



MORGAN VERKAMP LLC

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**NOVARTIS RESOLVES *QUI TAM* ALLEGATIONS AND
PLEADS GUILTY TO CRIMINAL CONDUCT,
PAYMENTS TOTAL \$422.5 MILLION**

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SEPTEMBER 30, 2010: The United States Department of Justice in Philadelphia and Washington announced today that Novartis Pharmaceuticals Corporation has agreed to pay \$237,500,000 to settle four *qui tam* “whistleblower” suits challenging the illegal marketing of its anti-seizure drug Trileptal® and several other drugs. Lawyers with the Cincinnati firm Morgan Verkamp LLC, together with Ken Nolan of Fort Lauderdale’s Nolan & Auerbach, represented two former Novartis sales representatives who lost their jobs after objecting to the company’s illegal sales tactics. According to the complaints, those tactics included aggressive “off-label” marketing of Trileptal® for treatment of bipolar disease and neuropathic pain, among other unapproved uses, and the payment of illegal kickbacks to physicians and others who Novartis wanted to prescribe or recommend Trileptal®. The *qui tam* cases were filed in Tampa, Philadelphia, and Birmingham in 2004, 2005, and 2008.

In addition to the civil settlement, Novartis has confessed to criminal conduct in connection with its marketing of prescription drugs and is pleading guilty to a criminal charge relating to its Trileptal® marketing before the U.S. District Court in Philadelphia and agreeing to pay one of the largest criminal fines in history—about \$185 million.

The settlement includes payment of about \$150 million to the United States and about \$88 million to reimburse State Medicaid programs for losses resulting from the illegal marketing of Trileptal® and five other prescription drugs, with \$201 million of the total relating to Trileptal®. Under the “relator’s share” provisions of the False Claims Act, five whistleblowers will divide approximately \$40 million, about \$35 million of which relates to the Trileptal® settlement.

Of particular importance to Morgan Verkamp’s clients, who have asked that their

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names not be publicized, is the fact that Novartis has also agreed to enter into a Corporate Integrity Agreement (“CIA”) with the Department of Health and Human Services. “Our clients certainly appreciate the fact that they are receiving a substantial reward for assisting the United States and the States in recovering illegal payments to Novartis,” says Morgan Verkamp partner Frederick Morgan. “However, they have always made clear that their purpose in bringing this case was first to prevent the improper use of Trileptal®, and second, to see the company required to pay back what its illegal campaign cost the taxpayers and promise that it will follow the law. The CIA is a big step toward the fulfillment of that goal.”

The federal enforcement effort was spearheaded by U.S. Department of Justice Trial Attorney Jessica Champa, Assistant Civil Frauds Branch Directors Jamie Yavelberg and Pat Davis; Assistant United States Attorneys Marilyn May, Jacqueline Romero, and Paul Hoffman in Philadelphia, led by Civil Chief Peg Hutchinson, and Assistant United States Attorney Randy Harwell in Tampa. The CIA was negotiated by Assistant Inspector General for Legal Affairs Greg Demske of the Department of Health and Human Services Office of Inspector General.

The states enforcement effort is led by Ohio Assistant Attorney General Keesha Mitchell, who is Health Care Fraud Section Chief and Director of the Ohio Medicaid Fraud Control Unit (“MFCU”), Office of Attorney General Richard Cordray and Committee Chairman for the National Association of Medicaid Fraud Control Units (“NAMFCU”). Morgan noted that while the State of Ohio will recover more than \$12 million as a result of Attorney General Cordray’s aggressive efforts to combat Medicare and Medicaid fraud, the failure of the Ohio General Assembly to enact a False Claims Act results in Ohio’s inability to collect substantial additional amounts, saying “24 states now have these highly-effective laws in place, and Ohio’s failure to act in the face of its current fiscal crisis makes no sense.”

In addition to Morgan Verkamp, LLC and Nolan & Auerbach, relators are represented by Tracy Steckling of the Law Office of Tracy Steckling in Fox Valley, Wisconsin, and Don McKenna and Scott Powell of Hare, Wynn, Newell & Newton in Birmingham, Alabama.

Morgan Verkamp LLC is a Cincinnati law firm with a nationwide False Claims Act practice. Partners Jennifer M. Verkamp and Frederick M. Morgan, Jr. are 2010 Whistleblower Lawyers of the Year, as awarded by the nation’s principal whistleblower support organization, Taxpayers Against Fraud. Inquiries may be directed to Rick Morgan at (513) 651-4400, e-mail rick.morgan@morganverkamp.com, and Jennifer Verkamp, jverkamp@morganverkamp.com. Information about the firm is online at <http://www.morganverkamp.com>.

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