Attorney General Bonta Announces $40 Million Settlement Against ‘Pharma Bro' Martin Shkreli’s Vyera Pharmaceuticals for Illegal Monopoly of Life-Saving Drug

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OAKLAND – California Attorney General Rob Bonta today announced a $40 million settlement against Vyera Pharmaceuticals and its parent company Phoenixus, as well as injunctive relief against former Vyera CEO Kevin Mulleady for their role in stifling competition to protect the monopolistic pricing of Daraprim – a drug used to treat the potentially fatal parasitic disease toxoplasmosis. In 2020, the Attorney General’s Office joined a lawsuit led by New York Attorney General Letitia James and the Federal Trade

Commission (FTC) accusing the pharmaceutical companies, Mulleady, and Martin Shkreli, also known as the “Pharma Bro,” of drastically raising the price of Daraprim, and then using various agreements to prevent the entry of low-cost generic alternatives.

“Martin Shkreli, Kevin Mulleady, and Vyera knew what they were doing when they raised the price of a life-saving treatment, but they chose to pad their pockets anyway,” **said Attorney General Bonta**. “Overnight, Daraprim went from an affordable and accessible treatment to one that was far out of reach for the people who relied on it. The selfish choices these defendants made put lives at risk, forcing patients, hospitals, and physicians to make difficult treatment decisions because they lacked access to a potentially life-saving medication. These defendants will be held accountable for their decision to put profits over people.”

Under the terms of the settlement, Vyera and Phoenixus will pay up to $40 million – representing the profits from the companies’ wrongful conduct. Mulleady will be banned from working in the pharmaceutical industry for seven years with few exceptions. The case against Shkreli, the ringleader for the illegal conduct, will proceed to trial beginning December 14, 2021.

Daraprim treats toxoplasmosis, a common parasitic infection that is contained by most individual’s immune systems. However, the infection can morph into a potentially fatal organ infection in immunocompromised individuals, including babies born to women infected with the disease and individuals with the Human Immunodeficiency Virus (HIV).

Until 2020, Daraprim was the only U.S. Food and Drug Administration-approved (FDA) product containing pyrimethamine – the gold standard for treating toxoplasmosis – and was recommended as the initial therapy of choice for the disease by the Centers for Disease Control and Prevention, the National Institutes of Health, the HIV Medicine Association, and the Infectious Diseases Society of America

In 2015, Daraprim was an affordable treatment at a cost of $17.50 per tablet. When the defendants acquired the rights to the drug in August of that year, they raised the price to $750 per tablet – an increase of more than 4000%.

In an amended complaint filed in April 2020, the FTC, as well as the coalition of state co-plaintiffs, alleged that Vyera anticipated that its exorbitant price hike would likely encourage entry into the market by other firms, so the pharmaceutical company took specific actions to impede and delay entry by competitors to preserve its monopoly. Among those actions was the illegal restriction of the sale and distribution of Daraprim to prevent generic drug companies from obtaining sufficient pills to complete the bioequivalence tests necessary to obtain approval by the FDA. Vyera also prevented competitors from accessing a critical ingredient used to manufacture the drug.

A copy of the agreement is available here.

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