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Attorney General Fox Announces Montana's Participation in Multistate Settlement with Pharmaceutical Company

(HELENA) -- Attorney General Tim Fox announced today that Montana has joined with other states and the federal government in a \$500 million dollar settlement to resolve civil and criminal allegations that Ranbaxy, a generic pharmaceutical manufacturer based in Gurgaon, India, introduced adulterated drugs into interstate commerce. As a result, false or fraudulent claims were submitted to Montana's Medicaid Program.

The investigation resulted from a *qui tam* action filed in the United States District Court for the District of Maryland under the federal False Claims Act and various state false claims statutes. The whistleblower's complaint alleged that Ranbaxy knowingly manufactured, distributed and sold generic pharmaceutical products – whose strength, purity and/or quality fell below the standards required by the FDA. The products at issue consisted of 26 generic pharmaceutical products manufactured at its facilities in Paonta Sahib and Dewas, India at various times between April 1, 2003 and September 16, 2010.

Ranbaxy has agreed to pay the states and the federal government \$350 million dollars in civil damages and penalties to resolve civil allegations of poor manufacturing practices in two Indian manufacturing plants. \$266,729,715.10 of this amount will go to the Medicaid programs, which is funded jointly by the states and the federal government. The total portion of the settlement amount recovered by Montana is \$762,386.28; the net amount available for the State's use is \$217,961.35. Montana's portion of the settlement will go to the Montana Department of Public Health and Human Services, which administers the Medicaid program in Montana. The remaining \$83,270,284.86 is designated for other federal health care programs affected by Ranbaxy's conduct.

"I'm pleased that we were able to join with other states and the federal government to put an end to this kind of deceptive business practice," Attorney General Tim Fox said. "We hope this agreement will help improve the safety of drug manufacturing practices at Ranbaxy and

throughout the pharmaceutical industry."

In announcing the settlement, Attorney General Fox also praised the work of the Medicaid Fraud Control Unit at the Montana Department of Justice for their continued efforts to recover scarce public resources and protect the Medicaid program.

The Fox administration has already been active on this issue through the introduction and recent passage of House Bill 345 (Smith – Billings), which amended the Montana False Claims Act to bring it into conformity with the federal law. The amendments to this law mean that Montana will ultimately be able to keep a greater share of damage awards and settlements in these fraud cases. The new law goes into effect July 1, 2013.

Ranbaxy USA, a subsidiary, has also pled guilty to seven (7) felony counts alleging violations of the U.S. Food, Drug, and Cosmetic Act, and has agreed to pay \$150 million dollars in criminal fines and forfeitures. Also, Ranbaxy entered into a consent decree in January 2012 with the federal government to address outstanding current good manufacturing practice (cGMP) and data integrity issues in the two Indian manufacturing plants at issue. These provisions include a wide range of actions to correct its violations and to ensure that the violations do not occur again.

A team from the National Association of Medicaid Fraud Control Units (NAMFCU) conducted the settlement negotiations with Ranbaxy on behalf of the states.

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