

no more tears

the dark secrets of Johnson Johnson

gardiner harris

BY GARDINER HARRIS

No More Tears: The Dark Secrets of Johnson & Johnson

Hazard: A Mystery

No More Tears

THE DARK SECRETS OF JOHNSON & JOHNSON

Gardiner Harris



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Contents

Introduction: A Quintessentially American Company

PART I · CONSUMER PRODUCTS

SECTION I • Trust from Birth

CHAPTER 1 An Emotional Bond

CHAPTER 2 Three Brothers Go to New Brunswick, 1860–1968

SECTION II · Johnson's Baby Powder

CHAPTER 3 Mineral Twins

CHAPTER 4 The FDA Conducts a Survey

CHAPTER 5 Birth of the Modern FDA

CHAPTER 6 The Power of Pressure

CHAPTER 7 A Meeting at a Harvard Hospital

CHAPTER 8 Secrecy Is a Top Priority

CHAPTER 9 A Sacred Cow

SECTION III • Tylenol

CHAPTER 10 An Infamous Crime, the Birth of a Myth

CHAPTER 11 Problems with the Narrative

CHAPTER 12 Never an Adversarial Relationship

CHAPTER 13 The Cost of Doing Business

PART II • PRESCRIPTION DRUGS

CHAPTER 14 A Valley of Death in Drug Discovery

SECTION IV · Procrit

CHAPTER 15 The First Great Biotech Franchise Is Born

CHAPTER 16 How Giving Cash to Doctors Became Good Business

CHAPTER 17 J & J's Biggest-Selling Drug

CHAPTER 18 A Brave Researcher Breaks the Silence

CHAPTER 19 Miracle-Gro for Cancer

SECTION V · Risperdal

CHAPTER 20 A Path to a Normal Life

CHAPTER 21 A Treatment for Everything and Everyone

CHAPTER 22 Serious Red Flags

CHAPTER 23 A Big Target

CHAPTER 24 Ice Cream and Popcorn Parties

CHAPTER 25 A Turning Point

CHAPTER 26 One of the Most Alarming Warnings

CHAPTER 27 They Knew They Were a Good Company

SECTION VI · Duragesic

CHAPTER 28 An Epidemic Foretold

CHAPTER 29 Opium Blossoms in Tasmania

CHAPTER 30 Less Prone to Abuse

CHAPTER 31 Evolve the Value Discussion

SECTION VII · Ortho Evra Birth Control Patch

CHAPTER 32 The Pill and the Patch

PART III • MEDICAL DEVICES

CHAPTER 33 The FDA Goes Looking for a Savior

SECTION VIII · Pinnacle Metal-on-Metal Hip Implant

CHAPTER 34 Two Terrible Dilemmas

CHAPTER 35 God, Nazis, and Hip Implants

CHAPTER 36 Never Stop Moving

SECTION IX • Prolift Vaginal Mesh

CHAPTER 37 A Cure for Sag

CHAPTER 38 "Usually Minor and Well Manageable"

PART IV • VACCINATION

SECTION X · Covid

CHAPTER 39 A Rare Shot at Redemption

<u>Acknowledgments</u> <u>Notes</u> <u>Index</u> <u>About the Author</u>

A Quintessentially American Company

LN LATE MARCH 2004, I was returning from a spring skiing trip and had a couple of hours to kill at Chicago's O'Hare Airport. Nothing in that cavernous place looked nearly as inviting as an open stool at a burger joint in front of a March Madness men's college basketball game. I dropped my bag under the bar and sat down to watch.

Next to me was a woman wearing a maroon Mississippi State baseball cap with a blond ponytail pulled out the back. She had a beer and half a hamburger on the bar and didn't seem to care that some of her fellow patrons might not appreciate her screaming at the TV in the middle of the afternoon.

The second half had just started, and Mississippi State had a commanding lead over Xavier, the tournament's Cinderella story. We exchanged a few words during commercial breaks, but I'd spent most of the 1990s in Kentucky and knew enough rabid college basketball fans to know I should keep my trap shut while the game was on.

Keeping mum, I watched as Mississippi State collapsed. When the buzzer sounded, the woman with the ponytail groaned audibly, ordered another beer, and turned a rueful smile on me.

She told me her first name and said she was a pharmaceutical sales rep for Janssen, Johnson & Johnson's biggest drug unit. I laughed and told her that I was a drug reporter for *The New York Times*.

She made a face, and I shrugged. "You should probably leave right now," I said.

"I was here first!" she blurted and gave a terrific laugh.

We spoke about our lives and families in ways you only do with a stranger you're all but certain never to see again. And then she told me a story that would drive my reporting for years.

She said her sister had a ten-year-old son who, a year earlier, had gotten into a fight on a school playground. The principal insisted the boy see a shrink. My bar mate's job was selling Risperdal, a drug used to treat schizophrenia, so she offered to get her nephew an immediate appointment with one of her favorite psychiatrists, a specialist who would otherwise require months to see. Her sister gratefully accepted.

Convinced her nephew was perfectly normal, she expected the psychiatrist would admonish him not to fight again and then send him on his way. Instead, the doctor provided her sister with free samples of Risperdal—samples she had dropped off just days before. My bar mate was shocked and told her sister "to think a minute before giving him that medicine."

But it was too late. Over the following year, her nephew gained twentyfive pounds and, embarrassed about his size, stopped visiting the neighborhood pool with his favorite aunt. My bar mate tried without success to persuade her sister to stop the medication. Her brother-in-law, who didn't want the boy on Risperdal either, stopped speaking to her.

Around that time, word got out that the FDA would soon demand that every drug in Risperdal's class of medicines carry new warnings noting that they could cause diabetes and other metabolic problems. Insisting this wasn't true, Johnson & Johnson provided her with talking points to reassure doctors that Risperdal, unlike competing pills, didn't increase the risks of diabetes. But watching her nephew, she knew those reassurances were false. Three weeks after our meeting, the FDA sent the company a warning letter stating that its claims about Risperdal and diabetes were false. A few months later, the company sent doctors across the country a letter admitting that it had mistakenly minimized the risk of diabetes and had made misleading claims that Risperdal was safer than similar drugs—confessions that came too late for many.

Before her nephew became one of the psychiatrist's patients, she was thrilled that his Risperdal prescription numbers continued to climb and loved that his drug sample closet needed frequent restocking. He was one of her "whales," a term drug sales reps use to describe doctors whose many prescriptions fund their bonuses. She'd showered him with gifts as recompense. J & J had paid him to give frequent marketing talks about Risperdal to other doctors, allowing him to build a robust referral network. Now the psychiatrist's numbers made her sick, and she had a hard time even looking at him.

In fact, since Risperdal wasn't approved by federal drug authorities for use in children, she'd been vaguely aware that parts of her job were a bit shady, including pitching Risperdal to child psychiatrists, dropping off drug samples to their offices, and paying these psychiatrists to tell other doctors how to prescribe Risperdal to children. But it hadn't *not* been approved, so...

Now she suspected what she'd been doing was just plain wrong and told me she was about to quit. I asked for her last name and phone number and told her that, once she left J & J, she'd be the perfect source for a story about all this.

She shook her head. "Can't do that," she said in a southern drawl that had gotten thicker with her second beer. "I'm only talking to you now 'cause I'm stuck in this dang airport, drank two beers, and the Bulldogs—God bless 'em—freakin' lost. Seeded number two and they lost!"

I sighed. "First of all, let's be clear about one thing," I said. "The Bulldogs didn't just lose, they got crushed. Had to be some kind of historic collapse. I mean, mother of God. Just painful to watch."

We both started laughing. I was never good at keeping a straight face when the moment demanded it.

"Oh Lordy," she said and breathed deeply. "And you think I'm going to talk to you now?"

I slid my business card across the bar. "Look," I said, "you know this is an important story. How many other kids are out there just like your nephew? I can't do this unless folks like you agree to talk."

Shaking that blond ponytail from side to side, she got up and gathered her luggage. She left my card untouched on the bar. "Take care of yourself, Mr. *New York Times*."

I never saw or heard from her again.

Eighteen years later, in February 2023, *Fortune* magazine ranked Johnson & Johnson among the most admired corporations in the world for the twenty-first consecutive year and ranked the company number one on the pharmaceutical industry list for the tenth consecutive year.

"If there is a more American—quintessentially American—company than Johnson & Johnson, I do not know what it is," Tyler Mathisen, a longtime CNBC anchor, said at a network healthcare conference in May 2019. "And in fact, I can't think of another company in the world with the possible, *possible* exception of Coca-Cola, that touches a billion people a day with its products and services as Johnson & Johnson does."

It's true: Johnson & Johnson has been beloved for generations, and many Americans use its products daily. These have included Johnson's Baby Shampoo, Johnson's Baby Oil, and dozens of other baby lotions, conditioners, and sprays; Aveeno and Neutrogena skin moisturizers and cleansers; Tylenol and Motrin for headaches and fever; antihistamines Zyrtec and Benadryl; medicines like Pepcid, Sudafed, and Imodium; Listerine mouthwash and Nicorette gum.

Many of the company's products are lifesavers, including medicines to treat HIV, cancer, and rheumatoid arthritis. Seven in ten patients globally who undergo surgery are stitched up with Johnson & Johnson sutures. J & J sells catheters and stents for the heart and implants for hips, knees, ankles, shoulders, and breasts.

Beyond its commercial success, Johnson & Johnson has long been seen as a paragon of ethics. First written in 1943, its credo—among the first and most prominent of corporate mission statements—promises that J & J will never put profits before people: "We believe our first responsibility is," it begins, not to shareholders, not to owners, not the profit principle itself but to the patients, doctors, nurses, parents, and others who use Johnson & Johnson's products and services.

Etched in stone at Johnson & Johnson's New Brunswick, New Jersey, headquarters, the J & J credo is discussed at every major corporate meeting and consulted before significant strategic moves. When a maniac tested the credo in 1982 by packing Tylenol capsules with cyanide and killing at least seven people, Johnson & Johnson responded by withdrawing hundreds of millions of bottles from store shelves and relaunching with tamper-proof seals, an effort that cost \$100 million.

A Harvard Business School case study of that episode has been used to teach thousands of executives in training that if they do the right thing even at considerable expense, customers will reward them—one of many Harvard case studies that collectively describe J & J as a capitalist's nirvana where doing well and doing good are synonymous.

And it has done well. Johnson & Johnson is the largest healthcare conglomerate in the world, and one of only two corporations on the planet with a AAA credit rating, something not even the United States government can boast.

I spent my early teens in Princeton, New Jersey, where Johnson & Johnson is revered. Robert Wood Johnson II lived his final decades in Princeton, and his namesake foundation—the fifth largest charitable organization in the world—is headquartered there. The region is dotted with mansions owned by Johnson family members and top company executives who send their children to private academies like Princeton Day School and Lawrenceville.

To me, my family, and everyone I knew, Johnson & Johnson was the ideal American corporation. It was mother, medicine, and money all rolled into one. The kids I knew whose parents worked at J & J mentioned the association with pride, and the company's distinctive red cursive logo was featured on T-shirts, jackets, and hats along the poolsides and sidelines of my swim meets and football games.

That image slowly began to change when I was assigned to cover the pharmaceutical industry in 1999 at *The Wall Street Journal* and then at *The New York Times*. My requests for even basic information were often unanswered. I was puzzled. What could Johnson & Johnson—of all companies—possibly have to hide? But bit by bit, I kept discovering things that transformed my confusion to disbelief. For example, I found that J & J was the *only* major manufacturer of HIV/AIDS medicines that refused to share its patents with a United Nations program that has saved millions of African lives. How was that possible? What about the credo?

Around the time of my encounter at O'Hare, I began to suspect that the company's culture and its apple-pie image might be entirely at odds. But I couldn't figure out when this change could have occurred, or why. And even as the company pleaded guilty to multiple crimes, paid huge fines, and was identified as a prime contributor to the nation's opioid crisis, nothing seemed to dent its pristine reputation.

How could that be?

These questions haunted me for years. And though I moved off the healthcare beat and became a foreign, White House, and diplomatic correspondent for the *Times*, I kept thinking about J & J. Finally, my curiosity won out, and I turned again to the company that was simultaneously ever present and invisible. This book is the product of five years gathering tens of thousands of documents, reading through hundreds of thousands of pages of trial transcripts, and contacting hundreds of executives and employees. Among the records I uncovered are secret grand jury files. Providing such documents to a reporter is a criminal offense, but my sources put themselves at considerable risk because they found the company's conduct so singular.

As a many-tentacled conglomerate, Johnson & Johnson's history is exceedingly complicated and difficult to tell. Rather than bouncing between different products with their own discrete narratives inside one continuous chronology, I settled on recounting the separate histories of nine distinctive J & J products. The first section details the story of the company's two most iconic consumer products—Johnson's Baby Powder and Tylenol. The second looks at several important prescription medicines. The third tackles the company's medical device business. The final section describes the path of the company's Covid vaccine effort.

Johnson & Johnson is American healthcare's central player, a colossus standing astride every part of a system that represents 20 percent of the nation's gross domestic product, more than any other sector. Its story is the defining narrative of American healthcare and among the most important in all of American capitalism, but it has a very dark side. As we'll see, its involvement with the rise of the opioid epidemic is horrifying. ("The Sacklers are pikers compared to Johnson & Johnson," a former J & J executive told me.)

A crucial actor in this drama is the Food and Drug Administration, which has regulatory authority over that 20 percent of the American economy. Like Johnson & Johnson, the FDA has a reputation that is often at odds with its deeds.

The American media is also an important player. Much of what is written and broadcast about Johnson & Johnson and its partners is wrong. Because of my years working for them, *The Wall Street Journal* and *The New York Times* come in for particularly sharp censure. Their failings—and by extension my own—have been crucial to Johnson & Johnson's mythmaking.

Perhaps most upsetting is that J & J could not have undertaken many of its most important and problematic sales efforts without the participation of doctors, researchers, academics, and educators. The American professional class is supposed to have independent self-policing mechanisms to ensure that its members don't engage in unethical or criminal activity. J & J's story offers significant reasons to be skeptical of the effectiveness of this selfpolicing infrastructure.

The vast disconnect between the mythology and reality of Johnson & Johnson should cast doubt on common fairy tales about the equity and rightness of the American systems of healthcare, government, and economy. Because CNBC's Mathisen was right: J & J's is the quintessential American story.

Part I

Consumer Products

Section 1: Trust from Birth

CHAPTER 1

An Emotional Bond

J OHNSON'S BABY POWDER AND TYLENOL are among the most beloved and iconic consumer products ever sold. They largely define Johnson & Johnson's image and have long provided the company with a protective halo of affection from consumers, professionals, and government officials.

While Tylenol is a juggernaut, Johnson's Baby Powder is among the most potent branding instruments ever. The product's fragrance resulted from a lengthy effort to concoct just the right bouquet. After multiple experiments, the company created a complex and distinctive floral scent with more than two hundred ingredients—natural oils, extracts, and aromatic compounds—from all over the world. The fragrance has a sweet, vanilla-like base but also contains overtones of jasmine, lilac, rose, musk, and citrus.

Company surveys found this distinctive mixture of ingredients to be the most recognized fragrance in the world, and for much of the American adult population it conjured the most pleasant memories and associations. Talc products were the cornerstone of the company's baby products, which, despite sales that have in recent years represented less than 1 percent of the company's revenues, were collectively the company's "most precious asset" and "crown jewel," according to a 2008 company slide deck titled "Our Baby History."

"The association of the Johnson's name with both the mother-infant bond and mother's touch as she uses the baby products is known as Johnson & Johnson's Golden Egg," the 2008 slide deck stated.

Surveys showed that the Johnson & Johnson brand is associated most strongly with baby products, and that this association creates an unmatched level of trust—invaluable for a healthcare company.

"Many companies have rational trust," a 1999 corporate slide deck stated. It listed Merck, Bristol-Myers Squibb, GlaxoSmithKline, Procter & Gamble, and Colgate as among the companies with rational trust. At the time, pharmaceutical companies topped surveys of the most admired companies in the world. "Only Johnson & Johnson also has real emotional trust."

"Johnson & Johnson's unique trust results in real business gains for the company," the presentation stated. Among the important benefits, the presentation claimed, is that consumers will forgive missteps and brand crises.

The most powerful of human emotional bonds is between a mother and her baby, the presentation stated. In the slides, the value of this bond is pictured as a piggy bank with coins dropping into its slot on the back, with the words "Mother-Baby Bond" on its side.

"Johnson's baby is 50% heart and 50% mind," concluded the slide deck, which is titled "Trust Is Our Product."

A crucial way that Baby Powder engenders and sustains emotional trust is through its fragrance. Smells feed directly into the brain's limbic system, the ancient seat of human emotion.

"Olfactory learning occurs before birth and helps develop social capacities," another 2009 deck said. "Infants attach meaning to familiar smells within first hours after birth" and "Odor is important in human mother-infant bonding."

So, for generations, much of the American population was implanted in the womb and throughout infancy with a brain worm that associates Johnson & Johnson with love, happiness, trust, and intimacy—a public