

# Pharma Profits and Payouts

Of the top ten pharmaceutical companies in 2014, five of the world's biggest are based in the United States.

## 1. Pfizer, USA

US-based - \$203.93bn in market capitalization and \$172.1bn worth assets as of May 2014. The company recorded sales of \$52.67 billion and profit of \$22 billion in 2013.

### **Settlements reached with the US Department of Justice**

2009 – \$2.3 billion

Product(s) – Bextra, Geodon, Zyvox, Lyrica

Violation(s) – Off-label promotion, kickbacks to physician

**This was second largest marketing fraud settlement and Pfizer's fourth settlement in the multimillions in less than 10 years.**

### **Other Settlements:**

2011 – Prempro. Pfizer agreed to pay \$330 million to settle more than 2,200 lawsuits. The company was accused of hiding the menopause drug's cancer risks.

### **Pending Civil Litigation – South Carolina**

Product – Lipitor

Alleged injury – type-2 diabetes, over 4,000 people have reported they developed type-2 diabetes.

## 2. Novartis, Switzerland

Swiss multinational company had a market value of \$227.44bn and \$126.3bn worth assets as of May 2014. The company recorded sales of \$57.9bn and a profit of \$9.2bn in 2013.

### **Settlements reached with the US Department of Justice**

2010 – \$423 million

Product(s) – Trileptal

Violation(s) – Off-label promotion, kickbacks to physicians

Laws allegedly violated – False Claims Act, FDCA

### **Other Settlements:**

2010 – Novartis agreed to pay US\$422.5 million in criminal and civil claims and to enter into a Corporate Integrity Agreement with the US Office of the Inspector General.

2013 – Federal prosecutors filed two lawsuits against Novartis under the False Claims Act for off-label marketing and kickbacks. In the second, the Justice Department joined a whistleblower

lawsuit brought by a former sales rep over off-label marketing of three drugs: Lotrel and Valturna (both hypertension drugs), and the diabetes drug, Starlix.

### **3. Sanofi, France**

French multinational company estimated to hold \$137.14bn of market cap and \$132.4bn of assets as of May 2014. The company recorded net sales of \$43.75bn and recorded a profit of \$4.9bn in 2013.

#### **Settlements reached with the US Department of Justice**

2012 - \$109 million

Product – Hyalgan

Violation(s) – Kickbacks and improper payments to physicians

Laws allegedly violated – False Claims Act

#### **Pending Civil Litigation**

Product – Ambien

Alleged injuries – memory loss and dangerous sleepwalking/sleep driving events

Product – Plavix

Alleged injuries – internal gastrointestinal and cerebral bleeding

(lawsuits also filed against Bristol-Myers Squibb as a partner in the development of Plavix)

### **4. Roche Holding, Switzerland**

A Switzerland-based company that held \$253.74bn of market capitalization and assets worth \$69.9bn as of May 2014 with net sales and profit at \$50.46bn and \$12bn respectively in 2013.

#### **Civil Litigation**

2012 - \$25 million

Product – Accutane

Alleged injuries – inflammatory bowel disease (IBD)

2012 - \$18 million (\$9 million to two plaintiffs)

Product – Accutane

Alleged injuries – inflammatory bowel disease (IBD), depression, birth defects

(By 2007, Roche Holding had lost the first of 400 Accutane/IBD lawsuits.)

### **5. Merck & Co., USA**

Global pharmaceutical company had \$165.8bn market value and \$105.6bn of assets as of May 2014 with sales and profit at \$44.09bn and \$4.4bn respectively in 2013.

#### **Settlements reached with the US Department of Justice**

2008 – \$650 million

Product(s) – Zocor, Vioxx, Pepcid

Violation(s) – Medicare fraud, kickbacks

Laws allegedly violated – False Claims Act, Medicaid Rebate Statute

#### **Other settlements**

2015 – \$100 million in damages (without admitting any wrongdoing)

Product – NuvaRing  
Treatment – birth control  
Alleged injury – blood clots and heart problems

**Civil Litigation**

2011 - \$950 million

Product – Vioxx

Treatment – arthritis and menstrual painkiller

Violations(s) – Fraudulent marketing and safety claims

Alleged injuries – Within five years of being approved by FDA, studies quickly found that Vioxx dramatically increased the chance for a fatal heart attack or strokes.

Vioxx was pulled from the market in 2004 was forced to initiate a worldwide recall after it was found to double the risk of heart attack and stroke.

**Pending Civil Litigation**

Product – Propecia

Treatment – Male pattern baldness, benign prostatic hyperplasia

Alleged injury – Sexual/Erectile dysfunction

Product – Fosamax

Treatment – bone density

Alleged injury – increased femur fractures, jaw necrosis (dead jaw)

Product – Januvia

Treatment – Type II diabetes

Alleged injury – causes pancreatitis and pancreatic cancer

**6. GlaxoSmithKline, UK**

UK-based global company held a \$128.8bn market cap and \$69.7bn of assets as of May 2014. The company recorded sales of \$41.43bn and profit of \$8.5bn in 2013.

**Settlements reached with the US Department of Justice**

2012 – \$3 billion, the largest illegal marketing settlement (\$1 billion criminal, \$2 billion civil)

Product(s) – Avandia, Wellbutrin, Paxil, Advair, Lamictal, Zofran, Imitrex, Lotronex, Flovent, Valtrex

Violation(s) – Off-label promotion, kickbacks to physicians

Laws allegedly violated – False Claims Act, FDCA

2010 - \$750 million

Product(s) – Kytril, Bactroban, Paxil CR, Avandament

Violations(s) – Poor manufacturing practices

Laws allegedly violated – False Claims Act/FDCA

2010 – \$460 million to settle 10,000 lawsuits

Product – Avandia

Treatment – diabetes

Alleged injury – heart attacks, strokes and deaths from cardiovascular disease

**Pending Civil Litigation**

Product – Zofran

Treatment – anti-nausea medication

Alleged injury – birth defects

**7. AstraZeneca, UK**

UK-based company had \$82.32bn market value and \$55.9bn of assets as of May 2014. The company's sales with net profits of \$25.69bn and \$2.6bn respectively in 2013

**Settlements reached with the US Department of Justice**

2010 - \$520 million

Product(s) – Seroquel

Violation(s) – Off-label promotion, kickbacks

Laws allegedly violated – False Claims Act

2003 - \$355 million

Product(s) – Zoladex

Treatment – prostate and advanced breast cancer, endometriosis and uterine fibroids

Violation(s) – Medicare Fraud

Laws allegedly violated – Prescription Drug Marketing Act

AstraZeneca also agreed to pay \$90 million in a Nationwide Settlement and \$13 million in the Massachusetts Settlement.

**8. Eli Lilly & Co., USA**

US-based pharmaceutical company held \$65.86bn market capitalization and \$35.2bn of assets as of May 2014, while its sales and net profit in 2013 were \$23.11bn and \$4.7bn respectively.

**Settlements reached with the US Department of Justice**

2012 - \$1.4 billion

Product – Zyprexa

Violation(s) – Off-label promotion/use

Laws allegedly violated – False Claims Act, FDCA

**Pending Civil Litigation (Illinois)**

Product(s) – AndroGel, Axiron

Treatment – Testosterone replacement therapy

Alleged injury – Pulmonary embolism

**9. Abbott Laboratories, USA**

US-based global company had \$59.4bn market capitalization and \$43bn of assets as of May 2014. The company recorded sales of \$21.85bn and profit of \$2.6bn in 2013.

**Settlements reached with the US Department of Justice**

2012 – \$1.6 billion

Product – Depakote  
Violation(s) – Off-label promotion/use  
Laws allegedly violated – False Claims Act, FDCA

**Civil Litigation**

2015 - \$38 million

Product – Depakote

Treatment(s) – epilepsy anti-convulsant, manic episodes

Alleged injury – serious and potentially life-threatening birth defects including spina bifida, fetal trauma, fetal death, and malformations of the mouth, heart, hand, ribs and urethra. The U.S.

Department of Justice is currently investigating Abbott for illegally marketing Depakote for unapproved purposes.

**10. McKesson, USA**

US based wholesale drug distributor held \$40.51bn market capitalization and \$36.5bn of assets as of May 2014. Its net sales and profit in 2013 stood at \$130.09bn and \$1.2bn respectively.

**Settlements reached with the US Department of Justice**

2012 – \$190 million

Product(s) – Over 400 medications including Lipitor, Prozac, Nexium, Allegra, Wellbutrin, Zantac, Flonase, Nexium, Valium, Celebrex, Seroquel and Claritin

Violation(s) – inflating pricing data and defrauding Medicare

Laws allegedly violated – False Claims Act

(\$151 million settlement with 29 states for Medicaid overpayments)

**Other settlements**

2009 - \$350 million class action

Product(s) – over 400 branded drugs

Laws allegedly violated – racketeering conspiracy to inflate drug prices

**Other notable pharmaceutical companies drug liability cases**

**Johnson & Johnson**

A New Jersey based company with sales of \$65 billion for the calendar year of 2011.

2015 - \$7.8 million settlement with the state of Arkansas

Product – Risperdal

Treatment – antipsychotic used for schizophrenia, manic episodes associated with bipolar disorder, and irritability associated with autistic disorder

Violation – Off-label use

Laws allegedly violated – False Claims Act, FDCA

2015 - \$2.5 million awarded to an autistic man who was prescribed Risperdal as a child, and had developed large breasts as a result.

Johnson & Johnson is facing similar Risperdal private civil and state government lawsuits, which so far have resulted in hundreds of millions of dollars in fines for the company. In Texas, an enforcement action resulted in a \$158 million settlement. Similar actions are continuing in Mississippi and Kentucky.

### **Bayer AG**

Germany based company with revenue of \$56.03 bn, assets of \$84.98 bn and profits of \$4.54 bn.

2013 - \$1.69 billion to settle 8,800 civil lawsuits

Product(s) – Yasmin and Yaz

Treatment – birth control

Alleged injuries – deep vein thrombosis, pulmonary embolisms blood clots, gall bladder injuries, strokes

### **Endo (2014)**

Endo Health Solutions Inc. and its subsidiary Endo Pharmaceuticals Inc. agreed to pay \$192.7 million to resolve criminal and civil liability arising from Endo's marketing of the prescription drug Lidoderm. As part of the agreement, Endo admitted that it intended that Lidoderm be used for unapproved indications and that it promoted Lidoderm to healthcare providers this way.