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MADIGAN: RANBAXY TO PAY MORE THAN \$12 MILLION TO ILLINOIS MEDICAID PROGRAM FOR SELLING DILUTED DRUGS

Chicago — Attorney General Lisa Madigan today announced a joint \$500 million federal and state settlement to resolve civil and criminal allegations that Ranbaxy, a generic pharmaceutical manufacturer based in Gurgaon, India, sold diluted drugs and submitted false claims to state and federal Medicaid programs, including in Illinois. The state is expected to receive more than \$12 million in settlement funds as part of the agreement.

“Ranbaxy put Illinois Medicaid patients at risk by producing and selling potentially contaminated drugs,” Madigan said.

The investigation resulted from a qui tam action filed in the U. S. 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 26 generic pharmaceutical products – whose strength, purity and/or quality fell below the standards required by the U.S. Food & Drug Administration – out of its facilities in Paonta Sahib and Dewas, India, from April 2003 to September 2010.

Ranbaxy has agreed to pay the states and the federal government \$350 million in civil damages and penalties to resolve civil allegations of improper manufacturing practices in the two plants. Illinois will recover approximately \$12.6 million on behalf of the state Medicaid Program.

Additionally, Ranbaxy USA, a subsidiary, pled guilty to seven felony counts alleging violations of the U.S. Food, Drug, and Cosmetic Act and has agreed to pay \$150 million in criminal fines and forfeitures.

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