



OFFICE OF THE ATTORNEY GENERAL

Aaron D. Ford, *Attorney General*

100 North Carson Street
Carson City, NV 89701
Telephone - (775) 684-1100
Fax - (775) 684-1108
Web - <http://ag.nv.gov>

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CONTACT:

John Sadler JSadler@ag.nv.gov
Alcinia Whitters AWhitters@ag.nv.gov

Attorney General Ford Announces \$400 Million Settlement in Principle with Sandoz Inc. Over Conspiracy to Inflate Prices and Limit Competition

The Settlement Will Result in Total Payments of Approximately \$469 Million to State Enforcers by Sandoz

Carson City, NV – Today, Attorney General Ford joined a coalition of 43 states and territories 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.

“This settlement reflects years of dedicated work by attorneys and investigators from across the country to expose an alleged scheme that undermined competition and increased the cost of prescription drugs,” **said Attorney General Ford**. “When pharmaceutical companies manipulate prices and restrict competition, consumers ultimately pay the price. My office will continue working to hold bad actors accountable, protect consumers and ensure Nevadans have access to affordable prescription medications through a fair and competitive marketplace.”

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 total amount that Nevada will receive is to be determined, and information regarding restitution for eligible consumers will be shared at a later date. Some of the recoveries from the settlement will go toward both Medicaid and non-Medicaid state agencies.

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.

Attorney General Ford is part of a coalition of nearly all states and territories in a series of antitrust cases that first started in 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 stem from a series of investigations supported by evidence from multiple cooperating witnesses at the center of the alleged conspiracies, a database of more than 20 million documents and millions of phone records involving more than 600 sales and pricing executives across the generic drug industry. Each complaint focuses on a different group of drugs and defendants, but together they describe an interconnected network of industry executives who met at dinners, lunches, cocktail parties, golf outings and other social gatherings, while also communicating frequently by phone, email and text message to coordinate illegal conduct.

The complaints allege that defendants used coded phrases such as "fair share," "playing nice in the sandbox" and "responsible competitor" to discourage competition, raise prices and reinforce a culture of collusion. Among the evidence obtained by the states is a two-volume notebook containing contemporaneous notes from a cooperating witness documenting conversations with competitors and discussions during internal company meetings over several years.

Attorney General Ford joined Attorney General Tong in securing this settlement in principle along with the attorneys general of Alaska, Arizona, California, Colorado, Delaware, the District of Columbia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, 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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