

# **Teva Pharmaceuticals**

## Modern medical fraud

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## **Executive Summary**

Teva Pharmaceuticals Industries Ltd., one of the largest global manufacturers of generic drugs, has faced a series of significant legal challenges and allegations of corporate misconduct in recent years. These controversies center primarily on the company's role in the opioid epidemic, antitrust violations involving generic drug price-fixing, and extensive bribery schemes aimed at securing foreign market advantages. In 2021, Teva agreed to a landmark \$4.25 billion settlement to resolve thousands of opioid-related lawsuits, marking one of the largest payouts among pharmaceutical companies linked to the opioid crisis. These lawsuits accused Teva of deceptive marketing practices that downplayed the addictive nature of opioids and enabled widespread overprescription, contributing to a public health catastrophe in the United States. Parallel to the opioid litigation, Teva has been deeply embroiled in antitrust investigations regarding the manipulation of generic drug prices. Federal authorities, along with multiple states, alleged that Teva colluded with competitors in orchestrated price-fixing schemes that artificially inflated drug costs, defrauding consumers, insurers, and government healthcare programs. In 2020, Teva paid over \$225 million to settle these claims without admitting wrongdoing. Furthermore, Teva has faced scrutiny under the Foreign Corrupt Practices Act (FCPA) for extensive bribery practices in international markets, paying more than \$519 million in fines to U.S. and foreign regulators. These investigations uncovered the company's use of illicit payments and improper benefits to foreign healthcare professionals and officials in countries including Russia, Mexico, and Ukraine, all intended to boost sales and maintain regulatory favor. The cumulative impact of these legal issues underscores systemic compliance failures and raises critical questions about corporate governance at Teva. While the company remains a dominant force in the generic pharmaceutical sector, these episodes reflect the complex challenges multinational drug

manufacturers face when balancing growth ambitions with regulatory and ethical obligations.

Teva's experience serves as a cautionary tale about the risks of aggressive commercial practices and the importance of transparency and accountability in the pharmaceutical industry.

## **Teva Pharmaceuticals**

Founded in 1901 and headquartered in Petah Tikva, Israel, Teva Pharmaceuticals has evolved into a global leader in the production of generic medications and specialty pharmaceuticals. With operations spanning over 60 countries, Teva produces hundreds of drug products across a wide range of therapeutic areas, including central nervous system disorders, oncology, respiratory conditions, and more. The company's portfolio includes both widely used generic drugs and branded specialty treatments such as Copaxone, used in multiple sclerosis. Teva's strategic emphasis on generic drugs has enabled it to capture significant market share by offering lower-cost alternatives to brand-name medications. This strategy aligned with global healthcare trends favoring cost containment and accessibility. Teva also invested heavily in research and development for specialty medicines, aiming to balance volume-driven generics with innovative, patent-protected therapies. Despite its commercial successes, Teva has frequently been at the center of controversy regarding its business ethics and regulatory compliance. Critics have pointed to aggressive pricing strategies, legal disputes over patent expirations, and concerns over the company's corporate culture as factors contributing to its legal woes. Teva's significant lobbying presence in both the U.S. and international markets reflects its commitment to influencing drug policy and reimbursement frameworks. Financially, Teva reported revenues exceeding \$16 billion in recent years, with generics constituting the bulk of its sales. However, the company has faced mounting pressure from generic drug pricing reforms, patent cliffs on key

specialty drugs, and a rising tide of litigation—most notably linked to the opioid crisis and antitrust enforcement actions.

## **Opioid Litigation and Settlement**

Teva's involvement in the opioid epidemic represents one of the most consequential aspects of its recent legal challenges. The company manufactured and distributed several opioid medications, including generic versions of oxycodone and hydrocodone, which were widely prescribed for pain management in the United States. Starting in the late 2000s and intensifying over the next decade, Teva and other pharmaceutical companies faced mounting allegations that their marketing and distribution practices contributed directly to the opioid addiction crisis. Plaintiffs in thousands of lawsuits—ranging from state governments to counties and municipalities—claimed Teva engaged in deceptive marketing that downplayed addiction risks and aggressively promoted opioid use without adequate safeguards.

Internal documents and whistleblower testimonies revealed practices such as:

- Encouraging physicians to prescribe opioids for broader and longer durations than medically necessary.
- Failing to report suspicious orders and ignoring red flags of potential diversion.
- Using aggressive sales tactics that prioritized volume over patient safety.

Teva's role in fueling the epidemic was not isolated but part of a broader industry pattern.

However, as a major generic manufacturer, Teva's expansive reach meant its products played a central role in opioid distribution. In 2021, after protracted negotiations and mounting public pressure, Teva agreed to pay \$4.25 billion as part of a national settlement framework intended to fund addiction treatment, prevention, and recovery programs. This settlement was among the

largest pharmaceutical payouts related to the opioid crisis and required Teva to implement reforms in its marketing and distribution practices. The settlement resolved claims without Teva admitting wrongdoing but signified a recognition of the company's significant role in the epidemic. The company also agreed to cooperate with ongoing investigations and enhance its compliance systems.

July 29, 2022 | Press Release | [Opioids](#)

## **Opioids Maker Teva Agrees to \$4.25 billion settlement: Preliminary Agreement Will Provide Cash and Naloxone to Address Opioids Crisis**

Attorney General Paxton has reached an agreement on key financial terms with opioid maker Teva, which would provide up to \$4.25 billion to participating states and local governments. While critical details of the settlement remain the subject of ongoing negotiations, Teva disclosed the key financial terms in its earnings announcement. Texas previously entered into a separate [deal](#) with Teva, which includes a provision that allows the state to benefit if those terms are more favorable.

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“This settlement is a major win, and a step closer to helping people overcome opioid addiction,” Attorney General Paxton said. “Pharmaceutical companies like Teva must be held accountable for their role in this devastating epidemic. We expect this settlement to make a crucial difference in preventing fatal overdoses and treating opioid addiction disorder.”

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Teva, an Israel-based drug manufacturer, makes Actiq and Fentora, which are branded as fentanyl products for cancer pain, and several generic opioids like oxycodone.

The States alleged that Teva promoted potent, rapid-onset fentanyl products for use by non-cancer patients, deceptively marketed opioids by overstating their benefits and downplaying the risk of addiction and failed to comply with suspicious order monitoring requirements.

### **Price-Fixing and Antitrust Violations**

Alongside opioid-related issues, Teva has faced intense scrutiny over antitrust violations within the generic drug market—a sector often praised for promoting affordability and competition.

Regulatory authorities and plaintiffs alleged that Teva engaged in coordinated schemes to fix prices and allocate market shares for various generic medications, undermining the competitive marketplace. Starting from the mid-2010s, multiple federal investigations targeted a wide range of generic drug manufacturers, including Teva. Evidence collected through whistleblower complaints, transactional records, and internal communications suggested collusion involving:

- Coordinated timing of generic drug launches to delay competition.
- Agreements to set prices at artificially high levels.
- Exchange of sensitive pricing information among competitors.

In 2024, Teva agreed to pay over \$450 million to settle claims arising from these practices. The settlement addressed allegations that the company violated antitrust laws and harmed consumers, insurers, and government healthcare programs like Medicaid and Medicare by inflating drug prices. The generic drug price-fixing scandal has had wide-ranging implications for the pharmaceutical industry and public health. High generic drug prices strain healthcare budgets and limit patient access to affordable medications. Teva's involvement in this scandal spotlighted systemic vulnerabilities in generic drug markets and led to calls for increased regulatory oversight. Though the settlement resolved many claims, investigations and lawsuits involving other companies continue, indicating the ongoing complexity of antitrust enforcement in pharmaceutical markets.

PRESS RELEASE

# Drug Maker Teva Pharmaceuticals Agrees to Pay \$450M in False Claims Act Settlement to Resolve Kickback Allegations Relating to Copayments and Price Fixing

Thursday, October 10, 2024

For Immediate Release

Office of Public Affairs

Teva Pharmaceuticals USA Inc. (Teva USA) and Teva Neuroscience Inc. (collectively, Teva) have agreed to pay \$450 million to resolve two matters that allege Teva violated the Anti-Kickback Statute (AKS) and the False Claims Act (FCA). Teva, headquartered in Parsippany, New Jersey, is the largest generic drug manufacturer in the United States. The settlement amount was based on Teva's ability to pay.

## Foreign Corrupt Practices Act (FCPA) Violations and Bribery

In addition to domestic legal challenges, Teva has been implicated in significant corruption and bribery schemes violating the Foreign Corrupt Practices Act (FCPA). These violations occurred as part of the company's efforts to expand its global market presence and boost drug sales in countries with high regulatory barriers. Between approximately 2012 and 2016, Teva admitted to engaging in widespread bribery practices in several countries, including Russia, Mexico, and Ukraine. The company paid hundreds of millions of dollars to healthcare professionals, government officials, and intermediaries in exchange for preferential treatment, drug approvals, and inclusion on formularies.

These payments took various forms:

- Cash kickbacks and illicit commissions.



- Lavish gifts, travel, and entertainment.
- Fake consulting contracts and sham agreements designed to conceal the illicit nature of the benefits.

In 2019, Teva agreed to pay over \$519 million to settle investigations by the U.S. Department of Justice and Securities and Exchange Commission related to these violations. This settlement included criminal and civil penalties and required Teva to implement comprehensive compliance reforms. The FCPA violations not only exposed Teva to significant financial penalties but also raised reputational risks and highlighted weaknesses in the company's internal controls and ethics programs. Teva committed to enhancing its anti-corruption measures and increasing transparency as part of its remediation efforts.

#### PRESS RELEASE

## Teva Pharmaceutical Industries Ltd. Agrees to Pay More Than \$283 Million to Resolve Foreign Corrupt Practices Act Charges

Thursday, December 22, 2016

**For Immediate Release**

Office of Public Affairs

### **Companies Agree to Pay Nearly \$520 Million to U.S. Criminal and Regulatory Authorities, Representing the Largest Criminal Fine Imposed Against a Pharmaceutical Company for Violations of the FCPA**

Teva Pharmaceutical Industries Ltd. (Teva), the world's largest manufacturer of generic pharmaceutical products, and its wholly-owned Russian subsidiary, Teva LLC (Teva Russia), agreed to resolve criminal charges and to pay a criminal penalty of more than \$283 million in connection with schemes involving the bribery of government officials in Russia, Ukraine and Mexico in violation of the Foreign Corrupt Practices Act (FCPA).

## Conclusion

Teva Pharmaceuticals' legal history over the past decade reflects a multifaceted series of ethical and regulatory failures that have significantly impacted the company's reputation and financial standing. From its role in the opioid epidemic to collusive pricing practices and international bribery scandals, Teva's misconduct demonstrates the challenges of maintaining compliance amid aggressive growth strategies and complex global operations.