

C A M P A I G N F O R ACCOUNTABILITY

October 1, 2015

BY FACSIMILE

The Honorable John Thune
Chairman
The Honorable Bill Nelson
Ranking Member
Committee on Commerce, Science and
Transportation
U.S. Senate
254 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Fred Upton
Chairman
The Honorable Frank Pallone
Ranking Member
Energy and Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20525

Dear Chairmen Thune and Upton and Ranking Members Nelson and Pallone:

Campaign for Accountability (“CfA”) urges the Senate Committee on Commerce, Science and Transportation and the House Committee on Energy and Commerce to immediately investigate Martin Shkreli, now infamous for price gouging, but less well-known for his efforts to manipulate the FDA for his personal financial gain.

On March 18, 2015, on behalf of Citizens for Responsibility and Ethics in Washington (“CREW”), where I was then interim executive director, I requested that your committees investigate three short sellers – one of whom was Martin Shkreli – for manipulating the government regulatory processes for personal financial gain.¹ I explained that in July 2012, CREW had asked the SEC to investigate Mr. Shkreli, then chief investment officer of the hedge fund MSMB Capital Management, for manipulating the market price of biotechnology and pharmaceutical industry stocks. While it had been reported that Mr. Shkreli was under investigation for possible security law violations, so far Mr. Shkreli appears to have evaded any consequences for his deplorable conduct.

¹ Letter from CREW Interim Executive Director Anne Weismann to Sens. John Thune and Bill Nelson, and Reps. Fred Upton and Frank Pallone, March 18, 2015, *available at* http://www.citizensforethics.org/page/-/PDFs/Legal/Letters/3-18-15_Commerce_Short_Seller_Letter.pdf?nocdn=1.

Today, three years after first alerting the government to Mr. Shkreli's unethical and potentially criminal course of conduct, I am again writing, now as executive director for Campaign for Accountability, to update you on Mr. Shkreli's most recent actions, which reveal the lengths to which he goes to line his pockets at public expense, and to urge congressional action.

Mr. Shkreli is now the Chief Executive Officer of Turing Pharmaceuticals, a small pharmaceutical company that acquired the drug pyrimethamine in mid-August 2015. This drug, sold under the brand name Daraprim, is used to fight toxoplasmosis, a parasitic infection the Centers for Disease Control and Prevention has identified as one of its priorities for public health action based on the number of people infected, its severity, and its susceptibility to prevention and treatment.² Toxoplasmosis is considered to be a leading cause of death attributed to foodborne illness in the United States,³ and pyrimethamine is on the World Health Organization's List of Essential Medicines.⁴

Upon purchasing pyrimethamine, Turing increased the price of a single tablet from \$13.50 to \$750, representing a 5000 percent increase, making the drug inaccessible for "the most medically vulnerable patient population."⁵ Mr. Shkreli has publicly defended his massive price hike of pyrimethamine by claiming it will have only a very limited impact because the drug is rarely used, and suggesting the price is now more consistent with the prices of other drugs used to treat rare diseases.⁶ This argument has been met with justifiable outrage by the medical community and patient advocates, especially those acting on behalf of individuals infected with HIV.⁷ Reportedly, Turing has now announced it will cut the price of pyrimethamine, but has not yet identified what the new price will be.⁸

² Centers for Disease Control and Prevention. Neglected Parasitic Infections (NPIs) in the United States, available at <http://www.cdc.gov/parasites/npi/>.

³ Centers for Disease Control and Prevention, Parasites – Toxoplasmosis, available at <http://www.cdc.gov/parasites/toxoplasmosis/index.html>.

⁴ World Health Organization, WHO Model List of Essential Medicines, 19th List, p. 17, April 2015 (Amended August 2015), available at http://www.who.int/selection_medicines/committees/expert/20/EML_2015_FINAL_amended_AUG2015.pdf?ua=1.

⁵ See, e.g., Letter from Stephen B. Calderwood, President, Infectious Diseases Society of America and Adaora Adimora, Chair, HIV Medicine Association, to Tom Evigan and Kevin Bernier, Turing Pharmaceuticals LLC, September 8, 2015, available at <http://www.hivma.org/uploadedFiles/HIVMA/HomePageContent/pyrimethamineLetterFINAL.pdf>.

⁶ Andrew Pollack, Drug Goes From \$13.50 a Tablet to \$750 Overnight, *New York Times* (September 20, 2015), available at <http://www.nytimes.com/2015/09/21/business/a-huge-overnight-increase-in-a-drugs-price-raises-protests.html>.

⁷ Jonathan D. Rockoff, Turing to Cut Price of Drug Daraprim After Increase Sparks Outcry, *Wall Street Journal*, September 22, 2015, available at <http://www.wsj.com/articles/turing-to-cut-price-of-drug-daraprim-after-increase-sparks-outcry-1442970732>.

⁸ *Id.*

Unfortunately, Mr. Shkreli's conduct at Turing is consistent with his history of pursuing profits at the expense of public health. While touting himself as a medical expert capable of evaluating the efficacy of drugs, in reality he is a charlatan willing to use any tactic to line his pockets – including price gouging – regardless of the impact on global health and welfare.

For these additional reasons, I respectfully urge you to investigate the conduct of Mr. Shkreli and consider how to deter investors like him from abusing government processes.

Sincerely,



Anne L. Weismann
Executive Director

cc: Sen. Charles Grassley
Chair, Senate Judiciary Committee