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## **AG Balderas Expands Massive Generic Drug Price-Fixing Investigation & Lawsuit**

*New Mexico and 45 states allege broad, industry-wide understanding among numerous drug manufacturers to restrain competition and raise prices on 15 generic drugs; senior executives sued*

*Albuquerque, NM* - Attorney General Hector Balderas and 45 other state attorneys general taking part in a wide-ranging multistate antitrust investigation of the generic drug industry today asked a federal court for permission to file a new complaint in the states' pending lawsuit that increases the number of generic drug manufacturer defendants in the suit from six to 18 and the number of drugs at issue in the litigation from two to 15. For the first time, the states are also suing senior executives at two generic drug companies who are alleged to have engaged in the illegal conduct.

“Pharmaceutical corporations who put profits over people and risk the health and safety of New Mexico families will face the full force of New Mexico law by my office,” said Attorney General Hector Balderas. “Giant, global corporations are reaping record profits by manipulating the prices of the lifesaving medications they sell in New Mexico, while our hardworking New Mexicans play by the rules, pay their fair share, and just want to keep their families healthy and safe. No matter the size of the corporation, my office will ensure they do not harm New Mexico children and families.”

In the expanded complaint, the states allege a number of specific illegal agreements among the defendants to avoid competition by fixing prices and allocating customers for a number of generic drugs. The states further allege that these conspiracies were part of a much broader, overarching industry code of conduct that enabled the defendant manufacturers to divvy up the

market for specific generic drugs in accordance with an established, agreed-upon understanding for assigning each competitor their share of the market.

Previously, the lawsuit was filed against six generic drug manufacturers Heritage Pharmaceuticals, Inc.; Aurobindo Pharma USA, Inc.; Citron Pharma, LLC; Mayne Pharma (USA), Inc.; Mylan Pharmaceuticals, Inc.; and Teva Pharmaceuticals USA, Inc. alleging that they entered into illegal conspiracies in order to unreasonably restrain trade, artificially inflate and manipulate prices and reduce competition in the United States for two drugs: doxycycline hyclate delayed release, an antibiotic, and glyburide, an oral diabetes medication.

The states are seeking to expand the complaint to include 12 new manufacturers: Actavis Holdco U.S., Inc.; Actavis Pharma, Inc.; Ascend Laboratories, LLC; Apotex Corp.; Dr. Reddy's Laboratories, Inc.; Emcure Pharmaceuticals, Ltd.; Glenmark Pharmaceuticals, Inc.; Lannett Company, Inc.; Par Pharmaceutical Companies, Inc.; Sandoz, Inc.; Sun Pharmaceutical Industries, Inc.; and Zydus Pharmaceuticals (USA), Inc.

The expanded complaint asks the Court for permission to name and hold accountable two individual defendants: Rajiv Malik, president and executive director of Mylan N.V., which is the parent company of Mylan Pharmaceuticals, Inc.; and Satish Mehta, the chief executive officer and managing director of Emcure Pharmaceuticals, Ltd., which is the parent company of Heritage Pharmaceuticals, Inc.

The broad complaint also adds allegations that the companies entered into conspiracies involving the following 13 additional generic drugs, used to treat a wide ranging number of serious conditions and diseases:

- Acetazolamide, used to treat glaucoma and epilepsy;
- Doxycycline monohydrate, an antibiotic;
- Fosinopril-hydrochlorothiazide, used to treat high blood pressure;
- Glipizide-metformin, a diabetes medication;
- Glyburide-metformin, a diabetes medication;

- Leflunomide, used to treat rheumatoid arthritis;
- Meprobamate, an anxiety medication;
- Nimodipine, a calcium channel blocking agent used to reduce problems caused by a bleeding blood vessel in the brain;
- Nystatin, an antifungal medication;
- Paromomycin, an antibiotic used to treat certain parasite infections;
- Theophylline, used to treat asthma and other lung problems;
- Verapamil, used to treat hypertension; and
- Zoledronic acid, used to treat hypercalcemia.

The lawsuit is currently pending as part of the multidistrict litigation in the U.S. District Court for the Eastern District of Pennsylvania. Portions of the expanded complaint are redacted in order to avoid compromising ongoing investigations.

The litigation began in July 2014, when an antitrust investigation was initiated regarding suspicious price increases of certain generic drugs. That investigation, which is still ongoing as to a number of additional generic drugs, generic drug companies and key executives, uncovered evidence of well-coordinated and long-running conspiracies to fix prices and allocate markets for certain generic drugs.

As the investigation progressed, the states discovered that the defendants routinely coordinated their schemes through direct interaction with their competitors at industry trade shows, customer conferences and other events, as well as through direct email, phone and text message communications. The alleged anticompetitive conduct – including efforts to fix and maintain prices, allocate markets and otherwise thwart competition – has resulted in artificially increased prices for generic drugs reimbursed by federal and state healthcare programs, such as Medicaid, and raised the coverage costs for employer-sponsored health plans and out-of-pocket costs for consumers, causing significant, harmful and continuing effects in the country's healthcare system.

In 2015, generic drug sales in the United States were estimated at \$74.5 billion; currently, the generic pharmaceutical industry accounts for approximately 88 percent of all prescriptions written in the United States.

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