

Pharmaceutical company Celgene settles suit for \$280 million

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This April 7, 1998 file photo shows capsules of the drug thalidomide at the Celgene Corp. in Warren, N.J., printed with a symbol warning pregnant or soon-to-be pregnant women against use of the drug that had caused thousands of infant deformities. Celgene has agreed to pay \$280 million to settle a federal lawsuit alleging it committed fraud by promoting a drug for leprosy and another therapy for unapproved cancer treatments, federal prosecutors announced Tuesday, July 25, 2017. (AP Photo/Mike Derer, File)

Celgene Corp. has agreed to pay \$280 million to settle a whistleblower lawsuit alleging the pharmaceutical company committed fraud promoting a drug with a notorious history that was re-purposed to treat

leprosy and another therapy for unapproved cancer treatments, federal prosecutors announced Tuesday.

The agreement settled a [lawsuit](#) in Los Angeles federal court by a former Celgene saleswoman who said the New Jersey-based [company](#) submitted false claims to Medicare and health care programs in 28 states and Washington, D.C., which were all parties to the settlement.

"Patients deserve to know their doctors are prescribing drugs that are likely to provide effective treatment, rather than drugs marketed aggressively by pharmaceutical companies," said Acting U.S. Attorney Sandra R. Brown.

The lawsuit filed by Beverly Brown was brought on behalf of the U.S. government under a federal whistleblower law. She could receive as much as \$84 million as her share of the settlement.

Celgene denied wrongdoing and settled to avoid uncertainty, distraction and expensive litigation, the company said in a statement.

Brown was an "immunology specialist" trained by Celgene to promote Thalomid and Revlimid drugs for [cancer](#) treatments that had not been approved by the U.S. Food and Drug Administration, the lawsuit said.

Thalomid, another name for thalidomide, a drug prescribed for morning sickness in the 1950s and 1960s that caused severe birth defects, was approved by the agency in 1998 for treating leprosy.

Because Thalomid would only be useful to a fraction of the few hundred leprosy cases diagnosed in the U.S. each year, the company developed a plan to promote the drug for cancer, the lawsuit said.

Doctors can prescribe drugs for other purposes if they think they will be

effective, and the company marketed the drug directly to them to treat blood cancers and tumors, the lawsuit said.

The FDA contacted Celgene and sent letters warning about its promotional efforts and for failing to warn about potential fatal risks from the toxic drugs, the lawsuit said.

"Their use in off-label indications was tantamount to human experimentation," Brown's lawyers wrote in one court filing. "Celgene compounded this by instructing its sales representatives to conceal the drugs' risks, including most notably the potential for lethal blood clots."

While Thalomid and Revlimid, a successor derived from thalidomide, were later approved for limited cancer treatments, their widespread promotion in advance of approvals led Celgene "from the verge of extinction to the multi-billion company it is today," the lawsuit said.

In one of its annual reports, the company said in 1999 that 90 percent of Thalomid prescriptions were for cancer and the [drug](#) earned more than \$100 million a year in sales through 2005, when it earned approximately \$389 million, the lawsuit said. Revlimid brought in more than \$1.7 billion in 2008 and 2009, the lawsuit said.

The lawsuit also claimed Celgene used false and misleading statements and paid kickbacks to doctors to prescribe the drugs.

A judge threw out the kickbacks allegation last year, but allowed the lawsuit to proceed.

Under the False Claims Act, Brown can receive 25 percent to 30 percent of the settlement. She would have been eligible for a smaller share if the government had intervened to take over the case.

In 2012, a former banker earned \$104 million—the largest individual government whistleblower award—for helping expose a widespread tax evasion scheme by the Swiss banking behemoth UBS AG.

For Brown, who brought the case in 2010 after leaving the company, it was a long and, at times, emotional experience, attorney Thomas Bienert said.

"I'm extremely pleased to have been a part of recouping this amount of money for the taxpayer and for seeing our courageous client, Beverly Brown, vindicated in pursuing this matter," Bienert said.

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