



## **Price Fixing Charges Brought Against Generic Drug Companies and Former Executives**

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Generic drug manufacturers have come under increasing scrutiny recently from state and federal regulators for price increases and alleged price collusion. Over the past year, drug pricing has faced sharp criticism from lawmakers, with executives from major pharmaceutical companies called before Congress to explain significant price hikes, most notably involving the EpiPen and Martin Shkreli controversies. Against this backdrop, last month the attorneys general in 20 states brought a civil action against six generic pharmaceutical companies for a scheme related to generic-drug price manipulation. On a related front, the Department of Justice brought criminal charges against two former Heritage Pharmaceuticals executives for conspiring to fix prices, rig bids, and allocate customers for two generic drugs. According to the filing, federal prosecutors allege that the executives aimed to fix prices on an antibiotic (doxycycline hyclate) and a diabetes medication (glyburide) between 2013 and 2015. In a public statement, Deputy Assistant Attorney General Brent Snyder of the Department of Justice's antitrust division described the charges as an important step "in ensuring that generic pharmaceutical companies compete vigorously to provide these essential products at a price set by the market, not by collusion." The Department has indicated in public statements that there are other companies and individuals involved in the price fixing scheme.

The state lawsuit makes similar claims against six drug companies, including Teva and Mylan. The suit accuses the drug companies of engaging in a price fixing scheme for the same two drugs. The suit notes that the investigation was initiated by the state of Connecticut in July of 2014 and the investigation revealed broad and well-coordinated price fixing schemes for generic drugs. Interestingly and amidst a year of polarizing politics, the state lawsuit was joined by Democratic and Republican attorneys general. The state attorneys general have referred to the recently filed lawsuit as an "initial civil action," therefore suggesting that more suits will follow, including criminal claims.

These cases follow a recent pattern of aggressiveness by the Department of Justice and State Attorney Generals in the enforcement of the antitrust laws. Although Republican Administrations have not been as aggressive in enforcement in this area as Democratic Administrations, President Elect Trump has criticized the increases in drug prices during the campaign. In addition, victims of the alleged price fixing have standing to bring follow-up civil actions and the initiation of these cases can lead to further litigation.

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