SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Attorney's Office for the Northern District of New York and on behalf of the Drug Enforcement Administration (DEA) (collectively the "United States"), and Dr. Douglas Cline, Laurie McKenna, and Douglas C. Cline M.D., P.C. doing business as Chronic Pain Management (collectively, "the Defendants") through their authorized representative. The United States and the Defendants are referred to collectively as the "Parties."

RECITALS

A. Dr. Douglas Cline was a physician licensed in the State of New York and held a DEA registration authorizing him to prescribe controlled substances under the Controlled Substances Act, 21 U.S.C. § 801 *et seq*. Douglas C. Cline, M.D., P.C., doing business as "Chronic Pain Management" (CPM), operated a medical practice in Queensbury, New York through which Dr. Cline and others prescribed controlled substances, including high-dose opioid medications.

B. Dr. Cline founded CPM in or about 2011 as a pain-management practice focused primarily on treating patients through controlled substances. CPM operated on a cash-pay model, did not accept insurance, and charged patients recurring appointment fees in exchange for continued treatment and prescription access. By 2023, the practice had grown to approximately 500 patients, substantially all of whom were prescribed opioids.

C. CPM routinely prescribed opioids, benzodiazepines, and muscle relaxants in combination and at significant dosages. For some patients, those prescriptions were issued without the safeguards ordinarily associated with long-term opioid therapy,

including consistent in-person examinations, adequate monitoring, meaningful tapering efforts, or sufficient documentation supporting the medical necessity of the treatment.

D. Although Dr. Cline had not completed a residency in pain management and was not board certified in that specialty, CPM represented publicly that it specialized in pain management and that Dr. Cline was a board-certified pain-management physician.

E. Laurie McKenna was a licensed nurse practitioner employed by CPM and supervised by Dr. Cline. At all relevant times, she held a DEA registration authorizing her to prescribe controlled substances and participated in CPM's prescribing practices.

F. Federal and state law permit controlled substances to be prescribed only for legitimate medical purposes in the usual course of professional practice. 21 U.S.C. § 829; 21 C.F.R. § 1306.04; N.Y. Pub. Health Law § 3331. Despite those requirements, CPM practitioners, including Dr. Cline and Ms. McKenna, at times prescribed controlled substances in circumstances inconsistent with accepted standards of medical practice, including without adequate examinations, monitoring, or treatment planning.

G. In February 2022, the United States informed Dr. Cline and CPM that a substantial number of their controlled-substance prescriptions appeared to have been issued outside the usual course of professional practice and exposed them to significant civil penalties.

H. Shortly after learning of the government's investigation and potential civil exposure, Dr. Cline transferred substantial assets, including real property in Bolton Landing, New York, to his then-spouse as part of divorce proceedings and related transactions. Around the same time, CPM's assets were transferred to another physician,

although CPM's operations, revenue streams, and financial arrangements continued through affiliated entities associated with Dr. Cline and his former spouse.

I. In March 2024, the United States filed a civil action alleging that CPM practitioners, including Dr. Cline and Ms. McKenna, issued hundreds of controlled-substance prescriptions outside the usual course of professional practice. The prescriptions at issue included prescriptions issued to Patients 1, 2, and 3, whose treatment reflected broader prescribing patterns within the practice.

J. Patient 1 – a combat wounded veteran – was married to Patient 2. Both received treatment at CPM over multiple years for chronic pain conditions. CPM prescribed Patients 1 and 2 escalating doses of fentanyl, oxycodone, and benzodiazepines, including increases requested by the patients themselves. CPM continued prescribing those medications despite repeated warning signs associated with misuse, dependency, and diversion.

K. During portions of their treatment, Patients 1 and 2 relocated to Alabama, where local providers declined to continue the opioid regimens CPM had prescribed. CPM nevertheless continued issuing prescriptions for fentanyl, oxycodone, and benzodiazepines while the patients resided out of state, often without in-person examinations, and continued collecting recurring appointment fees during periods when no in-person medical services occurred.

L. Throughout their treatment, Patients 1 and 2 exhibited repeated indicators of misuse and diversion risk, including inconsistent drug testing, evidence of overuse, reports of drug-seeking behavior, and concerns raised by outside providers. CPM nevertheless continued prescribing high-dose opioids and benzodiazepines over extended

periods. In 2018, CPM temporarily stopped prescribing to the patients because of increasing regulatory scrutiny, but later resumed prescribing at substantially similar dosages after the patients reported difficulty obtaining comparable prescriptions elsewhere and falsely reported that they had resumed living in New York.

M. Patient 3 was an elderly woman with multiple serious medical conditions, including chronic obstructive pulmonary disease. CPM prescribed opioids, benzodiazepines, and muscle relaxants concurrently over an extended period despite the heightened risk of respiratory depression, sedation, overdose, and death associated with those medications when used together. Patient 3 was not consistently examined in person and often relied on family members to communicate with CPM providers on her behalf.

N. FDA labeling for several medications prescribed by CPM warned against concurrent use because of the risks of sedation, respiratory depression, addiction, misuse, and death. CPM practitioners, including Dr. Cline and McKenna, often failed to monitor patients consistently in a manner commensurate with those risks.

O. By 2019 and 2020, CPM personnel identified additional evidence of misuse and diversion involving Patients 1 and 2, including early refills, overuse of prescribed medications and positive tests for illicit substances. Despite these warning signs, CPM continued prescribing controlled substances for substantial periods, while also starting to wean Patients 1 and 2, before ultimately discharging the patients.

P. During the pendency of the government's enforcement actions, Dr. Cline represented to the United States and the Court that he lacked the financial resources to satisfy potential civil penalties. In November 2025, the United States filed a second civil action alleging that Dr. Cline fraudulently transferred property and assets in an effort to

hinder, delay, or defraud the United States in connection with anticipated civil liability arising from CPM's prescribing practices.

Q. During a December 2025 hearing in the second action, Dr. Cline represented in open court that he had retired from the practice of medicine and no longer treated patients.

R. Although Dr. Cline had surrendered his DEA registration and allowed his New York medical license to lapse in August 2025, contemporaneous medical records, including records created in the weeks immediately preceding and following the December 2025 hearing, reflected that he continued directing prescribing decisions at CPM, including decisions involving high-dose opioid regimens. Treatment records described prescriptions being issued "at the direction" of Dr. Cline or pursuant to his instructions while he functioned as an "in-house consultant" to the practice.

S. After Dr. Cline transferred CPM's assets to another physician in 2022, the practice continued operating under a different professional entity while maintaining substantially similar prescribing and payment practices. Patients continued making recurring monthly payments in exchange for continued access to opioid prescriptions, including prescriptions for oxycodone, methadone, and fentanyl, regardless of whether contemporaneous in-person medical services were provided.

T. Revenue from the practice's operations, including patient payments associated with ongoing controlled-substance prescribing, continued flowing through affiliated entities associated with Dr. Cline and his former spouse and was used, among other things, to fund Dr. Cline's personal and litigation-related expenses.

U. In April 2026, the United States filed a third civil action seeking injunctive relief against the entity then operating as CPM, alleging that Dr. Cline continued directing prescribing decisions after surrendering his DEA registration and allowing his medical license to lapse, and that the new practice continued operating a pay-for-prescription business model.

V. The entity operating CPM thereafter entered into a consent decree with the United States agreeing to injunctive relief governing prescribing practices and operational controls, including barring Dr. Cline from the CPM premises during patient hours.

W. Dr. Cline, Laurie McKenna, and CPM admit, acknowledge, and accept responsibility for their respective roles in the conduct described above, which constitutes the Covered Conduct.

X. The United States contends that the Covered Conduct reflects a sustained pattern of prescribing controlled substances outside the usual course of professional practice through a cash-based business model in which continued access to high-dose opioids and other controlled substances was conditioned on recurring payments from patients. The United States further contends that CPM practitioners continued prescribing despite repeated warning signs of misuse, dependency, diversion, and serious medical risk, that Dr. Cline continued influencing prescribing decisions after surrendering his prescribing authority and allowing his medical license to lapse, and that, after learning of the government's investigation and anticipated civil exposure, Dr. Cline restructured assets and operations while misrepresenting his professional and financial circumstances to the United States and the Court.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The Defendants shall pay to the United States $500,000 (Total Settlement Amount). The Total Settlement Amount is allocated as follows and reflects the separate, independent financial obligations of each Defendant:

a. Dr. Cline shall be solely responsible for a total payment of $450,000 (the "Cline Amount"), which obligation is joint and several as between Dr. Cline and Douglas C. Cline M.D., P.C. d/b/a Chronic Pain Management. The Cline Amount consists of: (i) $250,000 due no later than July 3, 2026; and (ii) $200,000 due no later than December 31, 2026.

b. Ms. McKenna shall be solely responsible for a total payment of $50,000 (the "McKenna Amount"), due no later than July 3, 2026.

Payment of the Cline Amount and the McKenna Amount shall be made by electronic funds transfer in accordance with written instructions from the United States Attorney's Office for the Northern District of New York.

2. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Cline Settlement Amount and the McKenna Settlement, the United States releases those respective Defendants from any civil or administrative monetary claim the United States has for the Covered Conduct under 21 U.S.C. § 842(c) of the Controlled Substances Act.

3. Dr. Cline surrendered DEA Certificate of Registration (COR) #BC1228041 on August 29, 2025 and no longer possesses any prescription pads or other means to prescribe controlled substances. Dr. Cline agrees that for a period of twenty (20) years from the Effective Date of this Agreement, he shall not seek to renew, reinstate, or apply for a new controlled substance registration from the DEA. In the event that Dr. Cline applies for a DEA registration more than twenty (20) years after the Effective Date of this Agreement, he shall contact the local DEA field office in the jurisdiction in which he is applying and disclose the existence and terms of this Settlement Agreement.

4. Ms. McKenna's COR #ML2368923 expired on January 31, 2026, and she did not apply to renew it. Ms. McKenna no longer possesses any prescription pads or other means to prescribe controlled substances. Ms. McKenna agrees that for a period of twenty (20) years from the Effective Date of this Agreement, she shall not seek to renew, reinstate, or apply for a new controlled substance registration from the DEA. In the event that Ms. McKenna applies for a DEA registration more than twenty (20) years after the Effective Date of this Agreement, she shall contact the local DEA field office in the jurisdiction in which she is applying and disclose the existence and terms of this Settlement Agreement.

5. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement;

f. Any liability of individuals except those specifically named in this Agreement.

6. The Defendants waive and shall not assert any defenses they may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

7. The Defendants fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

8. The Defendants agree to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of the Defendants and any of CPM's present or former officers, directors, employees, shareholders, and agents in connection with:

i. the matters covered by this Agreement;

ii. the United States' civil investigation of the matters covered by this Agreement;

iii. The Defendants' investigation, defense, and corrective actions undertaken in response to the United States' audit and civil investigation in connection with the matters covered by this Agreement (including attorneys' fees);

iv. the negotiation and performance of this Agreement;

v. the payment the Defendants make to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by the Defendants, and the Defendants shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, the Defendants shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs

included in payments previously sought by the Defendants or any of its subsidiaries or affiliates from the United States. The Defendants agree that the United States, at a minimum, shall be entitled to recoup from the Defendants any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine the Defendant's books and records and to disagree with any calculations submitted by the Defendants or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by the Defendant, or the effect of any such Unallowable Costs on the amount of such payments.

9. This Agreement is intended to be for the benefit of the Parties and Joanne Cline only.

10. Upon execution of this Agreement, the United States shall file this Agreement in *United States v. Douglas Cline, et al.*, No. 1:24-cv-451 (GTS/DJS), and *United States v. Douglas Cline and Joanne Cline*, No. 1:25-cv-1576 (GTS/DJS), together with an unopposed motion to stay proceedings in both actions through January 18, 2027. At that time, if the Total Settlement Amount has been paid in full, the United States shall request dismissal of both actions with prejudice. If any Defendant fails to make payment of his or her respective obligation under this Agreement, that Defendant agrees (a) to entry of judgment against him or her in *United States v. Douglas Cline, et al.*, No. 1:24-cv-451 (GTS/DJS) in the amount of any unpaid balance of that Defendant's obligation, (b) not to contest liability for purposes of entry of such judgment, and (c) that the United

States may seek a civil monetary judgment in that action in an amount up to the statutory maximum for the conduct alleged therein.

11. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

12. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

13. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Northern District of New York. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

14. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

15. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

17. This Agreement is binding on Defendants' successors, transferees, heirs, and assigns.

18. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

19. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

FOR THE UNITED STATES:

TODD BLANCHE
Acting Attorney General

JOHN A. SARCONE III
First Assistant United States Attorney
Northern District of New York

June 15, 2026

Digitally signed by CHRISTOPHER MORAN
Date: 2026.06.15 11:16:10 -04'00'

Christopher R. Moran
Adam J. Katz
Assistant United States Attorneys

***** DEFENDANTS' SIGNATURES APPEAR ON FOLLOWING PAGE *****

FOR DEFENDANTS DOUGLAS C. CLINE AND DOUGLAS C. CLINE, M.D., P.C.:

O'CONNELL & ARONOWITZ, P.C.

June 8, 2026

Kurt E. Bratten
Allen F. Light

June 2, 2026

Douglas C. Cline, M.D.

FOR DEFENDANT LAURIE MCKENNA:

June ___, 2026

Laurie McKenna

FOR DEFENDANTS DOUGLAS C. CLINE AND DOUGLAS C. CLINE, M.D., P.C.:

O'CONNELL & ARONOWITZ, P.C.

June ___, 2026

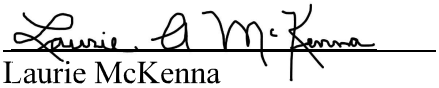
_____
Kurt E. Bratten
Allen F. Light

June ___, 2026

_____
Douglas C. Cline, M.D.

FOR DEFENDANT LAURIE MCKENNA:

June 4, 2026


Laurie McKenna