

Pfizer to pay \$491M to resolve drug marketing case (Update)

July 30 2013, by Linda A. Johnson

The U.S. Justice Department said Tuesday that drugmaker Pfizer Inc. will pay almost \$491 million to resolve an investigation into illegal marketing of the organ transplant drug Rapamune by a company Pfizer later acquired.

Pfizer, the world's second-biggest drugmaker, had taken a charge to cover the settlement late last year, when it reached a tentative settlement to resolve lawsuits three whistleblowers had filed back in 2005 and 2007. The Justice Department and numerous other government agencies eventually joined in the probe and the lawsuits.

On Tuesday, New York-based Pfizer agreed to pay \$257.4 million in civil settlements with federal and state governments and a \$157.6 million criminal fine. Pfizer also will forfeit \$76 million in assets.

The Justice Department said the drugmaker Wyeth, which Pfizer bought in October 2009, trained sales representatives to encourage doctors to prescribe Rapamune for uses other than preventing rejection of transplanted kidneys, even giving them bonuses for doing so.

Rapamune was approved in 1999, only for use in kidney transplant patients. Federal laws bar drugmakers from promoting drugs for uses not specifically approved by the Food and Drug Administration.

But the practice has previously been so rampant that there's a term for it—off-label marketing—and multiple law firms specialize in pursuing

lawsuits over it. Nearly every big drugmaker, including Pfizer, has been prosecuted for it and eventually agreed to big settlements with the government and whistleblowers, who usually are drug store pharmacists or former pharmaceutical sales reps. The record settlement is \$3 billion, paid by British drugmaker GlaxoSmithKline PLC.

In the Rapamune case, whistleblower Mark Campbell, a Wyeth sales rep for 20 years until he resigned in 2009, alleged Wyeth promoted Rapamune for patients getting liver, lung, heart and other transplants—potentially dangerous uses.

"I believe this settlement represents at least a small step towards insuring that pharmaceuticals are promoted in a manner which does not compromise patient safety," Campbell said in a statement.

Pfizer said In a statement that it "was not a subject or target of this matter, and cooperated fully with the government from the time it learned of this investigation in October 2009. That cooperation was acknowledged today by the Justice Department."

Campbell's lead attorney, Shelley Slade of Vogel, Slade & Goldstein, said the federal and state governments splitting the settlement from Wyeth are still working out how much of that money will go to the three whistleblowers, who worked together on the case. The other two, Marlene Sandler and Scott Paris, were represented by another law firm.

Pfizer shares fell 13 cents to \$29.67 in trading Tuesday.

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Citation: Pfizer to pay \$491M to resolve drug marketing case (Update) (2013, July 30) retrieved 19 September 2024 from <https://medicalxpress.com/news/2013-07-pfizer-491m-drug-case.html>

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