

STANFORD  
UNIVERSITY



June 25, 2008

**University Statement on Senator Grassley's June 23 Letter on Conflicts of Interest in Medical Research\***

Stanford University shares Sen. Grassley's concerns about disclosures of conflicts of interest and ensuring that such conflicts do not influence the conduct of medical research. Based on our extensive investigation to date, we believe that Dr. Alan Schatzberg, a member of the medical school faculty, has fully complied with the University's rigorous conflict of interest policy.

We look forward to working with Sen. Grassley on resolving any potential discrepancies that he has identified between the amounts that Dr. Schatzberg disclosed and the amount pharmaceutical companies report paying to him. Stanford's policies require detailed and thorough disclosures of financial interests that could possibly lead to a conflict of interest, and we are continuously looking to enhance them.

In that spirit, we would like to address three points in Sen. Grassley's letter:

1. Statement that Dr. Schatzberg had not disclosed a \$22,000 payment from Johnson & Johnson in 2002. Dr. Schatzberg did disclose this payment to the University and reported it to the Committee. He disclosed the \$22,000 payment from Janssen, the wholly owned subsidiary of Johnson & Johnson that made the payment.

2. Statement that Dr. Schatzberg did not report the \$52,134 that Eli Lilly disclosed for 2004; however, Dr. Schatzberg disclosed three different sources of compensation from the company for that year: less than \$10,000 for advisory board, \$10,000 to \$50,000 for consultation, and \$10,000 to \$50,000 for honoraria, so, together, this disclosure fully accounts for the 2004 payments from Lilly. A chart attached to the letter states that Dr. Schatzberg had not disclosed receiving a payment from Eli Lilly in 2007. That is simply an error. Dr. Schatzberg did disclose that payment, both to Stanford and to congressional investigators.

3. Other discrepancies noted in the letter may be the result of differences in record keeping between Stanford and pharmaceutical companies, the fact that companies' fiscal years may differ from Stanford's and misunderstandings by congressional investigators.

Finally, we believe it important to emphasize that the University was fully aware of the extent of Dr. Schatzberg's stake in Corcept Therapeutics and managed the conflict of interest to ensure that it did not influence the research he was conducting. Dr. Schatzberg

has consistently disclosed on his annual conflict-of-interest forms his ownership of equity in Corcept Therapeutics in excess of \$100,000 (the highest dollar category on the form). Once his financial interest was disclosed, further information was obtained in connection with managing any conflict of interest with research at Stanford. Such conflicts are reviewed by the Conflict of Interests Committee at the School of Medicine as well as the Institutional Review Board, which reviews proposed research involving human subjects. As part of the further conflict of interest review, Dr. Schatzberg disclosed in writing his ownership of the Corcept stock and its actual value. As a result, Stanford was fully aware of the value of his stock based on his disclosures to the University. In addition, information about his stock ownership and stock sales was publicly disclosed through SEC filings and is available online through financial reporting services.

Dr. Schatzberg was the original principal investigator on an NIMH grant in the 1990s that looked at the biology of psychotic depression. That work led to Stanford's receiving a patent for certain uses of the drug mifepristone; Stanford, in turn licensed that patent to Corcept. Before the patent was issued, Dr. Schatzberg did not have any financial interest in this drug. Once he was aware he was going to have a financial interest in mifepristone, he disclosed it, and Stanford University managed the conflict of interest. As part of that process, Dr. Schatzberg has not had responsibility for any aspect of the conduct of the grant's research related to mifepristone. He remains the principal investigator on the original NIMH grant, which has been extended through the years and covers a range of issues involved in the biology of psychotic depression, such as psychological testing and brain imaging, as well as continuing work on mifepristone, the drug in which he has a financial interest. We would like to underscore that Dr. Schatzberg has not been involved in managing or conducting any human subjects research involving Mifepristone, a pharmaceutical that Corcept licenses for the treatment of psychotic major depression. Stanford and Dr. Schatzberg disclosed this conflict and the fact that Stanford was managing the conflict to NIH. In addition, NIH reviews its data through its Data Safety and Monitoring Board structures.

Stanford received a small amount of equity in Corcept under a technology license. Pursuant to its policy on institutional conflict of interest, Stanford divested itself of the stock.

We believe that appropriate and well-managed interactions between industry and academic medicine are critical to finding new therapies to alleviate human suffering. Stanford's conflict-of-interest policy is intended to ensure that this productive collaboration is built on the foundation of academic independence and scientific objectivity.

\* The statement was corrected on Aug. 19, 2008, replacing the phrases "Senate Finance Committee" and "the Committee" with, respectively, "Sen. Grassley" and "congressional investigators."