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Nine face charges over NHS 'price cartel' allegations

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The Serious Fraud Office today said nine pharmaceutical executives are to be charged over an alleged pricing cartel that defrauded the NHS of millions of pounds.

It also named five companies in connection with the alleged scam, which involved inflating the price of commonly-prescribed antibiotics and the blood-thinning drug warfarin, which is used to treat stroke victims.

The charges follow an investigation - Operation Hobein - into pricing and market sharing by suppliers of the drugs between 1996 and 2000.

The SFO named the nine people who will be charged with conspiracy to defraud when they surrender their bail over the next three days.

They are Denis O'Neill and John Clark, both of Kent Pharmaceuticals Limited, Jonathan Close and Nicholas Foster, both formerly of Norton Healthcare Limited, Luma Auchi, formerly of Regent-GM Laboratories Limited (now in liquidation), Michael Sparrow, formerly of Generics (UK) Limited, Anil Sharma, formerly of Ranbaxy (UK) Limited, and Ajit Patel and Kirti Patel, both of Goldshield Group plc.

The drugs involved were warfarin, the branded drug Marevan and the penicillin-based antibiotics amoxicillin, ampicillin, flucloxacillin and phenoxymethylpenicillin.

Summonses issued by Bow Street magistrates on Monday were being served on five companies - Kent Pharmaceuticals Limited, Norton Healthcare Limited, Generics (UK) Limited; Ranbaxy (UK) Limited and Goldshield Group plc (formerly Goldshield Pharmaceuticals (Europe) Limited).

The nine individuals will be bailed to attend Bow Street Magistrates' Court on April 27, when the companies are also required to be represented.

"This important case, involving an allegation of dishonest price-fixing by companies, is likely to have a significant impact upon the business culture of this country," the case controller, assistant director Philip Lewis, said.

The SFO has been investigating allegations of a drugs cartel set up to swindle the NHS for a number of years.

In April 2002, police raided six drug companies as part of a probe into an alleged multimillion-pound scam.

The case was referred to the fraud office after initial inquiries carried out by the counter-fraud directorate of the Department of Health. The department has been suing over alleged agreements between companies to restrict the supply of warfarin and fix its price.

Three companies have since offered multi-million pound, no-liability compensation deals, totalling around £30m, to the NHS over the issue.

Civil claims were made in connection with the alleged price-fixing of drugs delivered to Britain's 28 strategic health authorities between 1996 and 2000.

All the firms involved have denied any wrongdoing.

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