ATTORNEY GENERAL LAXALT AND 45 STATES TAKE NEW STEP IN FEDERAL ANTITRUST LAWSUIT AGAINST GENERIC DRUG MAKERS

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Carson City, NV – Today, Nevada Attorney General Adam Paul Laxalt, along with 45 other state and territorial attorneys general, announced a new step in their wide-ranging multistate antitrust investigation of the generic drug industry. In December, 2016, a bipartisan coalition of 20 attorneys general, including Nevada, filed a federal lawsuit against six drug makers 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. Today, the expanded coalition of attorneys general have asked the federal court for permission to file a new complaint in the states' pending lawsuit. The expanded complaint increases the number of generic drug manufacturer defendants from six to 18 in the case, and the number of drugs at issue in the litigation from two to 15.

In the expanded complaint, the states allege a number of specific illegal agreements among the defendants to fix prices and allocate 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. 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.

“Generic drugs account for 88% of all prescriptions in the U.S., and in taking these next steps, we hope to hold these companies and individuals accountable for alleged anti-competivitie conduct that has harmed our healthcare system and consumers,” said Laxalt. “The goal of this suit is to ensure that price manipulation in the generic prescription drug market stops and that consumers’ prescriptions remain affordable.”

The states allege 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. The states allege that the conduct caused significant, harmful and continuing effects in the country’s healthcare system.

Previously, the lawsuit was filed against 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. The states are now seeking to expand the complaint to include 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 Pharmacuticuals (USA), Inc.

The expanded complaint also names 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 expanded complaint also adds allegations that the companies entered into conspiracies involving the following additional generic drugs:

- 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.

In addition to Nevada, other participating states and territories include: Alaska, Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin.

Today's filing is attached.

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