



Attorney General Doug Peterson

News Release

FOR IMMEDIATE RELEASE
January 28, 2021

COURT UNSEALS STATES' LATEST GENERIC DRUG COMPLAINT, INCLUDING EXCERPTS FROM "DIARY OF COLLUSION" METICULOUSLY DOCUMENTING WIDESPREAD PRICE-FIXING

(Hartford, CT) – Today, the third full unredacted complaint, filed by Attorney General Doug Peterson in conjunction with a coalition of 51 states and territories, has been released. This complaint resulted from a more than six-year antitrust investigation into price-fixing in the generic pharmaceutical industry by the coalition. The states allege that generic drug manufacturers of topical products conspired to artificially inflate and manipulate prices, reduce competition, and unreasonably restrain trade for generic drugs sold across the United States. The complaint was unsealed after the court granted the states' motion to unseal. Among the evidence unsealed are images from the so-called "Diary of Collusion" meticulously documenting widespread price-fixing in the generic drug industry. Excerpts from the diary are interwoven throughout the third complaint.

The two notebooks, which a colleague referred to as his "Diary of Collusion," was provided by a former sales executive at both Fougera and Sandoz who is now cooperating with the investigation. The witness kept detailed contemporaneous notes of the confidential prices and product information shared by competitors. Those notes correlate precisely with emails and phone records obtained through the investigation, which the attorneys general allege demonstrate how confidential information was shared between competitors, and how that information was used to illegally divvy up markets, manipulate prices, and reduce competition.

While the notebook author kept detailed records of his conduct, he became increasingly anxious of the consequences of his behavior, noting to his colleague "we could go to jail for what we are doing." Others similarly took steps to conceal their actions. For example, Armando Kellum, a senior sales and marketing executive at Sandoz and an individual defendant named in the suit, routinely admonished his subordinates for putting information that was too blatant into emails. At one point, Kellum advised one of the states' cooperators "we need to keep a lid on this, if this gets out, we could get into real trouble."

The unsealed complaint, the third action filed by the states, focuses on 80 topical generic drugs that account for billions of dollars of sales in the United States. The lawsuit seeks

damages, civil penalties, and actions by the court to restore competition to the generic drug market.

The first complaint, still pending in the U.S. District Court in the Eastern District of Pennsylvania. The second complaint was filed in 2019 against Teva Pharmaceuticals and 19 of the nation's largest generic drug manufacturers, including 16 senior executives named as individual defendants. The states are currently preparing for trial on this complaint.

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