A.G. Schneiderman Files Federal Antitrust Lawsuit With 19 Other States Against Heritage Pharmaceuticals And Other Generic Drug Companies

Lawsuit Alleges Widespread Conspiracy Among Competitors To Reduce Competition, Increase Prices For Generic Prescription Drugs

NEW YORK – Attorney General Eric T. Schneiderman today joined with 19 other state attorneys general in filing a federal lawsuit 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. alleging that they entered into numerous 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 used to treat a range of conditions including respiratory tract infections, and glyburide, an oral diabetes medication.

The lawsuit was filed under seal in the U.S. District Court for the District of Connecticut. Portions of the complaint are redacted in order to avoid compromising the states' ongoing investigation.

"Generic drugs play a critical role in moderating healthcare costs for all New Yorkers," said **Attorney General Schneiderman.** "Companies that collude and fix prices for generic drugs in order to pad their profits must be held accountable for the very real harm they inflict on New Yorkers' ability to pay for life-saving medications."

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.

In July 2014, the state of Connecticut initiated an investigation of the reasons behind suspicious price increases of certain generic pharmaceuticals. The investigation, which is still ongoing as to a number of additional generic drugs, uncovered evidence of a broad, well-coordinated and long running series of conspiracies to fix prices and allocate markets for certain generic pharmaceuticals in the United States.

In today's lawsuit, the states allege that the misconduct was conceived and carried out by senior drug company executives and their subordinate marketing and sales executives. The Complaint further alleges 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 anticompetitive conduct – including efforts to fix and maintain prices, allocate markets and otherwise thwart competition – caused significant, harmful and continuing effects in the country's healthcare system, the states allege.

The states further allege that the drug companies knew that their conduct was illegal and made efforts to avoid communicating with each other in writing or, in some instances, to delete written communications after becoming aware of the investigation. The states allege that the companies' conduct violated the federal Sherman Act and are asking the court to enjoin the companies from engaging in illegal, anticompetitive behavior and for equitable relief, including substantial financial relief, to address the violations of law and restore competition.

In addition to New York, and led by the Connecticut attorney general, the plaintiff states in this lawsuit are Delaware, Florida, Hawaii, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nevada, North Dakota, Ohio, Pennsylvania, Virginia, and Washington.

Please click here to view a copy of the publicly available complaint.

This matter is being led by Assistant Attorney Generals Bob Hubbard and Linda Gargiulo of the Antitrust Bureau, with supervision by Elinor R. Hoffmann, Deputy Bureau Chief and Beau Buffier, Bureau Chief. The Antitrust Bureau is part of the Economic Justice Division, led by Executive Deputy Attorney General for Economic Justice Manisha M. Sheth.

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