

Pharmaceutical giant GlaxoSmithKline fined \$3 billion

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United States federal prosecutors announced Monday that the British multinational GlaxoSmithKline (GSK), one of the world's largest pharmaceutical companies, would plead guilty to numerous charges resulting from a nine-year government suit, and pay approximately \$3 billion in fines.

“Today's multibillion-dollar settlement is unprecedented in both size and scope,” asserted James Cole, the deputy attorney general appointed by President Obama. “This historic action is a clear warning to any company that chooses to break the law.”

The reality, however, is that not a single person will be charged over the company's systematic and longstanding criminal practices, which have put countless people at risk. While it is the largest ever such settlement, GSK reported nearly \$9 billion in profits last year alone. Over the years covered in the settlement, GSK made more than seven times the sum of the fine just from sales of the three drugs implicated in the charges—Avandia, \$10.4 billion; Paxil, \$11.6 billion; and Wellbutrin, \$5.9 billion—according to an analysis of IMS Health data by the New York Times.

The company has also been forced to sign a toothless agreement giving the board of directors the power to recoup CEO bonuses in response to criminal practices, while Glaxo employees who sell to medical professionals no longer receive commission bonuses.

Clearly buoyed by the announcement, investors sent GSK's share price up 1.6 percent Monday. As *Forbes* noted: “The stock's rise reinforces the idea that criminal fines for giant drug companies, no matter how big, are less a deterrent than a cost of doing business.”

The agreement includes a criminal settlement of \$1 billion involving the three drugs, with the remaining \$2 billion coming from a civil settlement also involving

Advair, Lamictal, Zofran, Imitrex, Lotronex, Flovent and Valtrex.

The list of allegations, covering the period from 1998 to 2007, amounts to what is undoubtedly common practise throughout the pharmaceutical industry. It includes concealing the results of clinical studies; providing false and incomplete information to the government about the safety of medicines; encouraging drug use for illnesses not approved in clinical tests; funding fraudulent medical journal reports; and bribing medical professionals to prescribe drugs, often by providing lavish dinners and resort stays—all as part of the drive to boost sales and profits.

The most disturbing of the charges involves the drug Paxil, an anti-depressant which clinical trials have suggested can induce suicidal tendencies among adolescents. The government alleges that between 1998 and 2003, GSK promoted the use of Paxil among adolescents, despite the fact that it had not received paediatric approval.

A Department of Justice press statement released Monday states: “The US government... alleges that GSK participated in a...misleading medical journal article that misreported that a clinical trial of Paxil demonstrated efficacy in the treatment of depression in patients under age 18.” It claimed that, “GSK sponsored dinner programs, lunch programs, spa programs and similar activities to promote the use of Paxil in children and adolescents. GSK paid a speaker to talk to an audience of doctors and paid for the meal or spa treatment for the doctors who attended.”

Between 1999 and 2003, the government alleges that GSK promoted Wellbutrin, then approved only for Major Depressive Disorder, for treating substance addictions, Attention Deficit Hyperactivity Disorder and other illnesses. It alleges that “GSK paid millions

of dollars to doctors to speak at and attend meetings, sometimes at lavish resorts, at which the off-label uses of Wellbutrin were routinely promoted and also used sales representatives, sham advisory boards, and supposedly independent Continuing Medical Education programs to promote Wellbutrin for these unapproved uses.”

Avandia, which is used for treating type two diabetes, was pulled from European shelves in 2010 after clinical research done in 2007 suggested that the drug may increase the risk of heart attacks. It has also been restricted in the US. The government claims that Glaxo withheld information from the Food and Drug Administration (FDA) and made false statements about the drug’s safety. Last year, Glaxo allocated \$2.4 billion to settle claims of more than 13,000 Avandia patients. According to Reuters, the drug brought in \$3 billion each year prior to 2007.

Advair, an asthma drug, Lamictal, an anti-epileptic medication, and Zofran, used for post-operative nausea, were allegedly also promoted for non-approved uses. According to Thomas Gerahty and Matthew Burke, two former senior employees at GSK who filed the whistleblower case in 2003, told PRNewswire the “off-label” marketing efforts for Advair continued into 2010.

These criminal practices are a common modus operandi throughout the pharmaceutical industry. Multinational giants spend billions of dollars promoting their products, including via television and radio advertisements of prescription medicine designed to persuade the public to request certain drugs from their medical practitioners. The pharmaceutical lobby has historically been one of the largest and most influential in the country.

The settlement is only the most recent in a series of cases in which pharmaceutical companies have paid fines without any criminal charges being laid and no one held responsible. In May, Abbott Laboratories agreed to pay \$1.6 billion for encouraging “off-label” uses for a neurological drug, including to sedate the elderly, and in November last year, Merck concluded a fraud settlement of \$950 million.

The impunity of the managers of pharmaceutical giants is one aspect of the legal immunity provided to the entire financial elite by the Obama administration. Four years after the 2008 financial crash, precipitated

by semi-criminal and outright criminal practices of banks and financial institutions, not a single person has been held accountable for the social crisis which has consigned millions to poverty.

The policies of the Obama administration, and the continued subordination of medicine and pharmaceuticals to the criminal profiteering of a tiny elite, make it inevitable that even more people will be placed at risk.



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