



AG ANNOUNCES SETTLEMENT WITH DRUG MANUFACTURER RANBAXBY OVER QUALITY STANDARDS OF ITS PRODUCTS

(MONTGOMERY)--Attorney General Luther Strange announced today that Alabama 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 the Alabama Medicaid Agency. The total portion of the settlement amount recovered by Alabama is \$6,947,189.

"This settlement sends a strong message to international drug manufacturers that they must abide by the safety and quality standards of the United States, and if they violate these safeguards, they will be severely held to account," said Attorney General Strange. "I am pleased that we have recovered nearly \$7 million in compensation to the Alabama Medicaid Agency for false and fraudulent claims that resulted from the Ranbaxy's poor and unacceptable practices."

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 U.S. Food and Drug Administration. 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 of this amount will go to the Medicaid programs, which is funded jointly by the states and the federal government. Additionally, Ranbaxy USA, a subsidiary, has pled guilty to seven 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 of 2012 with the federal government to address outstanding current good manufacturing practice 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.

Attorney General Strange commended the work of his office's Medicaid Fraud Control Unit and its chief, Assistant Attorney General Bruce Lieberman, in recovering these funds for Alabama.

