

Court Sustains Securities Complaint Filed by BFA Against Teva For Fraudulent Statements About Teva's Generic Drugs

BFA has achieved an important win for Teva shareholders and noteholders seeking to hold the generic drug company accountable for concealing that Teva's financial performance was driven by anticompetitive price increases on generic pharmaceuticals. In a September 25, 2019 decision, Judge Stefan R. Underhill of the District of Connecticut largely denied defendants' motions to dismiss.

In his order, Judge Underhill upheld the claims against Teva's CEO, CFO, Chief Accounting Officer, and CEO of Teva's Global Generic Medicines Group. The Court ruled that "plaintiffs have adequately alleged that the defendants were engaged in an internal price-hike strategy and a price-fixing conspiracy, that the defendants made material misrepresentations and omissions about whether competition and their pricing scheme affected their profits, and did so with conscious misbehavior or recklessness."

The case arises from Teva's astounding price increases—of as much as 1,500%—on dozens of Teva's generic drugs. Those price increases generated as much as \$2.3 billion in pure profit for the company between 2013 and 2017 while, at the same time, Teva's officers denied that the company relied on any price increases. Once the scheme came to a sudden halt, Teva was forced to take a \$6.1 billion permanent write down of the company's entire generics business. The company is also the subject of numerous government antitrust investigations concerning Teva's collusive pricing practices.

As a result, shareholders and noteholders who purchased Teva securities in the United States between February 6, 2014 and August 3, 2017, were damaged as the price of Teva securities fell once the truth came out.

Joseph Fonti and Javier Bleichmar of BFA serve as lead counsel to Lead Plaintiff Ontario Teachers' Pension Plan Board, named plaintiff Anchorage Police & Fire Retirement System, and the proposed class. A copy of Judge Underhill's opinion can be found under Downloads to the right.