

Big Pharma Layoffs Could Mean Big Pharma Whistleblower Lawsuits

Posted by Steve Berman on Nov. 13, 2009

Whether you're an employee at Pfizer Inc., Johnson & Johnson, Abbot Laboratories, Schering-Plough, AstraZeneca or any other Big Pharma company, you've seen and may know all too well that layoffs during the last two years have cost the industry tens of thousands of jobs.

Last year, layoffs from five pharmaceutical companies alone totaled more than 25,000. Job losses include those from sales and laboratories across the U.S. and Europe.

An interesting sidenote, though, is that off-label promotion and improper marketing of pharmaceutical drugs in America make Big Pharma big bucks. Even with billions of dollars in payouts and penalties attached to these deadly marketing tactics, the profit margins still outweigh the penalties.

Pfizer and Lilly, the largest U.S. psychiatric drug maker, are currently leading the pack, having paid \$7 billion in penalties after promoting drugs for uses not approved by the U.S. Food and Drug Administration. Last September, Pharmacia & Upjohn, a Pfizer subsidiary, agreed to plead guilty to off-label marketing practices of its drug Bextra and paid the largest criminal fine in U.S. history - \$1.19 billion.

According to a special in-depth report into Big Pharma's crime spree by David Evans of Bloomberg, Pfizer instructed its 100-plus sales team to promote Bextra, a drug approved only for the relief of arthritis and menstrual pain, for treatment of all acute pains.

The same day it settled for \$1.19 billion, Pharmacia & Upjohn also paid \$1 billion to settle civil cases for off-label promotion of Bextra and three other drugs with the U.S. and 49 states.

The list goes on. Lilly pled guilty and paid \$1.42 billion in fines and penalties to settle charges that accused the company of illegally marketing its Zyprexa drug for the past four years. The drug was approved for treatment of schizophrenia, but Lilly pushed it to physicians as a remedy for dementia in elderly patients. Nevertheless, according to Evans' report, in five company-sponsored clinical trials, 31 out of 1,184 participants died after taking the drug for dementia.

But these billion-dollar payouts and fines are the cost of doing business for Big Pharma companies. The \$2 billion in fines paid by Pfizer amount to only 14 percent of its \$16.8 billion revenue from selling those same drugs. Many argue that bankruptcy and felony convictions may be the only prescription for protecting patients.

With mounting fines, lawsuits and especially layoffs, legal experts predict that former employees will come forward to highlight wrongdoing within these companies.

Qui Tam, or whistleblower suits, help the government identify illegal practices within pharmaceutical companies. They rely on insider industry information from current or former employees. By unmasking the wrongdoings of Big Pharma, whistleblowers are compensated for their knowledge and efforts to protect patient safety. Under federal and state law, when a company deceives the government, whistleblowers can retain as much as 30 percent of the amount of fraud uncovered.

For example, in the late 1990s, a former Pfizer employee came forward to blow the whistle against the company for its off-label promotion of the drug Neurontin. Over the course of its efforts, Pfizer raked in \$12 billion in profits from drug sales. The whistleblower recouped \$24.6 million under the False Claims Act for coming forward with evidence of Pfizer's wrongdoing.

As more and more Big Pharma employees are laid off despite record profits, the incentive to blow the whistle on Big Pharma's fraudulent tactics increases.

The role of a whistleblower is critical to patient safety and a role we hold with the highest regard at Hagens Berman Sobol Shapiro LLP, a premier law firm in the country with a track record of taking on Big Pharma. We represent current and former employees in whistleblower and consumer fraud cases.

The steps are simple for those who want to come forward - contact HBSS, share what you know, what you've seen and heard, and we'll walk you through the steps of litigation.

As a firm with national reach, offices in seven cities and a successful track record of recovery in the Big Pharma industry, we have the process streamlined and simplified to make it easy on whistleblowers.

We encourage any current or former Big Pharma employees reading this to read a recent in-depth report into Big Pharma's crime spree. The report details the corrupt marketing efforts designed to put Big Pharma profit margins ahead of patient safety.