

State of California Department of Justice



XAVIER BECERRA

Attorney General

Attorney General Becerra Files Lawsuit Against 'Pharma Bro' Martin Shkreli and Vyera Pharmaceuticals For Illegal Monopoly of Life-Saving Drug

Press Release / *Attorney General Becerra Files Lawsuit Against 'Pharma Bro...*

Tuesday, April 14, 2020

Contact: (916) 210-6000, agpressooffice@doj.ca.gov

Attorney General Becerra joins lawsuit filed by the State of New York and FTC after investigation found Shkreli and Vyera stifled competition after raising prices more than 4,000 percent

SACRAMENTO – California Attorney General Xavier Becerra today joined a lawsuit filed by New York Attorney General Letitia James and the Federal Trade Commission (FTC) against Vyera Pharmaceuticals and two of its former CEOs — including 'Pharma Bro' Martin Shkreli — for stifling competition to protect exorbitant, monopolistic pricing of the drug Daraprim. Daraprim is a drug used to treat the parasitic disease toxoplasmosis, which poses serious and often life-threatening consequences for those

with compromised immune systems. When it purchased the rights to Daraprim in 2015, Vyera Pharmaceuticals became the only Food and Drug Administration (FDA)-approved source of the medication for this disease in the market. Facing no competition from generic versions of the drug, Shkreli and Vyera Pharmaceuticals raised the price of the drug overnight by more than 4,000 percent, from \$17.50 per pill to \$750.

“Martin Shkreli and Vyera Pharmaceuticals put lives on the line simply to pad their own pockets by price gouging a life-saving medication. Following this egregious act, they illegally monopolized the prescription drug – withholding it from patients and competitors in the market to keep their profits up,” **said Attorney General Becerra.**

“We’re joining this lawsuit to hold Vyera accountable for manipulating the market and to bar Martin Shkreli from ever working in the pharmaceutical industry again. We will continue to fight for more affordable healthcare for patients across the nation.”

Daraprim is the only FDA-approved drug for the treatment of toxoplasmosis, a parasitic disease that may pose serious and often life-threatening consequences for those with compromised immune systems, including babies born to women infected with the disease and individuals with the Human Immunodeficiency Virus (HIV). Daraprim has been the gold standard for treatment of toxoplasmosis for decades — recommended by the Centers for Disease Control and Prevention, the National Institutes of Health, the HIV Medicine Association, and the Infectious Diseases Society of America as the initial therapy of choice for toxoplasmosis. Nevertheless — and despite being unpatented — there has never been a generic version of Daraprim sold in the United States.

Daraprim was cheap and accessible for decades. Then, in August 2015, Vyera purchased the drug, increased the price, altered its distribution, and engaged in other conduct to delay and impede generic competition. The high price and distribution changes limited access to the drug, forcing many to make difficult and risky decisions for the treatment of a life-threatening disease.

The amended complaint filed today in the Southern District of New York, alleges that Vyera anticipated that its decision to increase the price of Daraprim by more than 4,000 percent would likely encourage entry into the market by other firms, so the pharmaceutical company took specific actions to impede and delay entry by competitors and preserve its monopoly over profits. For example, the complaint alleges that Vyera illegally restricted the sale and distribution of its own drug to prevent generic drug companies from obtaining sufficient pills to complete bioequivalence tests, which are necessary to obtain approval by the FDA. Vyera also prevented competitors from accessing a critical ingredient used to manufacture Daraprim. The lawsuit further contends that, as a result of Vyera's anticompetitive conduct, generic entry into the pharmaceutical marketplace continues to be delayed today — causing hospitals, physicians, and patients to pay exorbitant prices or otherwise be forced to make difficult treatment decisions without affordable access to the most effective treatment.

The lawsuit seeks to enjoin Vyera's conduct, as well as to obtain monetary relief for the victims of the company's illicit scheme. Additionally, the coalition has asked the courts to issue an order banning both Shkreli — who is already serving a seven-year sentence in federal prison for securities fraud — and his business partner Kevin Mulleady from the pharmaceutical industry for life.

A copy of the amended complaint is available [here](#).

#

[Office of the Attorney General](#) [Accessibility](#) [Privacy Policy](#) [Conditions of Use](#) [Disclaimer](#)

© 2020 DOJ