



# Department of Justice

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District of Massachusetts

FOR IMMEDIATE RELEASE  
February 22, 2012  
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## **U.S. ATTORNEYS OFFICE RECOVERS \$1.67 BILLION IN HEALTH CARE FRAUD RECOVERIES IN FISCAL YEAR 2011**

*District of Massachusetts Accounts for 40% of Nationwide Recoveries*

Boston - United States Attorney Carmen M. Ortiz announced today that the U.S. Attorney's Office for the District of Massachusetts recovered \$1.67 billion for FY 2011 in health care fraud cases both civilly and criminally. That amount accounts for 40% of all recoveries nationwide by the U.S. Department of Justice during the same time period.

Nationally, collections by the Department of Justice in criminal and civil health care fraud enforcement in FY 2011 reached an all-time high of \$4.1 billion due to the record-breaking efforts of the 94 U.S. Attorney's offices, and the DOJ in Washington, according to the FY 2011 Health Care Fraud and Abuse Control Program Report just issued. Massachusetts continued its leadership in the healthcare fraud arena, bringing the District's total healthcare fraud recoveries to more than \$8.5 billion since 2000.

U.S. Attorney Ortiz praised the prosecutors and staff in her office for their handling of health care fraud cases, "These cases are often complex and demanding, frequently taking years to come to fruition. Our ongoing success is a testament to the hard work of attorneys, paralegals, auditors and administrative assistants, whose teamwork and focused mission has resulted in unparalleled achievements in large complex investigations and prosecutions. That success depends on longstanding excellent collaboration with our law enforcement partners and our colleagues in the Department."

"We simply could not get the job done without our law enforcement counterparts with whom we routinely work on health care fraud matters, and I would like to thank them for their ongoing cooperation and commitment," said U.S. Attorney Ortiz.

The criminal and civil prosecutions in Massachusetts that comprise the \$1.67 billion in health care fraud recoveries in FY 2011 include:

\*GlaxoSmithKline LLC (GSK), \$600 million to resolve False Claims Act allegations and related state claims in connection with its manufacturing and distribution of certain adulterated drugs made at GSK's now-closed Cidra, Puerto Rico, facility. In addition, SB Pharmco Puerto Rico Inc., a GSK subsidiary, pled guilty to a criminal felony for releasing into interstate commerce

adulterated Kytril, Bactroban, Paxil CR, and Avandamet, in violation of the Food, Drug, and Cosmetic Act (FDCA) and paid a criminal fine of \$150 million. A criminal information charged that SB Pharmco's manufacturing operations failed to ensure that Kytril and Bactroban finished products were free of contamination from microorganisms.

The criminal information further charged that SB Pharmco's manufacturing process caused Paxil CR two-layer tablets to split, which led the company to distribute tablets that did not have any therapeutic effect and tablets that did not contain any controlled release mechanism.

\*Abbott Laboratories Inc., B. Braun Medical Inc., Roxane Laboratories, Inc., n/k/a Boehringer Ingelheim Roxane, Inc. and Dey, Inc., Dey Pharma, L.P., and Dey L.P., Inc., and affiliated entities paid \$701 million in Dec. 2010 to settle False Claims Act allegations that they engaged in a scheme to report false and inflated prices for numerous pharmaceutical products knowing that federal health care programs relied on those reported prices to set payment rates.

\*St. Jude Medical Inc. of St. Paul, MN paid the United States \$16 million in Jan. 2011, to resolve False Claims Act allegations that the company used post-market studies and a registry to pay kickbacks to induce physicians to implant the company's pacemakers and defibrillators.

\*Elan Corporation, PLC, an Irish pharmaceutical manufacturer, and its U.S. subsidiary, Elan Pharmaceuticals, Inc. paid \$203.5 million in Feb. 2011, to resolve criminal and civil liability arising from the illegal promotion of the epilepsy drug Zonegran for a variety of uses other than those approved by the FDA as adjunctive therapy for the treatment of partial seizures in epilepsy for adults over the age of 16.

These cases, together with other prosecutions and settlements in the District, demonstrate the Office's ongoing commitment to taking strong positions on behalf of the American taxpayer against schemes designed to steal from government health care programs, to put profits ahead of patient safety, or to bribe physicians and others into providing services or treatment based on reasons other than the patient's best interest.

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Chart of Recoveries (Civil and Criminal) 2000-Present  
(Where recoveries exceed \$50,000,000)

2011	Forest Pharmaceuticals	\$313,000,000
2011	Elan Pharmaceuticals	\$203,000,000
2010	GlaxoSmithKline Cidra	\$750,000,000
2010	OmniCare	\$ 98,000,000
2010	Average Wholesale Pricing cases	\$701,000,000
2010	OrthoMcNeil Pharmaceuticals	\$ 81,000,000
2009	Pharmacia & Upjohn Company (Pfizer)	\$2,300,000,000
2009	Aventis Pharmaceuticals	\$ 97,500,000
2007	Bristol Myers Squibb Co; Apothecon	\$515,000,000
2006	Schering Plough Corp; Schering Sales	\$435,000,000
2005	Serono, Inc.	\$704,000,000
2005	SmithKline Beecham Corp d/b/a GlaxoSmithKline	\$150,000,000
2005	Boston Scientific Corp.	\$74,000,000
2004	Warner Lambert & Parke Davis	\$435,000,000
2003	Bayer Corporation	\$257,200,000
2003	SmithKline Beecham Corp. d/b/a GlaxoSmithKline	\$ 87,600,000
2001	TAP Pharmaceutical Products	\$875,000,000
2000	National Medical Care	\$486,000,000