LEGISLATIVE ANALYSIS AND PUBLIC POLICY ASSOCIATION

Case Law Monitor

FEBRUARY 2026

Each issue of *Case Law Monitor* highlights cases from around the United States in the areas of public health and safety, substance use disorders, and the criminal justice system. Every other month, LAPPA will update you on cases that you may have missed but are important to the field. We hope you find the *Case Law Monitor* helpful, and please feel free to provide feedback at info@thelappa.org.

IN THIS ISSUE...

FEDERAL COURT DISMISSES MUNICIPAL LIABILITY CLAIMS AGAINST CITY OF PHILADELPHIA IN WRONGFUL DEATH SUIT

***Ian M. Richetti v. City of Philadelphia, et al.*, U.S. District Court for the Eastern District of Pennsylvania, Case No. 5:25-cv-05289-JMG (motion to dismiss granted December 19, 2025).** For previous updates on this case, please refer to the October 2025 issue of the LAPPA *Case Law Monitor*, available here. A federal district court has granted the City of Philadelphia's motion to dismiss in a wrongful death suit involving the death of Amanda Cahill from a fentanyl overdose while she was detained at the Philadelphia Institutional Correctional Center (PICC). According to the complaint, the allegedly understaffed facilities at the Philadelphia Department of Prisons (PDP) created an unsafe environment for inmates suffering from addiction issues. Ian Richetti, the administrator of Cahill's estate, sued the city and unnamed city employees claiming that they were deliberately indifferent to Cahill's serious medical needs in violation of the Fourteenth Amendment of the U.S. Constitution. Richetti's claims against the city were based on the concept of municipal liability. First, Richetti argued that the city's custom of understaffing correctional facilities led to Cahill's death. Second, Richetti argued that there were several failures and inadequacies at PICC that caused Cahill's death, demonstrating the city's deliberate choice to understaff PDP facilities creating a potentially unsafe environment for inmates. The city filed a motion to dismiss, arguing that Richetti failed to allege facts to support a plausible inference that Cahill's death resulted from: (1) a specific policy or custom on the part of the city to understaff PDP facilities; or (2) a deliberate choice by the city to create an unsafe environment. While the court acknowledged that the city's longstanding failure to adequately staff its prisons can constitute a custom, it determined that Richetti's allegations as to the specific constitutional violation are vague and conclusory. For the city to be liable under the custom theory of municipal liability, the plaintiff had to show that the city had an unconstitutional custom that led to Cahill's death. The court noted that it is not enough to allege the existence of a custom; the plaintiff must also demonstrate that the custom proximately caused Cahill's death. Richetti argued that the city's practice of understaffing PDP's facilities led to a lack of access to medical care and an insufficient number of correctional officers supervising PICC when Cahill needed medical attention. The city argued that Richetti's allegations are conclusory and that he did not state facts showing that the city chose to understaff PDP's facilities. Although Richetti pleaded facts showing that the city knew that understaffing had been a problem for years, the court determined that he failed to address the specific Fourteenth Amendment violation at issue. The court concluded that Richetti's general allegation that Cahill's Fourteenth Amendment rights were violated is conclusory and does not inform the court about which right is being violated by understaffing. Additionally, the court concluded that Richetti's "failure or inadequacy" claim did not sufficiently plead deliberate indifference. Accordingly, the court granted the city's motion to dismiss without prejudice and granted the plaintiff leave to file an amended complaint, which Richetti filed on December 30, 2025. (Return to In This Issue)

LOS ANGELES ANGELS SETTLE LAWSUIT OVER PITCHER'S OVERDOSE DEATH

***Carli Skaggs v. Angels Baseball LP*, California Superior Court for the County of Los Angeles, Case No. 21STCV24121 (settlement reached December 19, 2025).** The Los Angeles Angels baseball franchise reached a last-minute settlement with the family of late pitcher Tyler Skaggs over claims that the baseball team bore responsibility for Skaggs's overdose death. In 2019, Tyler Skaggs, a pitcher for the Los Angeles Angels, died after taking a fentanyl-laced counterfeit oxycodone pill given to him by the Angels' communications director Eric Kay. On June 29, 2021, Skaggs's family sued the Angels, Eric Kay, and team executives for wrongful death based on the team's negligence. The case went to trial in October 2025. After nine weeks of court proceedings, the jury began deliberations, but after only 15 minutes, the Skaggs family and the Angels announced a settlement. The terms of the settlement agreement are confidential. Reportedly, the jurors had agreed that the Angels were at least partially liable for Skaggs's death, but they had not yet agreed on any proportions of responsibility. (Return to In This Issue)

CLASS OF INCARCERATED INDIVIDUALS IN ALASKA ARE NOT BARRED BY PAST LAWSUIT FROM SUING THE STATE DEPARTMENT OF CORRECTIONS OVER INADEQUATE HEALTH CARE

***Rory Vail, et al. v. Michael Dunleavy, et al.*, U.S. District Court for the District of Alaska, Case No. 3:25cv-00086-SAB (motion to dismiss denied December 30, 2025).** For previous updates on this case, please refer to the October 2025 issue of the LAPPA *Case Law Monitor*, available here. A federal district court has denied the defendants' motion to dismiss in a lawsuit on behalf of several individuals currently incarcerated in correctional facilities throughout Alaska over allegations that the state department of corrections (DOC) has failed to provide adequate healthcare to incarcerated individuals. The plaintiffs asserted that the defendants failed to provide them with adequate medical, mental health, and dental care in the state prisons and jails in violation of the Eighth and Fourteenth Amendments of the U.S. Constitution and are seeking declaratory and injunctive relief. The defendants moved to dismiss the suit, arguing that the plaintiffs' claims were litigated in a prior lawsuit, *Cleary, et al. v. Smith, et al.* (24 P.3d 1245), and that the plaintiffs are part of the *Cleary* class. In the *Cleary* litigation, the plaintiffs sought declaratory and injunctive relief against the Alaska DOC to redress a variety of prison conditions. An Alaska state court approved the *Cleary* final settlement agreement (FSA) in September 1990. The *Cleary* FSA deals with a variety of alleged unlawful conditions or treatment in Alaska jails and prisons, including overcrowding, inadequate running water, unsanitary conditions, inadequate access to counsel, inadequate staffing, and discriminatory treatment. The defendants asserted that pursuant to the *Cleary* FSA, any claims for redress must be brought in state court. To determine whether the *Cleary* litigation precluded this suit, the court applied Alaska *res judicata* law which holds that a final judgment will bar any subsequent suit on the same claim or demand, between the same parties. The court determined that *res judicata* does not bar this suit because this case and the *Cleary* case do not involve the same causes of action or the same parties. The court found that in this case, the plaintiffs are focusing on the harm that they suffered, and are at risk of suffering, because of the DOC's alleged constitutionally inadequate healthcare, while the *Cleary* FSA was meant to remedy a different set of injuries. According to the court, the healthcare-related claims in the *Cleary* suit were a minor aspect of the litigation and negotiations that resulted in the FSA. Thus, the court ruled that the *Cleary* FSA does not bar the plaintiffs from bringing forth the current suit in federal court. The court also ruled that the Eleventh Amendment of the U.S. Constitution does not bar the plaintiffs from naming Governor Mike Dunleavy as a defendant in this suit because he has a relevant role in the administration of the Alaska prison system that goes beyond a generalized duty to enforce state law. On January 28, 2026, the defendants filed a notice of appeal. (Return to In This Issue)

FORMER DEA OFFICER SENTENCED TO 10 MONTHS IN PRISON FOR PARTICIPATION IN BRIBERY SCHEME

***United States v. Edwin Pagan III and David Macey*, U.S. District Court for the Southern District of New York, Case No. 1:24-cr-00641-JHR (sentencing issued January 30, 2026).** For previous updates on this case, refer to the April 2025 issue of the LAPPA *Case Law Monitor*, available here. A federal court sentenced Edwin Pagan III, a former Drug Enforcement Administration Task Force Officer, to 10 months in prison for his participation in a bribery scheme after he pleaded guilty to withholding information on an October 2025 crime. The court required Pagan to surrender himself to the Federal Bureau of Prisons on March 30, 2026. The court also ordered Pagan to one year of supervised release and fined him $35,000. David Macey, the Florida-based defense attorney who was indicted along with Pagan as part of the bribery scheme, had entered into a deferred prosecution agreement with federal prosecutors in August 2025. While the terms of Macey's deferred prosecution agreement were not filed in the court record, the prosecutors previously announced that the criminal charges against Macey would be dismissed in a year if he did not break any laws. (Return to In This Issue)

FORMER DEA OFFICER INDICTED FOR CARTER DRUG TRAFFICKING MONEY LAUNDERING

***United States v. Paul Campo and Robert Sensi*, U.S. District Court for the Southern District of New York, Case No. 1:25-cr-00663 (indictment unsealed December 5, 2025).** The U.S. Attorney's Office for the Southern District of New York has indicted former Drug Enforcement Administration (DEA) Deputy Chief Paul Campo and his friend, Robert Sensi, for drug trafficking and money laundering offenses connected to the Jalisco New Generation Cartel (also known by its Spanish acronym CJNG). Campo worked for the DEA for 25 years before retiring in 2016 as Deputy Chief of the Office of Financial Operations. In 2024, Sensi met with a confidential law enforcement informant who was posing as a CJNG member. Sensi allegedly told the informant that a friend of his had formerly overseen DEA financial operations and could assist CJNG by laundering money and providing confidential DEA sources and intelligence. Campo and Sensi then met the informant together several times and allegedly agreed to launder the cartel's money into cryptocurrency and real estate. The indictment further alleges that Campo and Sensi helped CJNG to acquire military-grade weapons and commercial drones, launder $750,000, and provide payment for 220 kg of cocaine. Law enforcement arrested Campo and Sensi in New York on December 4, 2025, and the U.S. Attorney's Office charged them with conspiring to commit narcoterrorism, conspiring to distribute and possess with an intent to distribute cocaine, conspiring to provide material support and resources to CJNG, and conspiring to commit money laundering. The court held a status conference on February 6, 2026, and a trial date has not yet been set. (Return to In This Issue)

FEDERAL COURT HAS ENJOINED WASHINGTON COUNTY FROM ENFORCING ORDINANCE RESTRICTING MOBILE SYRINGE SERVICES PROGRAMS

***Gather Church v. Lewis County, et al.*, U.S. District Court for the Western District of Washington, Case No. 3:25-cv-05850-DWC (preliminary injunction granted December 31, 2025).** For previous updates on this case, please refer to the October 2025 issue of the LAPPA *Case Law Monitor*, available here. A federal District Court has granted Gather Church's (Gather) motion for a preliminary injunction, allowing it to continue its mobile syringe services program (SSP). On April 16, 2024, Lewis County, Washington adopted Ordinance 1354, which restricted who may work at an SSP, the quantity of needles an individual may exchange, and the location of SSPs. The ordinance also restricted mobile SSPs from operating. Gather operated an SSP out of its church property in Centralia, Washington and a mobile SSP clinic for individuals across Lewis County who could not travel to the Centralia location. Because of the ordinance, Gather was forced to shut down its mobile SSP clinic, which it claimed resulted in many of its patients losing access to its services because they do not have the means to travel to Centralia. On September 22, 2025, Gather filed a lawsuit against the county asserting that the ordinance violates Title II of the Americans with Disabilities Act (ADA; 42 U.S.C. § 12131), Section 504 of the Rehabilitation Act (Section 504; 29 U.S.C. § 794, *et seq*.), and the Washington Law Against Discrimination (WLAD; WASH. REV. CODE ANN. § 49.60.010 (West 2025)). Gather also asserted in its complaint that the ordinance was preempted by state law. On October 14, 2025, Gather filed a motion for a preliminary injunction to enjoin the county from enforcing the ordinance.

In its motion for a preliminary injunction, Gather asserted discrimination on behalf of its patients who have disabilities for purposes of the ADA, Section 504, and the WLAD. Gather also claimed that the ordinance prevents it from fulfilling its religious mission of providing services to the most vulnerable members of its community. The court determined that because Gather had alleged an injury independent from the injuries suffered by its disabled patients, it had standing to assert its associational discrimination claim under the ADA and Section 504. The court determined that Gather properly established that its patients are being denied the health services that it provides through its SSP and was likely to succeed on its ADA and Section 504 claims.

The court agreed with Gather that the ordinance appears to facially target health services designed for, and that cannot be divorced from, individuals with substance use disorder. The court also noted that the record indicates that the ordinance violates the ADA because it impermissibly prohibits disabled individuals from receiving health services based on their disability while at the same time prohibiting Gather from offering those services because of its association with such disabled individuals. Additionally, the court determined that Gather has established a likelihood of success on the merits of its WLAD claim for the same reasons it had established a likelihood of success on the merits of its ADA claim. Finally, the court determined that Gather had established a likelihood of success on the merits of its preemption claim because the ordinance conflicts with WASH. REV. CODE ANN. § 69.50.4121 (West 2025) which allows for the distribution of syringes and drug testing equipment through SSPs without limitation. The court concluded that without a preliminary injunction, Gather and the individuals it services will suffer irreparable harm, arising out of a likely ADA violation. The county attempted to argue that any possibility of irreparable harm is undermined by Gather's delay in filing the lawsuit; the ordinance had been in effect for 18 months before Gather filed the suit. The court rejected the county's argument, finding that a delay in filing a complaint by itself is not a determinative factor in whether a grant of interim relief is just and proper. Accordingly, the court granted Gather's motion for a preliminary injunction and enjoined the county from enforcing the ordinance. The court scheduled a jury trial for October 2027. (Return to In This Issue)

RECOVERY CENTERS OF AMERICA AGREE TO $2 MILLION FEDERAL SETTLEMENT

***U.S. ex rel. McLoyd v. TRC-OC, Trading as Recovery Centers of America Holdings, LLC*, U.S. District Court for the Eastern District of Pennsylvania, Case No. 17-cv-5164 (settlement reached December 10, 2025).** Recovery Centers of America (RCA), a network of treatment providers in nine states, agreed to a settlement with the U.S. Department of Justice (DOJ) over claims that it violated the federal Controlled Substances Act (CSA; 21 U.S.C. § 842(a)(5)) and the False Claims Act (FCA; 31 U.S.C. § 3729). In response to a whistleblower lawsuit filed under the FCA, the Drug Enforcement Administration (DEA) conducted a series of audits and investigations at RCA centers in Pennsylvania and Maryland from 2019 to 2024. These investigations provided evidence leading the DOJ to allege that RCA had dispensed controlled substances in an unlawful manner, failed to keep records as required by the CSA, and failed to comply with record-keeping requirements. Additionally, RCA allegedly violated the FCA by billing federal health care programs for care that was not properly documented. On December 10, 2025, RCA entered into a settlement agreement with the U.S. Attorney's Office for the Eastern District of Pennsylvania, agreeing to pay $1 million to resolve its CSA claims and an additional $1 million to resolve the FCA claims. The whistleblower, a former RCA employee, will receive $230,000 of the settlement amount as authorized by the FCA. (Return to In This Issue)

PETITION CHALLENGING FLORIDA'S EMERGENCY RULE ON 7-OH DISMISSED AFTER SUPERSEDING RULE ISSUED

***The Mystic Grove LLC, et al. v. Department of Legal Affairs, Office of the Attorney General*, Florida Division of Administrative Hearings, Case No. 25-005864RE (suit filed November 10, 2025).** For previous updates on this case, please refer to the December 2025 issue of the LAPPA *Case Law Monitor*, available here. A Florida administrative law judge (ALJ) has dismissed an emergency rule challenge to Emergency Rule 2ER25-2 which temporarily scheduled the kratom compound 7-hydroxymitragynine (7-OH) as a Schedule I controlled substance at concentrations above 400 parts per million on a dry-weight basis. The petitioners filed their suit against the Florida Attorney General's Office on November 10, 2025. On December 8, 2025, the state attorney general issued Emergency Rule 2ER25-3, which superseded Emergency Rule 2ER25-2 to update the findings regarding the imminent hazard to public safety with respect to 7-OH. Specifically, Emergency Rule 2ER25-3 expanded the findings to include the need "to curtail [7-OH] abuse by Florida's children, young adults, and others." Emergency Rule 2ER25-3 maintains the same Schedule I classification of 7-OH that was established in Emergency Rule 2ER25-2. Upon enactment of the new rule, the respondent filed a motion to dismiss the challenge to Emergency Rule 2ER25-2 for lack of jurisdiction or other incurable errors. Florida law allows the attorney general to supersede an emergency rule by adopting another emergency rule before the superseded rule expires (FLA. STAT. ANN. § 893.035 (West 2025)). The petitioners, however, argued that the law does not contain express authority for an agency to repromulgate another emergency rule with identical rule text based on revised findings and that such a maneuver exceeds the attorney general's emergency rulemaking authority and improperly circumvents a petitioner's right to seek timely review. The ALJ granted the respondent's motion to dismiss, holding that the act of superseding the prior emergency rule to add a more detailed or accurate description of its findings is consistent with Florida's Administrative Code. The court also noted that nothing prevents the petitioners in this case, or any other possible petitioners with standing to challenge the rule, from filing a new petition challenging Emergency Rule 2ER25-3. (Return to In This Issue)

FEDERAL COURT GRANTS PRELIMINARY INJUNCTION IN SUIT INVOLVING CALIFORNIA CITY'S PROHIBITION ON CANNABIS BILLBOARDS

***Lamar Central Outdoor, LLC v. City of Perris*, U.S. District Court for the Central District of California, Case No. 5:25-cv-02557 (preliminary injunction granted December 19, 2025).** For previous updates on this case, please refer to the December 2025 issue of the LAPPA *Case Law Monitor*, available here. A federal district court has granted the billboard advertising company, Lamar Central Outdoor, LLC (Lamar), a preliminary injunction to enjoin the City of Perris, California from enforcing its ordinances restricting cannabis billboard advertisements in certain areas of the city. On August 26, 2025, Perris City Council passed Ordinances 1460 and 1461, which prohibited cannabis advertising on off-site freeway signs. The city's justification of the ordinances was that the cannabis advertisements along the I-215 freeway creates a negative perception of the city, which ultimately impacts economic development and public welfare. The city, however, allows cannabis businesses to lawfully operate, and currently, there are eight cannabis dispensaries in operation. As a result of the ordinances, Lamar has been forced to remove cannabis advertisements from 12 billboard structures within the city. In September 2025, Lamar filed a lawsuit against the city to permanently enjoin the city from the ordinances against Lamar and any other individual or entity engaged in lawful cannabis advertising on the grounds that such enforcement violates Lamar's commercial speech rights under the First Amendment of the U.S. Constitution and Article I, Section 2 of the California Constitution. On October 10, 2025, the court granted Lamar's request for a temporary restraining order. (Return to In This Issue)

To determine whether commercial speech is protected by the First Amendment, courts apply a four-part intermediate-scrutiny analysis established by the U.S. Supreme Court in *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n* (447 U.S. 557 (1980)). Under the *Central Hudson* test, for commercial speech to come within the protections of the First Amendment, it must at least concern lawful activity. Lamar argued that the cannabis billboards concern lawful activity because cannabis is legal in California, and the advertisements are for permitted cannabis businesses operating in a city in California. The city argued that the advertisements are not afforded First Amendment protections because they concern unlawful activity under federal law. The court noted that the fact that a federal law applies to a subject does not necessarily mean that a differing state law on that subject is invalid under the Supremacy Clause of the U.S. Constitution. Because California's cannabis law (CAL. BUS. & PROF. CODE § 26000, *et seq*. (West 2025)) does not require anyone to violate the federal Controlled Substances Act (21 U.S.C. § 801, *et seq*.), the court determined that the underlying conduct in this case is not illegal or invalid under the Supremacy Clause and can fall under the purview of First Amendment protections for commercial speech. Proceeding with the rest of the *Central Hudson* test, the court determined that: (1) the city did not assert a substantial governmental interest that justified its restriction on commercial speech; (2) the ordinances did not directly advance the city's interest; and (3) the ordinances were more extensive than necessary to serve that interest. The court ruled that the city's speculation that cannabis billboards will result in a negative public perception of the city is not a substantial governmental interest to justify a restriction on commercial speech. The court further noted that even if it were to recognize the city's interest in mitigating a possible negative public perception, the city subverts this proposed justification by allowing cannabis businesses to operate within its jurisdiction. Additionally, the court determined that the city had other options that could advance its asserted interest in a manner less intrusive on Lamar's First Amendment commercial speech rights, such as adopting ordinances that regulate commercial cannabis activities or prohibit certain types of cannabis businesses within the city. (Return to In This Issue)

The city further argued that Lamar's state law claim under California's Constitution fails because of the language in CAL. BUS. & PROF. CODE § 26152 (West 2025). Section 26152 states that "a person engaged in commercial cannabis activity, whether licensed or unlicensed, shall not . . . advertise or market on a billboard or similar advertising device located on an interstate highway or on a state highway which crosses the California boarder." The city asserted that § 26152 prohibits cannabis advertising on interstate highways, regardless of whether the interstate highway crosses the California border. Lamar refuted the city's interpretation of § 26152, arguing that the limiting clause "which crosses the California border" modifies both "interstate" and "state" highways and that the cannabis advertisements on I-215 do not violate the law because I-215 does not cross the California border. The court noted that in passing the Medicinal and Adult Use Cannabis Regulation and Safety Act, which amended § 26152, the California legislature declared that one of the purposes of the law was to "curtail the illegal diversion of cannabis from California into other states or countries." The court determined that if the legislature had wished to ban all cannabis billboard advertisements on all state and federal highways in the state, it would have included such language. Based on the legislature's intent, the court ruled that "which crosses the California boarder" modifies both interstate and state highways and that cannabis advertisements that are along I-215 are not prohibited under § 26152 because I-215 does not cross the California border. The court granted Lamar's request for a preliminary injunction and enjoined the city from enforcing the ordinances. On December 30, 2025, the city filed an appeal of the preliminary injunction with the Ninth Circuit. (Return to In This Issue)

MICHIGAN CANNABIS EXCISE TAX SURVIVES INITIAL COURT CHALLENGE

***Holistic Research Group. v. Department of Treasury*, Michigan Court of Claims, Case No. 25-000159-MT (opinion filed December 8, 2025).** A Michigan court has rejected most of a group of Michigan cannabis businesses' challenges against a new state cannabis excise tax. As part of its 2026 budget, the Michigan Legislature imposed a 24 percent excise tax on wholesale cannabis transactions to fund new road construction, codified in the Comprehensive Road Funding Tax Act (CRFTA; MICH. COMP. LAWS § 205.901, *et seq.*). In October 2025, shortly after the budget took effect, a group of licensed Michigan cannabis businesses, including Holistic Research Group, sued Michigan Governor Gretchen Whitmer and the state's department of the treasury in the Court of Claims. The plaintiffs argued that the new excise tax violated the Michigan Regulation and Taxation of Marihuana Act (MRTMA; MICH. COMP. LAWS § 333.27962), which imposes a 10 percent excise tax on cannabis sales. MRTMA passed as a ballot initiative, and under the Michigan Constitution, a law adopted by the initiative may not be repealed or amended except by another initiative or by a three-fourths majority of the legislature (MICH. CONST. Art. 2, § 9). In the plaintiffs' view, the new tax unconstitutionally amended and undermined MRTMA's regulatory scheme. The plaintiffs further argued that CRFTA violated the state constitution's Title-Object Clause (MICH. CONST. Art. 4, § 24) which prevents legislation from changing in purpose through amendment because the original draft of CRFTA did not mention cannabis sales. The defendants moved for summary disposition of the case on November 7, 2025. On December 8, 2025, the court ruled in favor of the defendants, in part. Because the tax provisions in MRTMA do not prohibit the legislature from enacting other new taxes, the court found that CRFTA is not an amendment of MRTMA and thus, would not require a supermajority for passage. The court further held that

CRFTA does not violate the Title-Object Clause because the object of the bill was relevant to, and thus consistent with, its title. The court granted summary dispensation except on the question of whether the new 24 percent excise tax contradicts the purpose of MRTMA, effectively repealing it, which is a question of fact that may still be proven. The plaintiffs will have an opportunity to present evidence on this question at a later date. (Return to In This Issue)

MICHIGAN APPEALS COURT FINDS CANNABIS DISPENSARY CANNOT DEDUCT BUSINESS EXPENSES FROM TAXES

***Cannarbor Inc. v. Department of Treasury*, Michigan Court of Appeals, Case No. 370919 (opinion filed December 16, 2025).** The Michigan Court of Appeals has ruled that a medical cannabis dispensary may not deduct business expenses from state corporate income taxes, even though recreational cannabis sellers may. Cannarbor, Inc., is a recreational and medical cannabis dispensary based in Michigan. Under state law, the Michigan Regulation and Taxation of Marihuana Act (MRTMA; MICH. COMP. LAWS § 333.27962) regulates adult use cannabis and provides tax deductions to recreational cannabis vendors, while the Medical Marihuana Facilities Licensing Act (MMFLA; MICH. COMP. LAWS § 333.27101, *et seq.*) governs medical cannabis businesses and does not provide for tax deductions. An audit of Cannarbor's corporate income taxes from 2018 to 2020 by the Michigan Department of the Treasury (Treasury) revealed that Cannarbor had relied upon the tax deductions in the MRTMA to reduce its total taxable income, despite being licensed only as a medical cannabis facility under the MMFLA; Cannarbor did not receive its recreational cannabis license under the MRTMA until 2019. The Treasury adjusted its assessment, increasing Cannarbor's taxes owed by $139,000, and Cannarbor disputed the assessment with the Michigan Court of Claims, arguing that as a "marihuana establishment," it was entitled to MRTMA's tax benefits. The Court of Claims sided with the Treasury, granting its motion for summary disposition. Cannarbor appealed to the Michigan Court of Appeals. On December 16, 2025, the court affirmed the Court of Claims' decision, finding that MRTMA does not apply to medical cannabis facilities and that the statute's drafters would have included medical facilities in the definition of "marihuana facilities" had they wished to do so. Thus, the court determined that Cannarbor is liable for the larger tax assessment. (Return to In This Issue)

FLORIDA HOSPITALS' OPIOID SUIT AGAINST PHARMACY CHAINS ENDS IN A MISTRIAL

***Florida Health Sciences Center, et al. v. CVS Pharmacy, Inc., et al.*, Circuit Court for the Seventeenth Judicial District of Florida, Case No. CACE19018882 (mistrial December 8, 2025).** A lawsuit brought forth by 16 Florida hospitals against CVS, Walmart, and Walgreens over allegations that the pharmacy chains violated the state's anti-racketeering law (FLA. STAT. ANN. § 895.03 (West 2025)) by working with drugmakers and distributors to increase opioid sales has ended in a mistrial. The hospitals had claimed that the pharmacies conspired to profit from the increase in opioid prescriptions despite being aware of the addiction risks presented by prescription opioid misuse. As part of the suit, the hospitals claimed that they accrued $528.3 million in unpaid medical bills for treating opioid-related injuries and another $1.5 billion when patients with opioid-related conditions sought care for other issues. The trial began on September 22, 2025 and jury deliberations began on November 14, 2025. After 14 days of jury deliberations, the court declared a mistrial. On December 22, 2025, the pharmacy chains filed a motion for a directed verdict[1] arguing that the hospitals cannot prove, by clear and convincing evidence, that they engaged in criminal racketeering that directly injured the plaintiffs. The pharmacy chains asserted that filing a directed verdict against the hospitals would allow the dispositive legal issues in the case to be reviewed by an appellate court instead of having to

[1] A "motion for directed verdict" is a request by a party that the court enter a judgment in its favor before submitting the case to the jury because there is no legally sufficient evidentiary foundation on which a reasonable jury could find for the other party. *Motion for directed verdict*, BLACK'S LAW DICTIONARY (12th ed. 2024).

go through another expensive, lengthy jury trial. On January 5, 2026, the hospitals filed a motion to set a retrial for April 2026. The defendants filed an opposition to the plaintiffs' motion for an April 2026 retrial, arguing that the request is premature and that the court should rule on the motion for a directed verdict before setting a retrial schedule because, if the motion is granted, it will eliminate the need for a retrial. In the alternative, the defendants argued that the court should set a retrial for early 2027 to allow for sufficient time for additional discovery. (Return to In This Issue)

WEST VIRGINIA FILES OPIOID-RELATED LITIGATION AGAINST PHARMACY BENEFIT MANAGER OPTUM

***State of West Virginia ex rel. v. UnitedHealth Group, Inc., et al.*, U.S. District Court for the Northern District of West Virginia, Case No. 5:25-cv-00267-JPB (suit filed December 8, 2025).** West Virginia Attorney General J.B. McCuskey has filed a suit against UnitedHealth Group and its pharmacy benefit manager (PBM), Optum, over allegations that the companies played a role in fueling the state's opioid crisis. PBMs handle prescription drug benefits for health insurance companies. The lawsuit claims that Optum conspired with other drug companies to increase the daily dosage limits for prescription opioids and penalized clients who tried to implement prescription opioid dispensing restrictions. The suit further alleges that Optum had data and insight into the scope of the opioid crisis, but instead of using that information to address the issue, it sold the data to drug manufacturers who used it to target sales toward high-volume prescribers and pharmacies. The state asserts that the defendants violated the West Virginia Consumer Credit and Protection Act (W. VA. CODE ANN. § 46A-6-104 (West 2025)) and the federal Racketeer Influenced and Corrupt Organization Act (RICO; 18 U.S.C. § 1964), as well as created a public nuisance. The state is requesting the abatement of the public nuisance claim and actual and punitive damages. This is West Virginia's second lawsuit against a PBM, with the attorney general suing Express Scripts in August 2025. (*State of West Virginia v. Evernorth Health, Inc., et al.*, U.S. District Court for the Northern District of West Virginia, Case No. 5:25-cv-00182-JPB. For more information on this case, please refer to the October 2025 issue of the LAPPA *Case Law Monitor*, available here.) (Return to In This Issue)

AMNEAL PHARMACEUTICALS MAKES EFFECTIVE NATIONWIDE AGREEMENT TO SETTLE THE MAJORITY OF THE OPTIOD-RELATED CLAIMS AGAINST THE COMPANY

Amneal Pharmaceuticals Makes Effective Nationwide Agreement to Settle the Majority of the Opioid-related Claims Against the Company (settlement effective January 29, 2026). On January 23, 2026, Amneal Pharmaceuticals (Amneal) determined that it would make effective its nationwide agreement to settle a majority of the opioid-related claims brought against the company by various states and subdivisions, having secured sufficient participation in the settlement. Amneal first announced this settlement in principle in May 2024, and the agreement officially became effective on January 29, 2026. Under the terms of the agreement, the company will pay the participating states and subdivisions $88.5 million and provide up to $177.4 million (valued at $125/twin pack) in naloxone nasal spray. In lieu of receiving naloxone products, the settling parties may opt to receive 25 percent of the naloxone nasal spray's value (up to $44.4 million) in cash during the last four years of the 10-year payment term, which could increase the total amount of cash that the company would agree to pay to $132.9 million. (Return to In This Issue)

ABOUT THE LEGISLATIVE ANALYSIS AND PUBLIC POLICY ASSOCIATION

The Legislative Analysis and Public Policy Association (LAPPA) is a 501(c)(3) nonprofit organization whose mission is to conduct legal and legislative research and analysis and draft legislation on effective law and policy in the areas of public safety and health, substance use disorders, and the criminal justice system.

LAPPA produces up-to-the-minute comparative analyses, publications, educational brochures, and other tools ranging from podcasts to model laws and policies that can be used by national, state, and local criminal justice and substance use disorder practitioners who want the latest comprehensive information on law and policy. Examples of topics on which LAPPA has assisted stakeholders include naloxone laws, law enforcement/community engagement, alternatives to incarceration for those with substance use disorders, medication for addiction treatment in correctional settings, and the involuntary commitment and guardianship of individuals with alcohol or substance use disorders.

For more information about LAPPA, please visit: https://legislativeanalysis.org/.