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Gurbir S. Grewal
 Attorney General



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AG Grewal Files Antitrust Lawsuit Against Twenty Generic Drug Companies, Alleging Conspiracy to Raise Prices on Over 100 Drugs
Defendants Include Eleven New Jersey Companies, Five New Jersey Residents

[View Complaint](#)

TRENTON – Attorney General Gurbir S. Grewal announced today that New Jersey and a coalition of 43 other States have filed a lawsuit accusing 20 generic drug companies of conspiring to artificially inflate the prices of over one hundred generic drugs, in violation of federal and state antitrust and consumer protection laws.

Filed in U.S. District Court in Connecticut, the complaint also names 16 individual defendants – drug company executives responsible for sales, marketing, pricing and operations – and outlines their alleged involvement in “one of the most egregious and damaging price-fixing conspiracies in the history of the United States.”

More than half of the corporate defendants are based in New Jersey, and five of the individual defendants reside in the State.

“We all know that prescription drugs can be expensive. Now we know that high drug prices have been driven in part by an illegal conspiracy among generic drug companies to inflate their prices,” said Attorney General Grewal. “It is particularly troubling that so much of this unlawful conduct took place in New Jersey. I’ve said before and I’ll say again that New Jersey’s pharmaceutical industry is the envy of the world. But no New Jersey company will get a free pass when it violates the law and harms our residents, just because it is located here.”

The complaint alleges that price-fixing by the defendants has caused significant financial damage to state health plans, taxpayer-funded federal healthcare programs like Medicare and Medicaid, employer-sponsored health plans, and individual consumers who pay out-of-pocket for their generic medications.

Drugs subject to the unlawful pricing manipulations included all classes of medication, including oral antibiotics, blood thinners, cancer drugs, contraceptives, anti-inflammatory drugs, statins, anti-depressants, medications used to treat HIV, blood pressure medications, and many more.

The complaint alleges that the collusive activity peaked between July 2013 and January 2015, when one of the participants in the alleged conspiracy, Teva Pharmaceuticals USA, Inc., is alleged to have significantly raised prices on about 387 formulations of 112 different generic drugs. The size of the alleged price increases varies, but a number of drugs saw their prices soar by “well over 1,000 percent.”

A cornerstone of the conspiracy, the complaint alleges, was an understanding among the defendant companies that they would cooperate on pricing so each company could maintain a “fair share” of the various generic drug markets. At the same time, the companies also colluded to “significantly raise prices on as many drugs as possible.”

Knowing their actions were illegal, corporate conspirators generally chose to talk in person or by cell phone, so as not to create a written record of their conduct, the complaint asserts.

During their conversations, the defendant executives frequently used coded terms like “playing nice in the sandbox” and “responsible competitor” to describe their anti-competitive efforts and to reference the industry’s engrained culture of collusion.

The industry’s many posh trade shows, cocktail parties, dinners, conferences, golf outings and other events provided opportunities for such face-to-face discussions, the complaint notes. And when communications were reduced to writing or text messages, the defendants often “took overt and calculated steps to destroy evidence” of them.

Much of the anti-competitive conduct allegedly occurred in New Jersey, where many of the defendants are based. For example, the complaint identifies a January 2014 “industry dinner” at a steakhouse in Bridgewater, NJ, which was attended by at least thirteen high-ranking executives from over five companies.

The complaint alleges violations of the Sherman Act, a federal antitrust law, as well as violations of numerous state laws, including New Jersey’s Antitrust Act and Consumer Fraud Act.

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

The lawsuit is the second stemming from a multi-state investigation led by the Connecticut Attorney General. The first lawsuit, which is still pending in U.S. District Court for the Eastern District of Pennsylvania, was filed in December 2016. New Jersey joined that action, which now includes 18 corporate defendants, two individual defendants and 15 generic drugs, in early 2017.

Corporate defendants named in today’s lawsuit include the following.

1. Teva Pharmaceuticals USA, Inc., North Wales, PA
2. **Sandoz, Inc., Princeton, NJ**
3. Mylan Pharmaceuticals Inc., Canonsburg, PA
4. **Actavis Holdco US, Inc., Parsippany, NJ**
5. **Actavis Pharma, Inc., Parsippany, NJ**
6. **Amneal Pharmaceuticals, Inc., Bridgewater, NJ**
7. Apotex Corp., Weston, FL
8. **Aurobindo Pharma U.S.A., Inc., Dayton, NJ**
9. **Breckenridge Pharmaceutical, Inc., Fairfield, NJ**
10. **Dr. Reddy’s Laboratories, Inc., Princeton, NJ**
11. **Glenmark Pharmaceuticals Inc. USA, Mahwah, NJ**
12. **Greenstone LLC, North Peapack, NJ**
13. Lannett Company, Inc., Philadelphia, PA
14. Lupin Pharmaceuticals, Inc., Baltimore, MD
15. Par Pharmaceutical Companies, Inc., Chestnut Ridge, NY
16. Pfizer, Inc., New York, NY
17. Taro Pharmaceuticals USA, Inc., Hawthorne, NY
18. Upsher-Smith Laboratories, LLC, Maple Grove, MN

19. **Wockhardt USA, LLC, Parsippany, NJ**
20. **Zydus Pharmaceuticals (USA), Inc., North Pennington, NJ**

Individual defendants named in the complaint include:

1. Ara Aprahamian, Bardonia, NY. (Vice President of Sales and Marketing at Taro Pharmaceuticals U.S.A, Inc.)
2. **David Berthold, Towaco, NJ. (Vice President of Sales at Lupin Pharmaceuticals, Inc.)**
3. James Brown, Littleton, CO. (Vice President of Sales at Glenmark Pharmaceuticals, Inc.)
4. Maureen Cavanaugh, Hatboro, PA. (former Senior Vice President and Chief Commercial Officer, North America, for Teva)
5. Marc Falkin, former Vice President, Westin, FL (Marketing, Pricing and Contracts at Actavis)
6. **James Grauso, Ramsey, NJ. (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, Chalfont, PA. (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, Huntington Valley, PA. (former Vice President, Contracting and Business Analytics at Sandoz)
9. Jill Nailor, Mundelein, IL., (Senior Director of Sales and National Accounts at Greenstone)
10. James Nesta, Huntersville, NC (Vice President of Sales at Mylan)
11. **Kon Ostaficiuk, Mendham, NJ (President of Camber Pharmaceuticals, Inc.)**
12. Nisha Patel, Collegeville, PA (former Director of Strategic Customer Marketing and later, Director of National Accounts at Teva.)
13. David Rekenhaller, Marietta, GA (former Vice President, Sales US Generics at Teva)
14. **Richard Rogerson, Flemington, NJ (former Executive Director of Pricing and Business Analytics at Actavis)**
15. **Tracy Sullivan DiValerio, Marlton, NJ (Director of National Accounts at Lannett)**

Assistant Attorney General Brian F. McDonough and Deputy Attorneys General Robert Holup and Christopher Kozik, of the Division of Law's Affirmative Civil Enforcement Practice Group, handled the Teva matter on behalf of the State.

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