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**ROB BONTA***Attorney General*

Attorney General Bonta Announces \$400 Million Settlement in Principle with Sandoz, a Generic Drug Manufacturer, over Conspiracy to Inflate Prices and Limit Competition

Press Release / Attorney General Bonta Announces \$400 Million Settlement in ...

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Settlement will result in total payments of approximately \$469 million to state enforcers by Sandoz

OAKLAND — California Attorney General Rob Bonta today joined a coalition of 43 states and territories in announcing a \$400 million settlement in principle with Sandoz Inc. to resolve allegations that the generic drug manufacturer engaged in widespread, long-running conspiracies to artificially inflate and manipulate prices, reduce competition, and unreasonably restrain trade with regard to numerous generic prescription drugs. If approved, Sandoz Inc. will pay a total of approximately \$469 million to settle the claims

brought by state enforcers, including amounts paid pursuant to previous settlements with other states. The settlement will also resolve allegations that Sandoz Inc.'s past and present international affiliates — Novartis AG, Sandoz AG, and Sandoz Group AG — participated in the alleged anticompetitive conduct and fraudulently transferred assets in order to avoid liability. As part of the settlement in principle, Sandoz has agreed to meaningful injunctive terms including a series of internal reforms to ensure fair competition and compliance with antitrust laws. This settlement is contingent upon obtaining signatures from all necessary states and territories and comes as the States prepare for an anticipated trial in 2027. The States have also secured settlements in the same litigation with Glenmark, Lannett, Bausch, Apotex, and Heritage, totaling approximately \$96.5 million.

“When companies illegally manipulate the market to keep drug prices high, consumers pay the price,” **said Attorney General Bonta.** “This latest settlement reflects our commitment to holding bad actors accountable and protecting competition. We will continue to use every available tool to promote a fair marketplace for consumers.”

Attorney General Bonta is part of a coalition of nearly all states and territories that has pursued a series of antitrust cases since 2016. The first complaint included Heritage and 17 other corporate defendants, two individual defendants, and 15 generic drugs. Two former executives from Heritage Pharmaceuticals, Jeffery Glazer and Jason Malek, have since entered into settlement agreements and are cooperating. The second complaint was filed in 2019 against Teva Pharmaceuticals and 20 of the nation's largest generic drug manufacturers. The complaint names 16 individual senior executive defendants. The third complaint, to be tried first, focuses on 80 topical generic drugs that account for billions of dollars of sales in the United States and names 26 corporate defendants and 10 individual defendants. The States filed a fourth complaint earlier this year, alleging that Novartis AG,

Sandoz Group AG, and Sandoz AG, are liable for Sandoz's alleged conduct and for fraudulently transferring assets. Seven pharmaceutical executives have been cooperating to support the States' claims in these four cases.

The cases all stem from a series of investigations built on evidence from several cooperating witnesses at the core of the different conspiracies, a massive document database of over 20 million documents, and a phone records database containing millions of call detail records and contact information for over 600 sales and pricing individuals in the generics industry. Each complaint addresses a different set of drugs and defendants and lays out an interconnected web of competing industry executives that met with each other during industry dinners, "girls' nights out," lunches, cocktail parties, golf outings and communicated via frequent telephone calls, emails and text messages that sowed the seeds for their illegal agreements. Throughout the complaints, defendants use terms like "fair share," "playing nice in the sandbox," and "responsible competitor" to describe how they unlawfully discouraged competition, raised prices, and enforced an ingrained culture of collusion. Among the records obtained by the States is a two-volume notebook containing the contemporaneous notes of one of the States' cooperators that memorialized his discussions during phone calls with competitors and internal company meetings over a period of several years.

Attorney General Bonta is joined in securing this settlement in principle by the attorneys general of Alaska, Arizona, Colorado, Connecticut, Delaware, the District of Columbia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, U.S. Virgin Islands, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

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