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Commonwealth of Virginia
Office of the Attorney General

Mark Herring
Attorney General

202 North Ninth Street
Richmond, Virginia 23219

For media inquiries only, contact:

Charlotte Gomer, Press Secretary

Phone: (804)786-1022

Mobile: (804) 512-2552

Email: cgomer@oag.state.va.us

VIRGINIA FILES WIDE-RANGING LAWSUIT AGAINST 20 DRUG MAKERS AND 15 EXECUTIVES FOR CONSPIRACY TO FIX PRICES ON MORE THAN 100 GENERIC DRUGS

~ Second Lawsuit Filed by Bi-Partisan Coalition in Ongoing, Expanding Investigation ~

RICHMOND (May 12, 2019) – Attorney General Mark R. Herring, along with a bipartisan coalition of 44 states, has filed a wide-ranging 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. Attorney General Herring filed a similar lawsuit back in 2016 against generic drug-makers Heritage Pharmaceuticals, Inc., Aurobindo Pharma USA, Inc., Citron Pharma, LLC, Mayne Pharma (USA), Inc., Mylan Pharmaceuticals, Inc. and Teva Pharmaceuticals USA, Inc.

The lawsuit 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 prescription drug prices for individuals, private insurers, and programs like Medicare and Medicaid.

“People who play games with drug prices are playing games with peoples’ lives,” **said Attorney General Mark Herring.** “I’m sure nearly every Virginian has gotten sticker shock over the cost of a prescription at some point, and because of the illegal conduct we’re alleging in this suit, the generic alternative may not have offered much in the way of savings. Who knows how many Virginians were forced to choose between medicine and food, rent, or a utility bill because of artificially inflated prices? We’re going to keep pressing to end illegal price fixing, to get prices down, and to hold drug companies and decision makers accountable.”

The complaint alleges that Teva, Sandoz, Mylan, Pfizer and 16 other generic drug manufacturers engaged in a broad, coordinated and systematic campaign to fix prices, allocate markets and rig bids for more than 100 different generic drugs. In some instances, the coordinated price increases were more than 1,000 percent.

The drugs allegedly subject to manipulation span all types, including tablets, capsules, suspensions, creams, gels,

ointments, and drug classes, including:

- statins
- ace inhibitors
- beta blockers
- antibiotics
- anti-depressants
- contraceptives
- non-steroidal anti-inflammatory drugs.

The drugs in question were designed to treat a range of diseases and conditions from basic infections to diabetes, cancer, epilepsy, multiple sclerosis, HIV, ADHD, and more.

The complaint describes an interconnected web of industry executives who met during industry dinners, social events, lunches, cocktail parties, and golf outings and communicated via frequent telephone calls, emails, and text messages to coordinate their illegal agreements. The defendants used terms like “fair share” and “playing nice in the sandbox” to describe how they unlawfully discouraged competition by dividing up markets, raising prices, and enforcing an ingrained culture of collusion.

The complaint is the second to be filed in an ongoing, expanding investigation that is 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.

This second lawsuit seeks damages, civil penalties, and actions by the court to restore competition to the generic drug market. It has been filed in U.S. District Court for the District of Connecticut and includes the following defendants:

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

During Attorney General Herring's administration, his Consumer Protection Section has recovered more than \$301 million in relief for consumers and payments from violators and transferred more than \$33 million to the Commonwealth's General Fund.

In November 2016, Attorney General Herring completed a reorganization of his Consumer Protection Section to more efficiently and effectively enforce Virginia's consumer protection laws, provide exceptional customer service in resolving complaints and disputes, and provide robust consumer education to keep Virginians from being victimized by fraud, scams, or illegal or abusive business practices.

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