



Pharmaceutical Company to Pay \$11.4M to Settle Kickback Allegations

Matt Klein

mklein@dbllaw.com

A San Diego pharmaceutical company will pay more than \$11 million to the Justice Department to settle allegations that it improperly induced doctors to prescribe its products.

Victory Pharma, Inc., has agreed to pay \$1.4 million to settle Anti-Kickback Statute allegations and more than \$9.93 million to settle False Claims Act (FCA) allegations. By doing so, the company will avoid any civil and criminal liability.

According to the Department of Justice, Victory improperly promoted four of its products – Naprelan, Xodol, Fexmid, and Dolgic – by paying kickbacks to doctors. The kickbacks included tickets to sporting events and concerts, spa, golf, and ski outings, and dinners at expensive restaurants.

Victory is also accused of abusing “preceptorships,” in which a sales representative shadows doctors in their offices. The company allegedly misused these preceptorships to improperly induce doctors to prescribe the four drugs.

The settlement also puts an end to a whistleblower lawsuit filed in California by a former Victory sales representative. The relator will receive \$1.7 million from the settlement proceeds. This case also reflects the tremendous financial incentives available to whistleblowers who alert the government to instances of legal violations that are successfully prosecuted or settled.