The Final Working Papers File shall include, but not be limited to, letters of proposal, contracts, memoranda, invoices, contracted deliverables, and close-out memoranda.
3. McKinsey shall retain the Final Working Papers File for a minimum of seven years.
4. McKinsey shall retain all communications and documents exchanged on any electronic mail (including associated attachments) or instant message system that McKinsey authorizes its personnel to use for five years;
5. Nothing in this section shall prevent McKinsey from: (a) deleting documents or

data as required by any state, federal, or foreign law or regulation, or (b) deleting documents or data as contractually required by a third party where such contractual requirement is reasonably necessary to allow the third party to comply with any state, federal, or foreign law or regulation.

D. McKinsey shall implement a written policy requiring the termination of any employee that engages in the intentional spoliation of evidence for an improper purpose;

E. In the next calendar year after the Effective Date, McKinsey shall include in the annual acknowledgement that all McKinsey partners are required to certify a section describing the terms and conditions of this Judgment, and McKinsey shall further hold additional annual training for partners in the Pharmaceuticals & Medical Products practice concerning the terms and conditions of this Judgment;

F. Revisions to Client conflict policy pertaining to Government Clients (defined below), which shall be implemented within 60 days of the Effective Date:

1. McKinsey agrees to revise its conflict policy pertaining to potential engagements by any Settling State, county government, or municipal government (or any government agency of the aforementioned) ("Government Client") to require a written disclosure of any material conflict ("Conflict Disclosure") when (A) responding in writing to a request for proposal; (B) formally proposing work; (C) tendering an engagement letter to a Government Client; or (D) beginning work for a Government Client in the absence of an engagement letter, proposal, or request for proposal, whichever occurs first ("Triggering Event").
2. A material conflict exists for purposes of this Section III.F when, at the time of any Triggering Event, McKinsey is advising or in the past three years has

previously advised an industry client on work which, in the view of a neutral and detached observer, is or was materially adverse to the work McKinsey would perform for the Government Client, such that when McKinsey is working or has worked to advance the goals or interests of the industry client it is likely to harm the goals or interests it is working to advance of the Government Client.

3. Within 90 days of the Effective Date, McKinsey shall review each current engagement with a Government Client and provide a Conflict Disclosure where it would be otherwise required under this Section III.F for a new Government Client.
4. Nothing in this Section III.F shall supersede or affect any legal or contractual obligation McKinsey may have pertaining to confidentiality, conflicts, or engagement of clients ("Client Obligations"). The Conflict Disclosure shall not require McKinsey to violate any confidentiality obligations McKinsey has with its clients, and McKinsey satisfies its obligations under this section by providing a Conflict Disclosure (A) identifying the relevant industry; and (B) generally describing the work McKinsey performs for its industry client (without identifying its client). If for whatever reason McKinsey determines that its Client Obligations preclude a Conflict Disclosure, McKinsey agrees to decline the work for the Government Client.

G. McKinsey shall not use, assist, or employ any Third Party to engage in any activity that McKinsey itself would be prohibited from engaging in pursuant to this Judgment.

H. The foregoing injunctive terms may be amended by agreement between McKinsey and the Signatory Attorney General without this Court's approval or amendment of this Judgment.

IV. PUBLIC ACCESS TO MCKINSEY DOCUMENTS

It is ordered that:

A. Documents Subject to Public Disclosure

1. The following documents shall be produced by McKinsey to each Settling State and are subject to public disclosure in perpetuity as part of a document disclosure program, except for the redactions authorized by Section B:

All non-privileged documents McKinsey produced to any of the Settling States in response to investigative demands or other formal or informal requests related to opioids in 2019, 2020, or 2021, prior to the date of this Judgment, that fall within the following categories:

- a. All communications with Purdue Pharma LP ("Purdue");
- b. All documents reflecting or concerning McKinsey's work for Purdue;
- c. All communications with Endo Pharmaceuticals ("Endo"), Johnson & Johnson, or Mallinckrodt Pharmaceuticals ("Mallinckrodt") related to opioids;
- d. All documents reflecting or concerning McKinsey's work related to opioids for Endo, Johnson & Johnson, or Mallinckrodt;
- e. All documents and communications sent or received by individual consultants agreed upon by McKinsey and the Settling States related to opioids or the opioid crisis;
- f. All documents listed by Bates number in Appendix A.

2. All documents produced under this provision shall be provided in electronic format with all related metadata. McKinsey and the Settling States will work cooperatively to develop technical specifications for the productions.

B. Information That May Be Redacted

The following categories of information are exempt from public disclosure:

1. Information subject to trade secret protection. A "trade secret" is information, including a formula, pattern, compilation, program, device, method, technique or process, that (a) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure and use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Even if the information falls within the definition, "trade secret" does not include information reflecting opioid sales or promotional strategies, tactics, targeting, or data, or internal communications related to sales or promotion of opioids.

2. Confidential personal information. "Confidential personal information" means individual Social Security or tax identification numbers, personal financial account numbers, passport numbers, driver license numbers, home addresses, home telephone numbers, personal email addresses, and other personally identifiable information protected by law from disclosure. "Confidential personal information" does not include the names of officers, directors, employees, agents, or attorneys of McKinsey, Purdue, Endo, Johnson & Johnson, or Mallinckrodt, or of a government agency.

3. Information that is inappropriate for public disclosure because it is subject to personal privacy interests recognized by law (e.g., HIPAA), or contractual rights of third parties (including McKinsey's clients) that McKinsey may not abrogate. McKinsey shall make its best

efforts to ensure that disclosure into the document repository is not limited or prohibited by contractual rights of Purdue with regard to any documents, or by contractual rights of Endo, Johnson & Johnson, or Mallinckrodt with regard to documents related to opioids.

4. Information regarding McKinsey partners' or employees' personal or professional matters unrelated to McKinsey or opioids, including but not limited to emails produced by McKinsey custodians discussing vacation or sick leave, family, or other personal matters.

C. Redaction of Documents Containing Protected Information

1. Whenever a document contains information subject to a claim of exemption pursuant to Section B, McKinsey shall produce the document in redacted form. Such redactions shall indicate that trade secret and/or private information, as appropriate, has been redacted. Redactions shall be limited to the minimum redactions possible to protect the legally recognized individual privacy interests and trade secrets identified above.

2. McKinsey shall produce to each Settling State a log noting each document redacted. The log shall also provide fields stating the basis for redacting the document, with sufficient detail to allow an assessment of the merits of the assertion. The log is subject to public disclosure in perpetuity. The log shall be produced simultaneously with the production of documents required by Section IV.F.

3. In addition to the redacted documents, McKinsey shall, upon any Settling State's request, also produce all documents identified in Section IV.A above in unredacted form to such Settling State at the same time. The redacted documents produced by McKinsey may be publicly disclosed in accordance with Section IV.E below. The unredacted documents produced by McKinsey to a Settling State shall be available only to such State unless McKinsey's claim of

exemption under Section IV.B is successfully challenged in accordance with Section IV.C.4 or the trade secret designation expires in accordance with Section IV.D.

4. Anyone, including members of the public and the press, may challenge the appropriateness of redactions by providing notice to McKinsey and a Settling State, which Settling State shall review the challenge and inform McKinsey of whether the challenge has sufficient merit to warrant triggering the remaining provisions of this paragraph. If the challenge is not resolved by agreement, it must be resolved in the first instance by a third party jointly appointed by the Settling State and McKinsey to resolve such challenges. The decision of the third party may be appealed to a court with enforcement authority over this Judgment. If not so appealed, the third party's decision is final. In connection with such challenge, a Settling State may provide copies of relevant unredacted documents to the parties or the decisionmaker, subject to appropriate confidentiality and/or in camera review protections, as determined by the decisionmaker.

D. Review of Trade Secret Redactions

Seven years after McKinsey completes the production of its documents in accordance with Section IV.F and upon notice by a Settling State, McKinsey shall review all trade secret assertions made in accordance with Section IV.B. The newly unredacted documents may then be publicly disclosed by a Settling State in accordance with Section IV.E. McKinsey shall produce to each Settling State an updated redaction log justifying its designations of the remaining trade secret redactions.

E. Public Disclosure through a Document Repository

Each Settling State may publicly disclose all documents covered by Section IV.A through a public repository maintained by a governmental, non-profit, or academic institution. Each

Settling State may specify the terms of any such repository's use of those documents, including allowing the repository to index and make searchable all documents subject to public disclosure, including the metadata associated with those documents. When providing the documents covered by Section IV.A to a public repository, no Settling State shall include or attach within the document set any characterization of the content of the documents. For the avoidance of doubt, nothing in this paragraph shall prohibit any Settling State from publicly discussing the documents covered by Section IV.A.

F. Timeline for Production

McKinsey shall produce all documents required by Section IV.A within nine months from the Effective Date.

G. Costs

The Settling States may allocate funds from the Settlement to fund the allocable share of all reasonable costs and expenses associated with the public disclosure and storage of McKinsey's documents through any public repository.

V. PAYMENT

1. McKinsey shall pay a total amount of \$573,919,331 ("the Settlement Amount"). Of the Settlement Amount, \$558,919,331 shall be allocated among the Settling States as agreed to by the Settling States. It is the intent of the Parties that the \$558,919,331 paid to the participating States will be used, to the extent practicable, to remediate the harms caused to the Settling States and their citizens by the opioid epidemic within each State and to recover the costs incurred by the Settling State in investigating and pursuing these claims.² McKinsey shall

² Payments to North Carolina shall be used for Opioid-Remediation Purposes to the extent practicable. Opioid-Remediation Purposes shall be expenditures that have not already been incurred and are designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3)

pay the \$15,000,000 balance of the Settlement Amount to the National Association of Attorneys General ("NAAG Fund"). The NAAG Fund shall be used: first, to reimburse NAAG for the costs and expenses of the States' opioid investigations in the amount of \$7,000,000, and second, to reimburse participating States for documented costs and expenses associated with the investigation of McKinsey submitted by or before March 1, 2021, subject to reasonable parameters to be set by NAAG. The remaining balance of the NAAG Fund shall be used to fund the establishment of an online repository of opioid industry documents for the benefit of the public.

2. McKinsey shall pay a total amount of \$573,919,331 as follows: 1) the initial payment of \$478,266,111 including the \$15,000,000 payment to NAAG, shall be paid by 60 days after the Effective Date; 2) the second payment of \$23,913,305 shall be paid no later than one year from the date of the initial payment; 3) the third payment of \$23,913,305 shall be paid no later than two years from the date of the initial payment; 4) the fourth payment of \$23,913,305 shall be paid no later than three years from the date of the initial payment; and 5) the fifth payment of \$23,913,305 shall be paid no later than four years from the date of the initial payment.

support other strategies to address the opioid epidemic, including prevention, treatment, recovery support, connections to care, and harm reduction. Expenditures may include reasonable related administrative expenses. The non-exclusive list of remediation strategies in Appendix B qualify as Opioid-Remediation Purposes. McKinsey's payments allocated to North Carolina under paragraphs V.1-V.2 shall be due as follows: (1) \$15,735,496.23 by 60 days after the Effective date; (2) \$812,249.62 no later than one year from the date of the initial payment; (3) \$812,249.62 no later than two years from the date of the initial payment; (4) \$812,249.62 no later than three years from the date of the initial payment; and (5) \$812,249.62 no later than four years from the date of the initial payment.

3. McKinsey will not seek indemnification from any entity with respect to this Judgment, provided, however, that the foregoing limitation shall not be construed to apply to any claim by McKinsey under any policies or contracts of insurance insuring McKinsey.

VI. ENFORCEMENT

A. For the purposes of resolving disputes with respect to compliance with this Judgment, should any of the Signatory Attorneys General have a reasonable basis to believe that McKinsey has engaged in a practice that violates a provision of this Judgment subsequent to the Effective Date, then such Signatory Attorney General shall notify McKinsey in writing of the specific objection, identify with particularity the provision of this Judgment that the practice appears to violate, and give McKinsey 30 days to respond to the notification; provided, however, that a Signatory Attorney General may take any action if the Signatory Attorney General believes that, because of the specific practice, a threat to the health or safety of the public requires immediate action.

B. Upon receipt of written notice, McKinsey shall provide a good faith written response to the Signatory Attorney General's notification, containing either a statement explaining why McKinsey believes it is in compliance with the Judgment, or a detailed explanation of how the alleged violation occurred and a statement explaining how McKinsey intends to remedy the alleged breach. Nothing in this section shall be interpreted to limit the State of North Carolina's civil investigative demand ("CID") or investigative subpoena authority; to the extent such authority exists under applicable law, and McKinsey reserves all of its rights in responding to a CID or investigative subpoena issued pursuant to such authority.

C. The Signatory Attorney General may agree, in writing, to provide McKinsey with additional time beyond the 30 days to respond to a notice provided under section V.A. above without Court approval.

D. Upon giving McKinsey 30 days to respond to the notification described above, the Signatory Attorney General shall also be permitted reasonable access to inspect and copy relevant, non-privileged, non-work product records and documents in the possession, custody, or control of McKinsey that relate to McKinsey's compliance with each provision of this Judgment pursuant to that State's CID or investigative subpoena authority.

E. The Signatory Attorney General may assert any claim that McKinsey has violated this Judgment in a separate civil action to enforce compliance with this Judgment, or may seek any other relief afforded by law for violations of the Judgment, but only after providing McKinsey an opportunity to respond to the notification described in paragraph VI.A above; provided, however, that a Signatory Attorney General may take any action if the Signatory Attorney General believes that, because of the specific practice, a threat to the health or safety of the public requires immediate action.

VII. RELEASE

A. Released Claims. By its execution of this Judgment, the State of North Carolina releases and forever discharges McKinsey and its past and present officers, directors, partners, employees, representatives, agents, affiliates, parents, subsidiaries, operating companies, predecessors, assigns and successors (collectively, the "Releasees") from the following: all claims the Signatory Attorney General is authorized by law to bring arising from or related to the Covered Conduct, including, without limitation any and all acts, failures to act, conduct, statements, errors, omissions, breaches of duty, services, advice, work, engagements, events, transactions or other activity of any kind whatsoever occurring up to and including the effective date of the Judgment. Released claims will include, without limitation, claims that were or could have been brought by a Settling State under its State's consumer protection and unfair trade

practices law, RICO laws, false claims laws and claims for public nuisance, together with any related common law and equitable claims for damages or other relief.

B. Claims Not Covered: Notwithstanding any term of this Judgment, specifically reserved and excluded from the release in Paragraph VII. A. as to any entity or person, including Releasees are any and all of the following:

1. Any criminal liability that any person and/or entity, including Releasees, has or may have to the State of North Carolina.
2. Any civil or administrative liability that any person and/or entity, including Releasees, has or may have to the State of North Carolina not covered by the release in Paragraph V.A above, including the following claims:
 - (a) state or federal antitrust violations;
 - (b) any claims arising under state tax laws;
 - (c) any claims arising under state securities laws;
 - (d) any action to enforce this consent judgment and any subsequent related orders and judgments.
3. Any liability under the State of North Carolina's above-cited State Consumer Protection Laws which any person and/or entity, including Releasees, has or may have to individual consumers. Nothing herein precludes the Releasees from asserting any claims or defenses that may be available to it under the law in any court action.

VIII. ADDITIONAL PROVISIONS

A. Nothing in this Judgment shall be construed to authorize or require any action by McKinsey in violation of applicable federal, state, or other laws.

B. Modification. This Judgment may be modified by a stipulation of the Parties as approved by the Court, or by court proceedings resulting in a modified judgment of the Court, except to the extent as otherwise provided herein. For purposes of modifying this Judgment, McKinsey may contact any member of the MultiState Executive Committee for purposes of coordinating this process.

C. The acceptance of this Judgment by the State of North Carolina shall not be deemed approval by the State of North Carolina of any of McKinsey's business practices. Further, neither McKinsey nor anyone acting on its behalf shall state or imply, or cause to be stated or implied, that the State of North Carolina or any other governmental unit of North Carolina has approved, sanctioned or authorized any practice, act, or conduct of McKinsey.

D. Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Judgment.

E. Entire Agreement: This Judgment represents the full and complete terms of the settlement entered into by the Parties hereto, except as the parties have otherwise agreed. In any action undertaken by the Parties, no prior versions of this Judgment and no prior versions of any of its terms that were not entered by the Court in this Judgment, may be introduced for any purpose whatsoever.

F. Jurisdiction: This Court retains jurisdiction of this Judgment and the Parties hereto for the purpose of enforcing and modifying this Judgment and for the purpose of granting such additional relief as may be necessary and appropriate.

G. If any provision of this Judgment shall be held unenforceable, the Judgment shall be construed as if such provision did not exist.

H. Counterparts: This Judgment may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

I. Notice: All Notices under this Judgment shall be provided to the following via email and Overnight Mail:

Defendant:

c/o James Bernard, Esq.
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038

Signatory Attorney General:

c/o Consumer Protection Section
North Carolina Department of Justice
Post Office Box 629
Raleigh, NC 27602

APPROVAL BY COURT

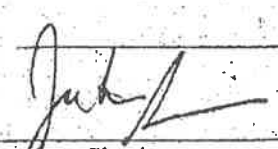
APPROVED FOR FILING and SO ORDERED this 17 day of February, 2021



Superior Court Judge

Approved:

For Defendant McKinsey & Company, Inc. United States

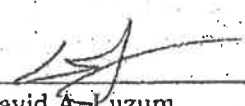


Jonathan Slonim
Assistant Secretary
McKinsey & Company, Inc. United States

February 4, 2021

Date

Local Counsel for McKinsey & Company, Inc. United States

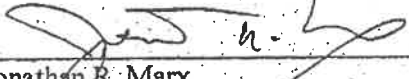


David A. Luzum
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4521 Sharon Road, Suite 350
Charlotte, North Carolina 28211
Phone: (704) 716-1208
dluzum@ebcmlaw.com

February 4, 2021

Date

For Plaintiff State of North Carolina



Jonathan R. Marx
Assistant Attorney General
N.C. State Bar No. 35248

2/4/2021

Date

Appendix A

MCK-MAAG-1544652
MCK-MAAG-1570202
MCK-MAAG-1571908
MCK-MAAG-1589937
MCK-MAAG-1589940
MCK-MAAG-1590287
MCK-MAAG-1590603
MCK-MAAG-1590746
MCK-MAAG-1591211
MCK-MAAG-1597314
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Appendix B

PART ONE: TREATMENT

A. TREAT OPIOID USE DISORDER (OUD)

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:³

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (MAT) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (ASAM) continuum of care for OUD and any co-occurring SUD/MH conditions.
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.
4. Improve oversight of Opioid Treatment Programs (OTPs) to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.
5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.
6. Treatment of trauma for individuals with OUD (e.g., violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (e.g., surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

³ As used in this Appendix B, words like "expand," "fund," "provide" or the like shall not indicate a preference for new or existing programs. Priorities will be established through the mechanisms described in the Term Sheet.

8. Training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.
9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.
10. Fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
11. Scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD or mental health conditions, including but not limited to training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.
12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (DATA 2000) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.
13. Dissemination of web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service-Opioids web-based training curriculum and motivational interviewing.
14. Development and dissemination of new curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service for Medication-Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in treatment for or recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.
2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.
4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for

housing providers, or recovery housing programs that allow or integrate FDA-approved medication with other support services.

5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.
6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.
7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.
8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.
9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.
11. Training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.
12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.
14. Create and/or support recovery high schools.
15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED (CONNECTIONS TO CARE)

Provide connections to care for people who have – or at risk of developing – OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.

2. Fund Screening, Brief Intervention and Referral to Treatment (SBIRT) programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.
3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.
6. Training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.
7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically-appropriate follow-up care through a bridge clinic or similar approach.
8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.
9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.
11. Expand warm hand-off services to transition to recovery services.
12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.
13. Develop and support best practices on addressing OUD in the workplace.
14. Support assistance programs for health care providers with OUD.
15. Engage non-profits and the faith community as a system to support outreach for treatment.
16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL-JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
 - a. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (PAARI);
 - b. Active outreach strategies such as the Drug Abuse Response Team (DART) model;
 - c. "Naloxone Plus" strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
 - d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (LEAD) model;
 - e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
 - f. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.
3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.
4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.
6. Support critical time interventions (CTI), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

7. Provide training on best practices for addressing the needs of criminal-justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome (NAS), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women – or women who could become pregnant – who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.
3. Training for obstetricians or other healthcare personnel that work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.
4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; expand long-term treatment and services for medical monitoring of NAS babies and their families.
5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with Neonatal Abstinence Syndrome get referred to appropriate services and receive a plan of safe care.
6. Child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.
7. Enhanced family supports and child care services for parents with OUD and any co-occurring SUD/MH conditions.
8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.
9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including but not limited to parent skills training.

10. Support for Children's Services – Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Fund medical provider education and outreach regarding best prescribing practices for opioids consistent with Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).
2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
3. Continuing Medical Education (CME) on appropriate prescribing of opioids.
4. Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Support enhancements or improvements to Prescription Drug Monitoring Programs (PDMPs), including but not limited to improvements that:
 - a. Increase the number of prescribers using PDMPs;
 - b. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or
 - c. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.
6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.
7. Increase electronic prescribing to prevent diversion or forgery.
8. Educate Dispensers on appropriate opioid dispensing.

G. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Fund media campaigns to prevent opioid misuse.
2. Corrective advertising or affirmative public education campaigns based on evidence.
3. Public education relating to drug disposal.
4. Drug take-back disposal or destruction programs.
5. Fund community anti-drug coalitions that engage in drug prevention efforts.
6. Support community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction – including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (SAMHSA).
7. Engage non-profits and faith-based communities as systems to support prevention.
8. Fund evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.
11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.
12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or other drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increase availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, individuals at high risk of overdose, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.
2. Public health entities that provide free naloxone to anyone in the community.
3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.
4. Enable school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.
5. Expand, improve, or develop data tracking software and applications for overdoses/naloxone revivals.
6. Public education relating to emergency responses to overdoses.
7. Public education relating to immunity and Good Samaritan laws.
8. Educate first responders regarding the existence and operation of immunity and Good Samaritan laws.
9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.
10. Expand access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.
11. Support mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.
12. Provide training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.
13. Support screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items in sections C, D, and H relating to first responders, support the following:

1. Educate law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitation, training and technical assistance to remediate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local, or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment intervention services; to support training and technical assistance; or to support other strategies to remediate the opioid epidemic described in this opioid remediation strategy list.
2. A dashboard to share reports, recommendations, or plans to spend opioid settlement funds; to show how opioid settlement funds have been spent; to report program or strategy outcomes; or to track, share, or visualize key opioid-related or health-related indicators and supports as identified through collaborative statewide, regional, local, or community processes.
3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to remediate the opioid epidemic described in this opioid remediation strategy list.
4. Provide resources to staff government oversight and management of opioid remediation programs.

K. TRAINING

In addition to the training referred to throughout this document, support training to remediate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to remediate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to remediate the opioid epidemic described in this opioid remediation strategy list (e.g., health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid remediation research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection, and evaluation of programs and strategies described in this opioid remediation strategy list.
2. Research non-opioid treatment of chronic pain.
3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.
4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (e.g. Hawaii HOPE and Dakota 24/7).
7. Epidemiological surveillance of OUD-related behaviors in critical populations including individuals entering the criminal justice system, including but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring (ADAM) system.
8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.
9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.



RECEIVED
N.C. DEPT. OF JUSTICE
FINANCIAL SERVICES

MAR 18 AM 11:09

JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE
9001 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-9001
WWW.NCDOJ.GOV

CONSUMER PROTECTION
TOLL-FREE IN NC:
877.566.7226
OUTSIDE OF NC: 919.716.6000
FAX: 919.716.6050

MEMORANDUM

TO: Financial Services
FROM: Kevin L. Anderson, Senior Deputy Attorney General
RE: Settlement Deposit Distribution
SABRE Corporation
DATE: March 18, 2021


Kevin L. Anderson

Pursuant to an Assurance of Voluntary Compliance (AVC) in the multistate investigation of SABRE Corporation a check in the amount of \$76,019.85 (seventy six thousand nineteen dollars and eighty five cents) was received by the NC Attorney General's Office, Consumer Protection Division, on March 18, 2021.

The states alleged that SABRE Corporation exposed the data of approximately 1.3 million credit cards during a data breach of the company's hotel booking system. Sabre's hotel booking system connects business travel coordinators, travel agencies, and online travel booking companies with hotel customers. On June 6, 2017, SABRE informed its hotel customers of a data breach that had occurred between August 2016 and March 2017, which the business disclosed in a 10-Q SEC filing the month before. The hotels provided notice to consumers, but some consumers received their notices late and some received multiple notices stemming from the same breach.

SABRE agreed to pay \$2,400,000.00 to the States, of which NC is to receive \$76,019.85, to be paid to the Attorney General to be used for attorneys' fees and other costs of investigation and litigation, or to be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation, or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the discretion of the Attorney General.

Additionally, SABRE is to: specify the roles and responsibilities of both parties in the event of a breach in future contracts; provide a list of consumers that have been notified of the breach to the Attorneys' General; implement and maintain a comprehensive information security program; implement a written incident response and data breach notification plan; implement specific security requirements; and undergo a third-party security assessment.

Please credit these funds to consumer funds (2140-2163) to be used for the purposes outlined above. A copy of the check and AVC are attached. If you have any questions, please contact Wendy Stevens at 716-6877.

cc: Kim D'Arruda
Melissa Lovell
Wendy Stevens/SABRE Corporation Settlement File

Sabre GBL Inc.
Attn: Accounts Payable
3150 Sabre Drive
Southlake, TX 76092

Sabre.

PAGE 1 OF 2

2100359 02 SD T 6049 CRDB -P00359 C07



NC DEPARTMENT OF JUSTICE ATTN WENDY
WAKE
114 W EDENTON STREET
RALEIGH NC 27603

CHECK NUMBER 0002507365
apchecks@sabre.com

Remittance Information			Vendor Number 1000012075
Invoice Date	Invoice Number	Description	Amount
12/14/2020	IV7601985		\$76,019.85
	VENDOR 1000012075	CHECK TOTAL	



DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 0002507365 ATTACHED BELOW

Sabre.

Sabre GBL Inc.
Attn: Accounts Payable
3150 Sabre Drive
Southlake, TX 76092

62-20
311

CHECK NUMBER 0002507365

DATE 03/12/2021

PAY Seventy-six Thousand Nineteen and 85/100 Dollars

TO THE
ORDER OF

NC DEPARTMENT OF JUSTICE ATTN WENDY
WAKE
114 W EDENTON STREET
RALEIGH NC 27603

USD \$\$\$\$\$\$\$\$76,019.85

Debra E. Bann
AUTHORIZED SIGNATURE

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

⑈0002507365⑈ ⑆031100209⑆

38597076⑈

ASSURANCE OF DISCONTINUANCE

This Assurance of Discontinuance¹ ("Assurance") is entered into by the Attorneys General of Alaska, Arizona, Arkansas, Connecticut,² Florida, Hawaii,³ Illinois, Indiana, Iowa, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Tennessee, Vermont, Virginia, and Washington (referred to collectively as the "Attorneys General") and SABRE, as defined below (collectively, with the Attorneys General, the "Parties"), to resolve the Attorneys General's investigation into the security incident announced by SABRE on or about June 6, 2017.

In consideration of their mutual agreements to the terms of this Assurance, and such other consideration as described herein, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

I. INTRODUCTION

This Assurance constitutes a good faith settlement and release between SABRE and the Attorneys General of claims related to a data breach, publicly announced by SABRE on June 6, 2017, in which a person or persons gained unauthorized access to portions of SHS (defined below) SynXis (defined below) that maintains payment card and reservation information (hereinafter referred to as the "Breach").

¹ This Assurance of Discontinuance shall, for all necessary purposes, also be considered an Assurance of Voluntary Compliance.

² Connecticut shall include both the Office of the Attorney General and the Office of the Attorney General acting on behalf of the Commissioner of Consumer Protection.

³ Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General's Office, but which is statutorily authorized to undertake consumer protection functions, including legal representation of the State of Hawaii. For simplicity purposes, the entire group will be referred to as the "Attorneys General," or individually as "Attorney General" and the designations, as they pertain to Hawaii, refer to the Executive Director of the State of Hawaii Office of Consumer Protection.

II. DEFINITIONS

1. For the purposes of this Assurance, the following definitions shall apply:
 - A. "Cardholder Data Environment" shall mean SHS's technologies that store, process, or transmit payment card authentication data, consistent with the Payment Card Industry Data Security Standard ("PCI DSS").
 - B. "Consumer" shall mean any individual who makes a reservation with a Hotel Customer.
 - C. "Consumer Protection Acts" shall mean the State citations listed in Appendix A.
 - D. "Channel Partner" means an entity that directly provides Personal Information to a third-party business entity that contracts for and/or uses SynXis for the purpose of facilitating hotel bookings on behalf of Consumers. This term shall not include Hotel Customers.
 - E. "Days" shall mean calendar days unless otherwise specified.
 - F. "Effective Date" shall be the date on which SABRE receives a copy of this Assurance duly executed in full by SABRE and by each of the Attorneys General.
 - G. "Hotel Customer" shall mean a hotel or hotel brand which contracts for and/or uses SynXis.
 - H. "Personal Information" shall mean the data elements in the definitions of personal information set forth in the Security Breach Notification Acts and/or Personal Information Protection Acts.

- I. "Personal Information Protection Acts" shall mean the State citations listed in Appendix B.
- J. "Security Breach Notification Acts" shall mean the State citations listed in Appendix B.
- K. "SABRE" shall mean Sabre Corporation, its affiliates, subsidiaries and divisions, successors, and assigns doing business in the United States.
- L. "Security Event" shall mean any compromise to the confidentiality, integrity, or availability of a SHS information asset that presents a reasonable likelihood of unauthorized access to Personal Information.
- M. "SHS" shall mean Sabre Hospitality Solutions, a business segment of SABRE.
- N. "SynXis" shall mean the SynXis Central Reservation system operated by SHS, as well as any future versions or releases of SynXis owned and controlled by SABRE. In the event that the SynXis system is retired, discontinued, or disabled and another system is enabled to permit substantially similar functions, "SynXis" shall include the new system owned and controlled by SABRE.

III. APPLICATION

- 2. The duties, responsibilities, burdens, and obligations undertaken in connection with this Assurance shall apply to SABRE and its officers, employees, and directors.

IV. BACKGROUND

- 3. SHS operates SynXis. SynXis is an interface that facilitates the booking of hotel reservations for Hotel Customers. SynXis allows Hotel Customers to configure what data they

receive, according to their own preferences. Hotel Customers retrieve booking information from SynXis in two ways: (1) automated integrations with their own property management system (PMS); or (2) manual access and export. When a Hotel Customer's PMS is integrated with SynXis, SynXis automatically "pushes" reservation data from SynXis to the PMS (and, in some cases, from the PMS back to SynXis). When a Hotel Customer accesses SynXis manually, the Hotel Customer's personnel can view and export a variety of information about reservations. If a Hotel Customer has configured their SynXis account to require payment information in order to complete a booking and the Hotel Customer's personnel has appropriate privileges to view such information, the payment information—including a Consumer's credit card number, expiration date, and, in some cases, CVV code—may be made visible to such personnel on a credit card summary page.

4. From August 10, 2016 through March 9, 2017, an attacker was able to regularly access SynXis and view credit card information, including credit card number, expiration date, and authorization code, displayed on a summary page intended for Hotel Customers. The amount of activity varied, but during certain months, the attacker accessed the summary pages daily.

5. Throughout this period, to access the credit card summary pages, the attacker was able to compromise and exploit an administrator-level account, ESite, within SynXis. The password for this account was stored in plain text within SynXis.

6. Further, the attacker was able to create an unauthorized account, ESynxis, to view additional credit card summary pages. While SABRE detected and disabled this unauthorized account in August 2016, it did not further investigate.

7. On March 9, 2017, while investigating a report about an unrelated incident, SABRE noticed unusual activity associated with the ESite account. SABRE disabled the account's access to the credit card summary page and queued it for further investigation, but did not fully disable the account. As a result, the attacker continued to use ESite to access other administrator pages—which did not display Personal Information—after this date.

8. Beginning on March 29, 2017, and continuing over the next two weeks, SABRE received reports from online travel agencies of suspicious activity associated with approximately forty reservations booked through SynXis.

9. SABRE began investigating a potential Security Event on or about April 10, 2017, and did not fully disable the ESite account until April 13, 2017.

10. On May 2, 2017, SABRE disclosed the Breach in its quarterly 10-Q SEC filing and on May 3, 2017, it notified the payment card brands about the Breach.

11. SABRE estimates the number of Consumer payment cards potentially affected by the Breach to be approximately 1.3 million, though the actual number may be lower because a significant amount of reservations in SynXis were made through virtual cards, corporate cards, or using the same payment card for multiple reservations.

12. SABRE began informing potentially affected Hotel Customers of the Breach on June 6, 2017, almost two months after it started investigating and one month after it informed the payment card brands.

13. SABRE did not have sufficient information to determine whether notification to individual Consumers would be appropriate.

14. As a result, SABRE provided template notices to its Hotel Customers and left it to each Hotel Customer's discretion to determine whether there was a legal obligation to notify consumers and to provide such notice.

15. The potentially affected Consumers did not receive notice until months after SABRE discovered the Breach, with some notices not going out until late 2017 or early 2018.

V. ASSURANCES

Compliance with State Laws and Industry Standards

16. SABRE shall comply with the Consumer Protection Acts and the Personal Information Protection Acts in connection with its collection, maintenance, and safeguarding and disposal of Personal Information and shall maintain reasonable security policies and procedures designed to protect or safeguard Consumers' Personal Information from unauthorized access, use, or disclosure.

17. SABRE shall comply with the Security Breach Notification Acts.

- a. In particular, when SABRE has determined it experienced a security breach, as defined under the Security Breach Notification Acts, involving Personal Information owned or licensed by its Channel Partners or Hotel Customers, SABRE will promptly provide notice to its Channel Partners or Hotel Customers and to the Attorneys General, as appropriate.
- b. Where SABRE determines that a Security Event did not result in unauthorized access to Personal Information and, as such, does not require reporting under the Security Breach Notification Acts, SABRE shall create a report that includes a description of the Security Event and SABRE's response to that

Security Event ("Security Event Report"). SABRE shall make the Security Event Report available to the Attorneys General upon request.

18. SABRE shall comply with the PCI DSS, or an alternative standard acceptable to the payment card industry should one be developed, with respect to its Cardholder Data Environment and any SABRE system component the compromise of which SABRE reasonably believes would impact the security of the Cardholder Data Environment.

Breach Notification

19. SHS shall include in any future contract for travel services the roles and responsibilities to be undertaken by SABRE and the counterparty in the event of a breach as defined under the Security Breach Notification Acts, including which party will be responsible for providing notice to consumers and the requisite timeframes for notice. SHS shall ensure that any such provision complies with all applicable laws and that information requested via legal process may be furnished to regulators unless SHS or a customer takes legal action to resolve any dispute about the validity of such legal process.

20. In particular, when SABRE has determined it experienced a security breach, as defined under the Security Breach Notification Acts, involving Personal Information owned or licensed by its Channel Partners or Hotel Customers, it will promptly provide information to its Channel Partners or Hotel Customers concerning the breach details, scope, and the categories of information compromised. If SABRE does not provide notice directly to Consumers, SABRE shall take reasonable steps to inquire as to Channel Partners' or Hotel Customers' individual determinations regarding whether they are required to provide notice to Consumers, and if such notice is made, when Channel Partners or Hotel Customers issued notice to Consumers ("Notice Log"). Upon providing notice to its Hotel Customers as described under Paragraph 17(a) herein,

SHS will also provide a list of notified Hotel Customers to the Vermont Attorney General. Sixty (60) days after providing this list, SHS will provide the Notice Log to the Vermont Attorney General. The Vermont Attorney General shall make the reports available to other Attorneys General upon request.

Hotel Customer Interaction

21. SHS shall recommend to its Hotel Customers that they implement a token-based electronic payment system or virtual credit card system for all end users.

Information Security Program

22. SABRE shall develop, implement, and maintain a written information security program ("Information Security Program") that is reasonably designed to protect the security, integrity, and confidentiality of Personal Information that SABRE collects, stores, transmits, and/or maintains. The Information Security Program shall, at a minimum, include the specific information security requirements set forth in Paragraphs 22 through 36 of this Assurance.

- a. The Information Security Program shall be at least compliant with any applicable requirements under state or federal law, and at a minimum, shall be written and shall contain administrative, technical, and physical safeguards appropriate to: (i) the size and complexity of SABRE's operations; (ii) the nature and scope of SABRE's activities; and (iii) the sensitivity of the Personal Information that SABRE collects, stores, transmits, and/ or maintains.
- b. The Information Security Program shall be written and modified using a zero-trust approach both for internal systems and for remote access,

allowing access to users only to the extent necessary and requiring verification prior to allowing any such access.

- c. SABRE shall employ an executive or officer who shall be responsible for implementing, maintaining, and monitoring the Information Security Program (hereinafter referred to as the Chief Information Security Officer ("CISO")). The CISO shall have the credentials, background, and expertise in information security appropriate to the level, size, and complexity of the position's role in implementing, maintaining, and monitoring the Information Security Program.
- d. SABRE shall ensure that the role of the CISO includes regular reporting to the Chief Executive Officer and Board of Directors concerning SABRE's security posture, the security risks faced by SABRE, and the security implications of SABRE's business decisions.
- e. SABRE shall ensure that employees who are responsible for implementing, maintaining, or monitoring the Information Security Program, including but not limited to the CISO, have sufficient knowledge of the requirements of this Assurance and receive training appropriate for their role in safeguarding and protecting Consumers' Personal Information, to enable and ensure their ability to comply with the terms of this Assurance and to enable the terms of this Assurance. SABRE shall provide the training required under this paragraph to such employees within ninety (90) days of the Effective Date of this Assurance or prior to

their starting their responsibilities for implementing, maintaining, or monitoring the Information Security Program.

23. SABRE may satisfy the implementation of the Information Security Program through review, maintenance, and if necessary, updating of an existing Information Security Program or existing safeguards, provided that such existing program and safeguards meet the requirements set forth in this Assurance.

24. SABRE shall review not less than annually the Information Security Program, which shall include a review of the configuration of SABRE's Security Incident and Event Management ("SIEM") solution.

25. SABRE shall ensure that its Information Security Program receives the resources and support reasonably necessary to ensure that it functions as intended.

Incident Response and Data Breach Notification Plan

26. As part of its Information Security Program, SABRE shall develop, implement, and maintain a written Incident Response and Data Breach Notification Plan ("Plan") to prepare for and respond to Security Events.

27. The Plan shall, at a minimum:

- a. Address the following phases: (i) Preparation; (ii) Detection and Analysis; (iii) Containment; (iv) Notification and Coordination with Law Enforcement; (v) Eradication; (vi) Recovery; (vii) Consumer and Regulator Notification and Remediation; and (viii) Post-Incident Analysis.
- b. Identify the types of incidents that fall within the scope of the Plan, which must include any incident that SABRE reasonably believes might be a Security Event;

- c. Clearly describe key individuals' roles in fulfilling responsibilities under the Plan, including back-up contacts and escalation pathways; and
- d. Require bi-annual testing and review of the Plan, and the evaluation and revision of the Plan in light of such testing and review.

Specific Information Security Requirements

28. SABRE shall implement and maintain a system to secure use of privileged credentials to SynXis, such as through a privileged access management tool that vaults credentials and requires multi-factor authentication for access.

29. SHS shall require the use of multi-factor authentication for user remote access to SynXis. If multi-factor authentication for remote access to SynXis is disabled on a temporary basis for technical or other reasons, SHS will document: (i) the technical reason; (ii) the compensating security controls; and (iii) the duration for which authentication was disabled.

30. SABRE shall implement and maintain reasonable password policies and procedures in accordance with industry-accepted standards or frameworks.⁴ For PCI DSS covered systems, SABRE shall follow the requirements as specified in the latest version of PCI DSS.

31. SHS shall adopt reasonable account management policies and ensure that widely deployed local administrative accounts are unique to each application within SynXis, not generic, and shall implement regular password rotation. SHS shall restrict the ability for service accounts to logon locally and be used interactively within SynXis.

32. SHS shall implement and maintain appropriate policies and procedures to manage and audit SHS-owned accounts. For SHS-owned accounts, SHS shall define access needs and

⁴ For example, the National Institute of Standards and Technology Cybersecurity Framework.

restrict access to cardholder data by business need-to-know. SHS shall perform regular audits of all active and disabled SHS-owned accounts and permissions to identify which are active and how they are used. SHS shall remove system access promptly for terminated employees and lower access level quarterly where an employee's job function no longer requires a higher level.

33. SHS shall employ enhanced behavior analytics tools, such as a SIEM solution, to log and monitor all potential Security Events in SynXis.

- a. SHS shall ensure such tools are configured, updated, and maintained to ensure that system activity is adequately logged, and that Security Events are reviewed.
- b. SHS shall ensure that logs are regularly and actively reviewed in near real-time—through either automated or manual means that detect anomalous behavior—and that appropriate follow-up is taken with respect to Security Events.
- c. SHS shall create a formalized process to review Security Events and anomalous privileged user activity on a regular and systemic basis.
- d. SHS shall maintain logs and retain audit trails as required by the PCI DSS.

34. SABRE shall maintain tools to scan SHS's code and applications for vulnerabilities in the code or production environment.

35. SHS shall implement and maintain current, up-to-date antivirus protection programs on computer systems.

36. SHS shall maintain a penetration testing program in accordance with industry standard practices, which shall include reasonable remediation of vulnerabilities revealed by such testing. The program shall include at least one annual penetration test of SynXis

components containing Personal Information where the loss of such information would constitute a security breach pursuant to Security Breach Notification Acts and at least one weekly vulnerability scan of SynXis.

VI. SETTLEMENT COMPLIANCE ASSESSMENT

37. SHS shall obtain an information security assessment and report from a third-party professional ("Third-Party Assessor"), using procedures and standards generally accepted in the profession ("Third-Party Assessment"), within one (1) year after the Effective Date of this Assurance. The Third-Party Assessor's report on the Third-Party Assessment shall use reasonable methods to:

- A. Identify security vulnerabilities in SynXis and provide recommendations as to how to improve the security of SynXis;
- B. Set forth the specific administrative, technical, and physical safeguards implemented by SHS;
- C. Explain the extent to which such safeguards are appropriate in light of SHS's size and complexity, the nature and scope of SHS's activities, and the sensitivity of the Personal Information maintained by SHS;
- D. Explain the extent to which the safeguards that have been implemented meet the requirements of the Information Security Program; and
- E. Identify SHS's Qualified Security Assessor for purposes of PCI DSS compliance.

38. SHS's Third-Party Assessor shall be: (a) a Certified Information Systems Security Professional ("CISSP") or a Certified Information Systems Auditor ("CISA"), or a

similarly qualified person or organization; and (b) have at least five (5) years of experience evaluating the effectiveness of computer systems or information system security.

39. SHS shall take reasonable steps to implement recommendations and remedy vulnerabilities identified by the Third-Party Assessor. In the event SHS does not address a recommendation or vulnerability, it will document its decision and the justification for the decided course of action.

VII. SUBMISSION TO ATTORNEYS GENERAL

40. SABRE shall provide a copy of the Third-Party Assessor's report on the Third-Party Assessment to the Vermont Attorney General within one hundred and eighty (180) days of the completion of the report.

41. Any Third-Party Assessor report provided pursuant to this Assurance and all information contained therein, to the extent permitted by the laws of the State of Vermont shall be treated by the Vermont Attorney General's Office as confidential; shall not be shared or disclosed except to other multistate Attorneys General as described in Paragraph 42 (below); and shall be treated by the Vermont Attorney General's Office as a trade secret subject to 1 V.S.A. § 317(c)(9). In the event that the Vermont Attorney General's Office receives any request from the public to inspect any Third-Party Assessor's report provided pursuant to this Assurance or other documents under this Assurance and believes such information is subject to disclosure under the relevant public records laws, the Vermont Attorney General's Office agrees to provide SABRE with at least five (5) business days advance notice before producing the information, to the extent permitted by state law (and with any required lesser advance notice), so that SABRE may take appropriate action to defend against the disclosure of such information. The notice under this paragraph shall be provided consistent with Paragraph 63.

42. The Vermont Attorney General shall make the Third-Party Assessor report available to other multistate Attorneys General upon request provided the Attorney General receiving the information confirms in writing, to the extent permitted by the relevant state law, to the prohibitions against non-disclosure in Paragraph 41, including that the receiving State has laws preventing the disclosure of trade secrets, proprietary commercial information, competitively sensitive information, information revealing sensitive security information, and related material.

VIII. PAYMENT TO THE STATES

43. SABRE shall pay \$2,400,000 to the Attorneys General. Said payment shall be divided and paid by SABRE directly to each of the Attorneys General in an amount designated by the Attorneys General and communicated to SABRE by the Vermont Attorney General, as the lead state of the multistate investigation. Each of the Attorneys General agrees that the Vermont Attorney General has the authority to designate such amount to be paid by SABRE to each Attorney General and to provide SABRE with instructions for the payments to be distributed under this paragraph. Payment shall be made no later than thirty (30) days after the Effective Date of this Assurance and receipt of such payment instructions by SABRE from the Vermont Attorney General, except that where state law requires judicial or other approval of the Assurance, payment shall be made no later than thirty (30) days after notice from the relevant Attorney General that such final approval for the Assurance has been secured.

44. The payment received by the North Carolina Attorney General shall be used by the State of North Carolina as and for attorneys' fees and other costs of investigation and litigation, or be placed in, or applied to, the consumer protection enforcement fund, including future consumer protection enforcement, consumer education, litigation, or local consumer aid

fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of the North Carolina Attorney General.

IX. RELEASE

45. Following full payment of the amounts due under this Assurance, the Attorneys General shall release and discharge SABRE and its officers, employees, and directors from all civil or administrative claims that the Attorneys General could have brought under the Consumer Protection Acts, the Personal Information Protection Acts, and the Security Breach Notification Acts based on SABRE's conduct related to the Breach. Nothing contained in this paragraph shall be construed to limit the ability of the Attorneys General to enforce the obligations that SABRE has under this Assurance. Further, nothing in this Assurance shall be construed to create, waive, or limit any private right of action.

46. This Assurance is not intended, and shall not be deemed, to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind, or otherwise implement or affirm any or all terms of this Assurance; or (b) any action or proceeding involving a claim covered by the release to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion, or similar defense.

X. PRESERVATION OF AUTHORITY

47. Nothing in this Assurance shall be construed to limit the authority or ability of an Attorney General to protect the interests of his/her State or the people of his/her State. This Assurance shall not bar the Attorney General or any other governmental entity from enforcing laws, regulations, or rules against SABRE for conduct subsequent to or otherwise not covered by

this Assurance. Further, nothing in this Assurance shall be construed to limit the ability of the Attorney General to enforce the obligations that SABRE has under this Assurance.

XI. GENERAL PROVISIONS

48. The Parties understand and agree that this Assurance shall not be construed as an approval or a sanction by the Attorneys General of SABRE's business practices, nor shall SABRE represent that this Assurance constitutes an approval or sanction of its business practices. The Parties further understand and agree that any failure by the Attorneys General to take any action in response to any information submitted pursuant to this Assurance shall not be construed as an approval or sanction of any representations, acts, or practices indicated by such information, nor shall it preclude action thereon at a later date.

49. SABRE neither admits nor denies any violation of law in connection with the Breach.

50. Nothing in this Assurance shall be construed as relieving SABRE of the obligation to comply with all state and federal laws, regulations, and rules, nor shall any of the provisions of this Assurance be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, and rules.

51. SABRE shall deliver a copy of this Assurance to, or otherwise fully apprise, each of its current officers of the rank of executive vice president or above, the executive management officer having decision-making authority with respect to the subject matter of this Assurance, and each member of its Board of Directors. SABRE shall deliver a copy of this Assurance to, or otherwise fully apprise, any new officers of the rank of executive vice president or above, new executive management officer having decision-making authority with respect to the subject

matter of this Assurance, and each new member of its Board of Directors, within ninety (90) days from which such person assumes his/her position with SABRE.

52. To the extent that there are any, SABRE agrees to pay all court costs associated with the filing (if legally required) of this Assurance. No court costs, if any, shall be paid by any Attorney General.

53. SABRE shall not participate in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part that are prohibited by this Assurance or for any other purpose that would otherwise circumvent any term of this Assurance. SABRE shall not knowingly cause, permit, or encourage any other persons or entities acting on its behalf, to engage in practices prohibited by this Assurance.

54. This Assurance may be executed by any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart thereof and all of which together shall constitute one and the same document. One or more counterparts of this Assurance may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

55. SABRE agrees that this Assurance does not entitle it to seek or to obtain attorneys' fees as a prevailing party under any statute, regulation, or rule, and SABRE further waives any right to attorneys' fees that may arise under such statute, regulation, or rule.

56. This Assurance shall not be construed to waive any claims of sovereign immunity the States may have in any action or proceeding.

57. This Assurance shall not be construed or used as a waiver or any limitation of any defenses, including jurisdictional defenses, otherwise available to SABRE in any pending or future actions of any nature, including but not limited to actions of a private, administrative,

criminal, individual, class, or any other nature and including claims or suits relating to the existence, subject matter, or terms of this Assurance.

58. This Assurance may be enforced only by the Parties hereto. Nothing in this Assurance shall provide any rights to or permit any person or entity not a party hereto, including any state or attorney general not a party hereto, to enforce any provision of this Assurance. No person or entity not a signatory hereto is a third-party beneficiary of this Assurance. Nothing in this Assurance shall be construed to create, affect, limit, alter, or assist any private right of action, including without limitation any private right of action that a consumer or other third-party may hold against SABRE.

XII. SEVERABILITY

59. If any clause, provision, or section of this Assurance shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Assurance, and this Assurance shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or provision had not been contained herein.

XIII. TIMELINE FOR IMPLEMENTATION

60. The Parties agree that, except as otherwise provided, SABRE shall implement the requirements set forth in Sections V-VII within ninety (90) days of the Effective Date. Specific exceptions include,

- a. SABRE shall implement a system to secure use of privileged credentials to SynXis, as described in Paragraph 28, within one hundred and eighty (180) days of the Effective Date;
- b. The payment deadline in Paragraph 43; and

c. The deadline for submission of the report described in Paragraph 37 shall be one hundred and eighty (180) days after the completion of the report.

61. The Parties agree that the requirements set forth in Paragraphs 17(b), 21 and 28-36 shall sunset five (5) years after the Effective Date.

XIV. REQUIREMENT TO MEET AND CONFER

62. The Parties agree that the steps required to implement the requirements of this Assurance involve a high degree of technical complexity and the coordination of multiple systems and business teams within SABRE. If the Attorney General reasonably believes SABRE has failed to comply with any of this Assurance, and if the failure to comply does not threaten the health or safety of the citizens of the State of North Carolina and/or does not create an emergency requiring immediate action, the Attorney General will notify SABRE in writing of such failure to comply, and SABRE shall have thirty (30) days from receipt of such written notice to provide a good faith written response, including either a statement that SABRE believes it is in full compliance, or otherwise a statement explaining how the violation occurred, how it has been addressed or when it will be addressed, and what SABRE will do to make sure the violation does not happen again. The Attorney General may agree to provide SABRE more than thirty (30) days to respond.

XV. NOTICE / DELIVERY OF DOCUMENTS

63. Whenever SABRE shall provide notice to the Attorneys General under this Assurance, that requirement shall be satisfied by sending notice to the Designated Contacts on behalf of the Attorneys General listed in Appendix C. Any notices or other documents sent to SABRE pursuant to this Assurance shall be sent to the following physical and email addresses:

Sabre Corporation
ATTN: General Counsel
3150 Sabre Dr.
Southlake, TX 76092

With a copy to:

Benjamin A. Powell
Sonal Mehta
Wilmer Cutler Pickering Hale and Dorr
1875 Pennsylvania Ave.
Washington, DC 20006
Benjamin.Powell@wilmerhale.com
Sonal.Mehta@wilmerhale.com

All notices or other documents to be provided under this Assurance shall be sent by United States mail, certified mail return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the notice or document, and shall have been deemed to be sent upon mailing. Any party may update its address by sending written notice to the other party.

**ASSURANCE OF DISCONTINUANCE
IN RE SABRE SECURITY BREACH**

JOSHUA H. STEIN, ATTORNEY GENERAL
STATE OF NORTH CAROLINA

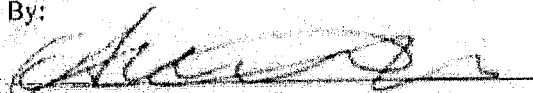
By: _____

KIMBERLEY A. D'ARRUDA
Special Deputy Attorney General
N.C. Department of Justice
P.O. Box 629
Raleigh, NC 27602-0629
(919) 716-6013
kdarruda@ncdoj.gov
State Bar No. 25271

Date: December 23, 2020

SABRE Corporation

By:

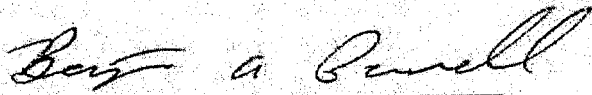


Aimee Williams-Ramey
General Counsel, SABRE Corporation

Date: December 8, 2020

Counsel for SABRE Corporation

By:



Benjamin A. Powell
Wilmer Cutler Pickering Hale and Dorr
1875 Pennsylvania Ave.
Washington, DC 20006

Date: Dec. 7, 2020

Appendix A

STATE	CONSUMER PROTECTION ACTS
Alaska	Unfair Trade Practices Act, AS 45.50.471 <i>et seq.</i>
Arizona	Arizona Consumer Fraud Act, A.R.S. §§ 44-1521 <i>et seq.</i>
Arkansas	Arkansas Deceptive Trade Practices Act, Ark. Code Ann. §§ 4-88-101 <i>et seq.</i>
Connecticut	Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. §§ 42-110b <i>et seq.</i>
Florida	Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes
Hawaii	Uniform Deceptive Trade Practice Act, Haw. Rev. Stat. Chpt. 481A and Haw. Rev. Stat. Sect. 480-2
Illinois	Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 <i>et seq.</i>
Indiana	Deceptive Consumer Sales Act, Ind. Code §§ 24-5-0.5-1 <i>et seq.</i>
Iowa	Iowa Consumer Fraud Act, Iowa Code § 714.16
Louisiana	Unfair Trade Practices and Consumer Protection Law, La. R.S. §§ 51:1401 <i>et seq.</i>
Michigan	Michigan Consumer Protection Act, MCL §§ 445.901 <i>et seq.</i>
Minnesota	The Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-.48; Consumer Fraud Act, Minn. Stat. §§ 325F.68-.694
Missouri	Missouri Merchandising Practices Act, Mo. Rev. Stat. §§ 407.010 <i>et seq.</i>
Montana	Montana Unfair Trade Practices and Consumer Protection Act, Mont. Code Ann. §§ 30-14-101 <i>et seq.</i>
Nebraska	Nebraska Consumer Protection Act, Neb. Rev. Stat. §§ 59-1601 <i>et seq.</i> ; Nebraska Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. § 87-301 <i>et seq.</i>
Nevada	Nevada Deceptive Trade Practices Act; Nev. Rev. Stat. §§ 598.0903 <i>et seq.</i>
New Jersey	New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 <i>et seq.</i>
New York	Executive Law 63(12), General Business Law 349/350
North Carolina	North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. §§ 75-1.1 <i>et seq.</i>
North Dakota	Unlawful Sales or Advertising Practices, N.D.C.C. §§ 51-15-01 <i>et seq.</i>
Ohio	Ohio Consumer Sales Practices Act, R.C. §§ 1345.01 <i>et seq.</i>
Oregon	Oregon Unlawful Trade Practices Act, ORS 646.605 <i>et seq.</i>
Pennsylvania	Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. §§ 201-1 <i>et seq.</i>
Tennessee	Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §§ 47-18-101 to -132
Vermont	Vermont Consumer Protection Act, 9 V.S.A. §§ 2451 <i>et seq.</i>
Virginia	Virginia Consumer Protection Act, Virginia Code §§ 59.1-196 through 59.1-207
Washington	Washington Consumer Protection Act, RCW 19.86.020

Appendix B

STATE	PERSONAL INFORMATION PROTECTION ACTS & SECURITY BREACH NOTIFICATION ACTS
Alaska	Personal Information Protection Act, AS §§ 45.48.010 <i>et seq.</i>
Arizona	Ariz. Rev. Stat. § 18-552
Arkansas	Personal Information Protection Act, Ark. Code Ann. §§ 4-110-101 <i>et seq.</i>
Connecticut	Safeguarding of Personal Information, Conn. Gen. Stat. § 42-471; Breach of Security, Conn. Gen. Stat. § 36a-701b
Florida	Florida Information Protection Act, Section 501.171, Florida Statutes
Hawaii	Security Breach of Personal Information, Haw. Rev. Stat. Chpt. 487N
Illinois	Illinois Personal Information Protection Act, 815 ILCS 530/1 <i>et seq.</i>
Indiana	Disclosure of Security Breach Act, Indiana Code §§ 24-4.9-1-1 <i>et seq.</i>
Iowa	Personal Information Security Breach Protection Act, Iowa Code § 715C
Louisiana	Database Security Breach Notification Law, La. R.S. §§ 51:3071 <i>et seq.</i>
Michigan	Identity Theft Protection Act, MCL §§ 445.61 <i>et seq.</i> (Breach notification only; no applicable State personal information protection Act)
Minnesota	Minnesota Data Breach Notification Statute, Minn. Stat. § 325E.61
Missouri	Mo. Rev. Stat. § 407.1500
Montana	Montana Impediment of Identity Theft Act, Mont. Code Ann. §§ 30-14-1701 <i>et seq.</i>
Nebraska	Financial Data Protection and Consumer Notification of Data Security Breach Act of 2006, Neb. Rev. Stat. § 87-801 <i>et seq.</i>
Nevada	Nevada Security and Privacy of Personal Information Act; Nev. Rev. Stat. §§ 603A.010 – 603A.290
New Jersey	New Jersey Identity Theft Prevention Act, N.J.S.A. 56:8-161 to -166
New York	General Business Law 899-aa and 899-bb
North Carolina	North Carolina Identity Theft Protection Act, N.C.G.S. §§ 75-60 <i>et seq.</i>
North Dakota	Notice of Security Breach for Personal Information N.D.C.C. §§ 51-30-01 <i>et seq.</i>
Ohio	Security Breach Notification Act, R.C. §§ 1349.19 <i>et seq.</i>
Oregon	Oregon Consumer Information Protection Act, ORS 646A.600 <i>et seq.</i>
Pennsylvania	Breach of Personal Information Notification Act, 73 P.S. §§ 2301 <i>et seq.</i>
Tennessee	Tennessee Identity Theft Deterrence Act of 1999, Tenn. Code. Ann. §§ 47-18-2101 to -2111
Vermont	Vermont Security Breach Notice Act, 9 V.S.A. § 2435
Virginia	Virginia Breach of Personal Information Notification Law, § 18.2-186.6
Washington	Washington Data Breach Notification Law, RCW 19.255.010

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STATE	DESIGNATED CONTACT
Alaska	John Haley Assistant Attorney General 1031 West 4th Ave, Suite 200 Anchorage, AK 99501 John.haley@alaska.gov 907-269-5200
Arizona	Mark James Ciafullo Assistant Attorney General 2005 N. Central Ave. Phoenix, Arizona 85004 Mark.Ciafullo2@azag.gov 602-542-7716
Arkansas	Peggy Johnson Assistant Attorney General 323 Center Street, Suite 200 Little Rock, Arkansas 72201 peggy.johnson@arkansasasag.gov 501-682-8062
Connecticut	Michele Lucan Assistant Attorney General Privacy & Data Security Department, Office of the Attorney General 165 Capitol Avenue, Suite 900 Hartford, Connecticut 06106 Michele.lucan@ct.gov 860-808-5440
Florida	Gregory Sadowski Senior Assistant Attorney General 110 SE 6th Street Ft. Lauderdale, FL 33301 Gregory.sadowski@myfloridalegal.com 954-712-4690
Hawaii	Lisa P. Tong Enforcement Attorney 235 S. Beretania Street #801 Honolulu, HI 96813 ltong@dcca.hawaii.gov (808) 586-2636
Illinois	Matthew W. Van Hise Chief, Privacy Unit 500 South Second Street Springfield, IL 62701 mvanhise@atg.state.il.us 217-782-4436

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Indiana	Douglas S. Swetnam Section Chief Data Privacy & Identity Theft Unit 302 W. Washington Street, IGCS-5th Floor Indianapolis, IN 46204 Douglas.Swetnam@atg.in.gov 317-232-6294
Iowa	William R. Pearson Assistant Attorney General 1305 E. Walnut, 2nd Fl. Des Moines, IA 50319 William.pearson@ag.iowa.gov (515) 242-6773
Louisiana	Alberto A. De Puy Assistant Attorney General 1885 N. 3rd Street 4th floor Baton Rouge, LA 70802 depuya@ag.louisiana.gov 225-326-6471
Michigan	Joseph E. Potchen Assistant Attorney General Corporate Oversight Division P.O. Box 30736 Lansing, MI 48909 potchenj@michigan.gov 517-335-7632
Minnesota	Caitlin Micko Assistant Attorney General 445 Minnesota Street, Suite 1200 St. Paul, MN 55101 Caitlin.micko@ag.state.mn.us 651-724-9180
Missouri	Kimberley Biagioli Assistant Attorney General 615 E. 13th Street, Suite 401 Kansas City, MO 64106 Kimberley.Biagioli@ago.mo.gov 816-889-3090
Montana	Caitlin Buzzas Assistant Attorney General Montana Office of Consumer Protection P.O. Box 200151 Helena, MT 59620-0151 caitlinbuzzas@mt.gov 406-444-2026

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Nebraska	<p>Michaela Lutz Assistant Attorney General 2115 State Capitol Building Lincoln, NE 68509 michaela.lutz@nebraska.gov 402-471-1928</p>
Nevada	<p>Lucas J. Tucker Senior Deputy Attorney General 8945 West Russell Rd., Suite #204 Las Vegas, Nevada 89148 ltucker@ag.nv.gov 702-486-3256</p>
New Jersey	<p>Kashif Chand Chief, Deputy Attorney General Data Privacy & Cybersecurity Section 124 Halsey Street, P.O. Box 54029 Newark NJ 07101 Kashif.Chand@law.njoag.gov (973) 648-2748</p>
New York	<p>Clark P. Russell Deputy Bureau Chief Bureau of Internet and Technology New York State Office of the Attorney General 28 Liberty Street, New York, NY 10005 clark.russell@ag.ny.gov 212-416-6494</p>
North Carolina	<p>Kim D'Arruda Special Deputy Attorney General NC Dept of Justice, Consumer Protection Div, 114 W Edenton Steet, Raleigh, NC 27603 kdarruda@ncdoj.gov 919-716-6013</p>
North Dakota	<p>Brian M. Card Assistant Attorney General 1050 E. Interstate Ave., Ste. 200 Bismarck, ND 58503 bmcard@nd.gov (701) 328-5570</p>
Ohio	<p>Melissa Smith Assistant Section Chief 30 E. Broad St., Floor 14 Columbus, OH 43215 Melissa.s.smith@ohioattorneygeneral.gov 614.466.6112</p>

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Oregon	<p>Kristen G. Hilton Senior Assistant Attorney General Oregon Department of Justice, Consumer Protection Section 1162 Court Street NE Salem, OR 97301 Kristen.hilton@doj.state.or.us 503-934-4400</p>
Pennsylvania	<p>John M. Abel Assistant Director for Multistate and Special Litigation 15th Floor, Strawberry Square Harrisburg, PA 17120 jabel@attorneygeneral.gov 717-783-1439</p>
Tennessee	<p>Ann Mikkelsen Asst. Attorney General Office of the Tennessee Attorney General, Consumer Protection Division, P.O. Box 20207 Nashville, TN 37202-0207 Ann.mikkelsen@ag.tn.gov (615) 253-3819</p>
Vermont	<p>Ryan Kriger Public Protection Division, Vermont Office of the Attorney General 109 State Street Montpelier, VT 05609 802-828-3170 ryan.kriger@vermont.gov</p>
Virginia	<p>Gene Fishel Senior Assistant Attorney General 202 North 9th Street Richmond, VA 23219 sfishel@oag.state.va.us 804-786-3870</p>
Washington	<p>Andrea Alegrett Assistant Attorney General 800 Fifth Avenue, Suite 2000 Seattle, WA 98104 Andrea.alegrett@atg.wa.gov 206-389-3813</p>