IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO EASTERN DIVISION

IN RE CARDINAL HEALTH, INC. DERIVATIVE LITIGATION

Case No. 2:19-cy-2491

Judge Sarah D. Morrison Chief Magistrate Judge Elizabeth A. Preston Deavers

ORAL ARGUMENT REQUESTED

MOTION TO DISMISS THE CONSOLIDATED VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT AND MEMORANDUM OF LAW IN SUPPORT

Pursuant to Federal Rules of Civil Procedure 12(b)(6) and 23.1, defendants David J.

Anderson, Colleen F. Arnold, George S. Barrett, Carrie S. Cox, Calvin Darden, Bruce L.

Downey, Patricia A. Hemingway Hall, Akhil Johri, Clayton M. Jones, Michael C. Kaufmann,

Gregory B. Kenny, Nancy Killefer, David P. King, J. Michael Losh, and nominal defendant

Cardinal Health, Inc., move to dismiss the complaint for failure to state a claim upon which relief
can be granted. The grounds for this motion are set forth in the attached memorandum.

Pursuant to S.D. Ohio Local Civil Rule 7.1(b)(2), defendants hereby request oral argument on the issues raised in this motion. Defendants respectfully submit that oral argument may aid the Court in its decision-making process.



June 19, 2020

Of Counsel:

WACHTELL LIPTON ROSEN & KATZ

51 West 52nd Street

New York, New York 10019

Phone: (212) 403-1000 Fax: (212) 403-2000 /s/ Robert W. Trafford by David S. Bloomfield, Jr.

Robert W. Trafford (0024447)

Trial Attorney

David S. Bloomfield, Jr. (0068158)

Kirsten R. Fraser (0093951)

PORTER, WRIGHT, MORRIS & ARTHUR LLP

41 South High Street, Suite 2800

Columbus, Ohio 43215 Phone: (614) 227-2000 Fax: (614) 227-2100

Email: rtrafford@porterwright.com dbloomfield@porterwright.com

kfraser@porterwright.com

Attorneys for Defendants David J. Anderson, Colleen F. Arnold, George S. Barrett, Carrie S. Cox, Calvin Darden, Bruce L. Downey, Patricia A. Hemingway Hall, Akhil Johri, Clayton M. Jones, Michael C. Kaufmann, Gregory B. Kenny, Nancy Killefer, David P. King, J. Michael Losh, and Cardinal Health, Inc.



TABLE OF CONTENTS

PRELI	MΠ	NAI	RY STATEMENT	1	
BACK	GR	OU	ND	2	
	A.	Ca	rdinal Health and its board of directors	3	
	B.	Ca	rdinal Health settles two DEA enforcement actions	3	
	C.		yo courts dismiss derivative suits seeking to hold the Cardinal Health board ble for the company's settlements with the DEA	5	
	D.	Α (Cardinal Health subsidiary settles a suit by the United States	5	
	E.	Ca	rdinal Health settles suits by the state of West Virginia and two Ohio counties	6	
	F.		tintiffs in this action file suit, seeking to hold the Cardinal Health board liable the company's settlements	6	
ARGUMENT				7	
I.	THE COMPLAINT FAILS TO STATE A DERIVATIVE BREACH OF FIDUCIARY DUTY CLAIM FOR FAILURE TO ENSURE THE COMPANY'S COMPLIANCE WITH CONTROLLED SUBSTANCE REGULATIONS				
	A.		cintiffs are precluded from establishing demand futility based on alleged ector liability for the company's settlements with the DEA	9	
	B.		e complaint lacks particularized allegations establishing demand futility based a substantial likelihood of director liability	1	
		1.	The claim is time-barred to the extent it seeks to impose liability on the defendant directors for the company's settlements with the DEA	1	
		2.	The entire claim is unsupported by particularized allegations establishing demand futility based on a substantial likelihood of director liability	2	
II.	FII	OUC	COMPLAINT FAILS TO STATE A DERIVATIVE BREACH OF CIARY DUTY CLAIM FOR APPROVAL OF EXCESSIVE EXECUTIVE PENSATION	8	
CONC		SIO	N	:0	



TABLE OF AUTHORITIES

Cases

Brosz v. Fishman, 99 F. Supp. 3d 776 (S.D. Ohio 2015)
Cal. State Teachers' Ret. Sys. v. Alvarez, 179 A.3d 824 (Del. 2018)
Davis v. DCB Fin. Corp., 259 F. Supp. 2d 664 (S.D. Ohio 2003)
Drage v. Procter & Gamble, 119 Ohio App. 3d 19, 694 N.E.2d 479 (1997)
Forsythe v. ESC Fund Mgmt. Co. (U.S.), Inc., C.A. No. 1091-VCL, 2007 WL 2982247 (Del. Ch. Oct. 9, 2007)
Georgia-Pac. Consumer Prods. LP v. Four-U-Packaging, Inc., 701 F.3d 1093 (6th Cir. 2012)
Himmel v. Barrett, No. 12-CV-060663, 2013 WL 4719080 (Ohio Ct. Com. Pl. July 9, 2013)
In re Caremark Int'l, Inc. Derivative Litig., 698 A.2d 959 (Del. Ch. 1996)
In re Ferro Corp. Derivative Litig., 511 F.3d 611 (6th Cir. 2008)
In re Goodyear Tire & Rubber Co. Derivative Litig., Nos. 5:03CV2180, 5:03CV2204, 5:03CV2374, 5:03CV2468, 5:03CV2469, 2007 WL 43557 (N.D. Ohio Jan. 5, 2007)
In re Keithley Instruments, Inc. Derivative Litig., 599 F. Supp. 2d 875 (N.D. Ohio 2008)
<i>In re Omnicare Secs. Litig.</i> , 769 F.3d 455 (6th Cir. 2014)



ITT Corp. Derivative Litig., 653 F. Supp. 2d 453 (S.D.N.Y. 2009)	8
Kamen v. Kemper Fin. Servs., Inc., 500 U.S. 90 (1991)	8
Monday v. Meyer, No. 1:10 CV 1838, 2011 WL 5974664 (N.D. Ohio Nov. 29, 2011)	О
Nathan v. Rowan, 651 F.2d 1223 (6th Cir. 1981)	О
Robinson Family Tr. v. Greig, No. 5:13 CV 1713, 2013 WL 1943330 (N.D. Ohio May 10, 2013)	О
Stanley v. Arnold, No. 12-cv-482, 2012 WL 5269147 (S.D. Ohio Oct. 23, 2012), aff'd, 531 F. App'x 695 (6th Cir. 2013)	n
Union Sav. Bank v. Lawyers Title Ins. Corp., 191 Ohio App. 3d 540, 946 N.E.2d 835 (2010)	1
Statutes	
21 U.S.C. § 801	3
Ohio Rev. Code § 1701.59	n
Rules	
Fed. R. Civ. P. 23.1 passin	n
Fed P Civ P 12	n



DOCKET

Explore Litigation Insights



Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time** alerts and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

