

# Chicago Tribune

## Family reportedly pulled millions out of company last year, pharmacy linked to fungal meningitis outbreak.

By Tim McLaughlin Reuters - January 22, 2013

Creditors of the bankrupt pharmacy linked to a deadly U.S. meningitis outbreak are investigating \$16 million in salary and shareholder distributions made to company owners in 2012, a lawyer for the group said on Tuesday.

Some of the transfers from the New England Compounding Center, which had 2012 sales of \$32.4 million, followed the discovery last fall of the meningitis outbreak that has killed 44 people, according to documents filed late on Friday.

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**“The bottom line is that instead of using the money to remedy the pharmacy’s problems, which now look like a ticking time bomb, they took the money out,” said David Molton, a lawyer at Brown Rudnick LLP, which is representing the official committee of unsecured creditors in NECC’s bankruptcy.**

The unsecured creditors committee, which includes victims of the meningitis outbreak, plans to meet on Tuesday to discuss whether the payments to insiders were proper.

Bankruptcy law allows creditors to go back two years before the Chapter 11 filing and claw back transfers and payouts deemed improper, or “fraudulently conveyed,” Molton said in a telephone interview.

NECC owner Carla Conigliaro, the largest shareholder in the privately held company, received nearly \$9 million in 2012, according to court papers.

NECC also paid about \$18,000 on her American Express card for purchases from gas stations, restaurants, the Apple Store and other places.

Barry Cadden, NECC’s chief pharmacist, received about \$3.2 million in 2012, filings show. His wife, Lisa Cadden, received about \$2.8 million. Greg Conigliaro, a recycling entrepreneur who is Lisa Cadden’s brother and Carla Conigliaro’s brother-in-law, received about \$1.6 million.

The filings also showed that Framingham, Massachusetts-based NECC had made lease payments for a 2012 BMW X5 and 2011 Mercedes Benz GL-550. NECC paid, for example, \$1,251 a month for Carla Conigliaro’s Mercedes Benz lease payment, court papers show.

**Brown Rudnick LLP, in a statement, said NECC had paid a total of more than \$21 million to the pharmacy’s four primary owners and other insiders.**

Medical Sales Management, which shares some common ownership with NECC, received more than \$4 million from NECC in 2012, court papers show.

A spokesman for NECC did not return a telephone call seeking comment.

NECC filed for bankruptcy protection last month after U.S. authorities shut down its pharmacy operations amid a meningitis outbreak that has killed 44 people and sickened 678 others, according to the U.S. Centers for Disease Control.

NECC shipped thousands of vials of a fungus-tainted steroid to medical facilities throughout the United States, according to authorities.