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Dear Editor:

My firm represents the State of Alabama in the ongoing litigation involving fraud by the drug industry. I feel compelled to respond to some recent letters to the editors of Alabama newspapers written by Skip Tucker, a person whose motivation to write about this litigation comes from the drug companies. These letters contain false information concerning the State's lawsuits. I will set the record straight.

During three separate trials, the State of Alabama proved fraudulent conduct arising out of the reporting of false prices to the State Medicaid Program by drug companies over a period of several years. Astrazeneca, the first case tried before a jury, resulted in a substantial jury verdict in Montgomery County. This very company, in a separate case involving virtually identical Medicaid fraud, pled guilty to a criminal offense in Federal Court and paid a \$570 Million fine to the federal government. Astrazeneca also paid \$355 Million to several states – not including Alabama – in civil cases arising out of its fraudulent conduct. How could it be criminal and civil fraud in Federal Court by Astrazeneca and not civil fraud in Alabama?

In 2003, the federal government issued a detailed report which said the drug companies had been guilty of massive frauds in reporting false prices for reimbursement purposes under State Medicaid Programs. The report came after an investigation was carried out by the U.S. Justice Department and the Inspector General for Medicaid. All drug companies received a copy of the report.

Since the Alabama case was tried, and after the Astrazeneca case was appealed in July 2008 to the Alabama Supreme Court, a Federal Appeals Court heard a separate appeal in a case where Astrazeneca had been found guilty in Federal Court of fraudulent conduct in a Medicaid reimbursement case. In a strong opinion, the Federal Appeals Court affirmed the Trial Court and found Astrazeneca guilty of fraud. A Kentucky jury, after hearing the same evidence we had developed and presented in our Alabama case, returned a multi-million dollar verdict against Astrazeneca and found the company guilty of extremely bad conduct. This came just days before the Alabama Supreme Court ruled in Alabama's cases.

Under federal law, no state has the authority to audit a drug company participating in the Medicaid Program and has to take as truthful the prices reported by

the drug companies for Medicaid reimbursement purposes. Alabama cannot override federal law and the drug companies know it.

On behalf of the State of Alabama, our firm has settled lawsuits with several other drug manufacturers in Alabama – based on Alabama’s law on fraud – and involving the very same facts as involved in the four cases now in the Alabama Supreme Court – for \$138 Million.

The letter written by Mr. Tucker contains a number of false statements. Committing fraud against the Alabama Medicaid Program hurts the elderly, the disabled, the young, and the poor, as well as every Alabama taxpayer. I simply wanted to set the record straight for you and your readers. Since Mr. Tucker did not attend any of the trials that resulted in four separate verdicts for the State, I am sure that he has been given some very bad information from some source. But I really suspect his sole motivation in putting out false information to the public is to influence our Supreme Court Justices who are now considering the State’s application for rehearing and another request for oral argument. The State has asked for oral argument on three separate occasions and so far lawyers for the State have not been allowed to present the State’s case in oral argument before the nine Supreme Court Justices. I find that shocking since \$274 Million in jury verdicts were on appeal in the Supreme Court in four very important cases.

Since newspapers always want to seek the truth for their readers, I am writing this response to Mr. Tucker’s frequent writings.

Very truly yours,

A handwritten signature in black ink, appearing to read "JL Beasley". The signature is fluid and cursive, with a large initial "JL" and a long, sweeping underline.

JERE L. BEASLEY

JLB/lw