Attorney General Bonta Announces Lifetime Ban Against ‘Pharma Bro' Martin Shkreli for Masterminding the Illegal Monopoly of a Life-Saving Medication

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OAKLAND – California Attorney General Rob Bonta today, along with New York Attorney General Letitia James and the Federal Trade Commission (FTC), secured a court order instituting a lifetime ban against Martin Shkreli, the mastermind of a scheme to stifle competition of the lifesaving drug Daraprim. Attorney General Bonta applauded the decision today by a federal district court in New York to permanently ban Shkreli, also known as the “Pharma Bro,” from working in the pharmaceutical industry. Such relief ensures Shkreli will not be able to implement similar anticompetitive schemes in the future. In addition to the ban, the court found Shkreli liable for $64.6 million in excess

profits resulting from the unlawful conduct. Late last year, Attorney General Bonta announced a $40 million settlement against Vyera Pharmaceuticals, which was owned by Shkreli, as well as its parent company Phoenixus, and injunctive relief against former Vyera CEO Kevin Mulleady for their role in protecting the monopolistic pricing of Daraprim.

“Without regard for the lives he put at risk, Martin Shkreli orchestrated a scheme to raise the price of a vital medication from less than $20 to $750 — making it nearly impossible for the people who rely on the medication to access or afford it,” **said Attorney General Bonta**. “Today’s relief is extraordinary, and fair. Shkreli will be held accountable for his misconduct, and I hope it sends a message that similar conduct will not be tolerated.”

In 2020, the Attorney General’s Office joined a lawsuit led by New York Attorney General Letitia James and the FTC accusing the pharmaceutical companies, Mulleady, and Shkreli of drastically raising the price of Daraprim, and then using various agreements to prevent the entry of low-cost generic alternatives.

Daraprim treats toxoplasmosis, a common parasitic infection that is contained by most individuals' 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 product approved by the U.S. Food and Drug Administration (FDA) 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 a generally 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 4,000%.

In an amended complaint filed in April 2020, the FTC and the coalition of states 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 court order is available here.

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