

Maine joins multistate antitrust lawsuit against Teva Pharmaceuticals, 19 other generic drug manufacturers, 15 individuals in conspiracy to fix prices and allocate markets for more than 100 different generic drugs

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AUGUSTA - Attorney General Aaron Frey joined a 44-state coalition led by Connecticut Attorney General William Tong in announcing a lawsuit against Teva Pharmaceuticals and 19 of the nation's largest generic drug manufacturers alleging a broad conspiracy to artificially inflate and manipulate prices, reduce competition and unreasonably restrain trade for more than 100 different generic drugs. The lawsuit, filed in U.S. District Court for the District of Connecticut, also names 15 individual senior executive defendants at the heart of the conspiracy who were responsible for sales, marketing, pricing and operations. The drugs at issue account for billions of dollars of sales in the United States, and the alleged schemes increased prices affecting the health insurance market, taxpayer-funded healthcare programs like Medicare and Medicaid, and individuals who must pay artificially-inflated prices for their prescription drugs.

"Prescription drug costs create significant financial pressures on individuals and families, and there is compelling evidence that the prices for some of these drugs have been artificially inflated," said Frey. By joining this multistate litigation, Maine is cooperating with other states to hold generic drug manufacturers accountable for the outrageous behavior outlined in the complaint.

The complaint alleges that Teva, Sandoz, Mylan, Pfizer and 16 other generic drug manufacturers engaged in a broad, coordinated and systematic campaign to conspire with each other to fix prices, allocate markets and rig bids for more than 100 different generic drugs. The drugs span all types, including tablets, capsules, suspensions, creams, gels, ointments, and classes, including statins, ace inhibitors, beta blockers, antibiotics, anti-depressants, contraceptives, non-steroidal anti-inflammatory drugs, and treat a range of diseases and conditions from basic infections to diabetes, cancer, epilepsy, multiple sclerosis, HIV, ADHD, and more. In some instances, the coordinated price increases were over 1,000 percent.

The complaint lays out an interconnected web of industry executives where these competitors met with each other during industry dinners, "girls nights out", lunches, cocktail parties, golf outings and communicated via frequent telephone calls, emails and text messages that sowed the seeds for their illegal agreements. Throughout the complaint, defendants use terms like "fair share," "playing nice in the sandbox," and "responsible competitor" to describe how they unlawfully discouraged competition, raised prices and enforced an ingrained culture of collusion.

The lawsuit seeks damages, civil penalties and actions by the court to restore competition to the generic drug market.

The complaint is the second to be filed in an ongoing, expanding investigation that the Connecticut Office of the Attorney General has referred to as possibly the largest cartel case in the history of the United States. The first complaint, still pending in U.S. District Court in the Eastern District of Pennsylvania, was filed in 2016 and now includes 18 corporate defendants, two individual defendants, and 15 generic drugs. Two former executives from Heritage Pharmaceuticals, Jeffery Glazer and Jason Malek, have entered into settlement agreements and are cooperating with the Attorneys General working group in that case.

In addition to Maine and Connecticut, Alabama, Alaska, Arizona, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri,

Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Puerto Rico joined the suit.

Corporate Defendants

1. Teva Pharmaceuticals USA, Inc.
2. Sandoz, Inc.
3. Mylan Pharmaceuticals Inc.
4. Actavis Holdco US, Inc.
5. Actavis Pharma, Inc. 6. Amneal Pharmaceuticals, Inc.
7. Apotex Corp.
8. Aurobindo Pharma U.S.A., Inc.
9. Breckenridge Pharmaceutical, Inc.
10. Dr. Reddy's Laboratories, Inc.
11. Glenmark Pharmaceuticals Inc. USA
12. Greenstone LLC
13. Lannett Company, Inc.
14. Lupin Pharmaceuticals, Inc.
15. Par Pharmaceutical Companies, Inc.
16. Pfizer, Inc.
17. Taro Pharmaceuticals USA, Inc.
18. Upsher-Smith Laboratories, LLC
19. Wockhardt USA, LLC
20. Zydus Pharmaceuticals (USA), Inc.

Individual defendants

1. Ara Aprahamian, Vice President of Sales and Marketing at Taro Pharmaceuticals U.S.A, Inc.
2. David Berthold, Vice President of Sales at Lupin Pharmaceuticals, Inc.
3. James Brown, Vice President of Sales at Glenmark Pharmaceuticals, Inc.
4. Maureen Cavanaugh, former Senior Vice President and Chief Commercial Officer, North America, for Teva
5. Marc Falkin, former Vice President, Marketing, Pricing and Contracts at Actavis
6. James Grauso, former Senior Vice President, Commercial Operations for Aurobindo from December 2011 through January 2014. Since February 2014, Grauso has been employed as the Executive Vice President, N.A. Commercial Operations at Glenmark
7. Kevin Green, former Director of National Accounts at Teva from January 2006 through October 2013. Since November 2013, Green has worked at Zydus Pharmaceuticals (USA) Inc. as the Vice President of Sales
8. Armando Kellum, former Vice President, Contracting and Business Analytics at Sandoz
9. Jill Nailor, Senior Director of Sales and National Accounts at Greenstone
10. James Nesta, Vice President of Sales at Mylan
11. Kon Ostaficiuk, the President of Camber Pharmaceuticals, Inc.
12. Nisha Patel, former Director of Strategic Customer Marketing and later, Director of National Accounts at Teva.
13. David Rekenhaller, former Vice President, Sales US Generics at Teva
14. Richard Rogerson, former Executive Director of Pricing and Business Analytics at Actavis
15. Tracy Sullivan DiValerio, Director of National Accounts at Lannett

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View the Complaint at

<https://www.maine.gov/ag/docs/GDMS%20Complaint%205.10.19.%20FINAL%20REDACTED%20PUBLIC%20VERSIONpdf-compressed.pdf>

Credits

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