



## PRESS RELEASE

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### **Attorney General Frosh Announces \$100 Million Settlement of a Lawsuit against Mallinckrodt Alleging Monopolization of Drug Market for Lifesaving Medication**

**BALTIMORE, MD (January 18, 2017)** – Maryland Attorney General Brian E. Frosh today announced a \$100 million settlement of a lawsuit against Mallinckrodt ARD, Inc., formerly known as Questcor Pharmaceuticals, Inc., and Mallinckrodt PLC, for allegedly monopolizing the market for a lifesaving medication, Acthar. Maryland joins four states and the Federal Trade Commission in settlement of the lawsuit.

Acthar, a therapeutic adrenocorticotrophic hormone, or ACTH, is used to treat certain life-threatening diseases, including infantile spasms, a rare but devastating neurological disease; nephrotic syndrome, a kidney disorder; and multiple sclerosis.

The lawsuit alleged that Questcor blocked competition for its ACTH drug, HP Acthar Gel, by disrupting the bidding and acquiring the U.S. rights for Synacthen Depot, the only other ACTH drug sold in the world. Questcor acquired Acthar, an off-patent, 1950's product made from pig pituitaries, in 2001. At that time, the drug cost \$40 a vial. In 2012, Novartis Pharma A.G. decided to sell the U.S. rights to Synacthen, the only other therapeutic ACTH drug currently sold in the world. Questcor offered Novartis \$135 million, far outbidding three other companies to protect Acthar's monopoly in the United States. The complaint alleges that Questcor purchased the U.S. rights to Synacthen to ensure that none of its rivals would sell Synacthen in the U.S., allowing Questcor to maintain the high price of Acthar. By buying the U.S. rights for its only existing competitor, Questcor was charging over \$34,000 per vial for H.P. Acthar Gel, an 85,000% increase.

The FTC and states simultaneously filed a complaint in federal court in Washington, D.C. In addition to paying \$100 million, Questcor, now part of Mallinckrodt, must transfer Synacthen to a pharmaceutical company that will develop and market the drug in competition with Acthar.

“It is outrageous that Questcor blocked competitors from entering the market for ACTH in order to continue charging unconscionably high prices to consumers with life-threatening diseases,”

said Attorney General Frosh. “This settlement will introduce competition into the market to keep prices more reasonable.”

In addition to the Federal Trade Commission, Maryland was joined by the States of Alaska, New York, Texas and Washington in today’s settlement.