

Lehigh County Employees' Retirement System v. Novo Nordisk A/S, et al.

COURT: District Court for the District of New Jersey
CASE NUMBER: No. 3:17-cv-00209-BRM-LHG
JUDGE: U.S. District Judge Brian R. Martinotti, U.S. Magistrate Judge Lois H. Goodman
CLASS PERIOD: 02/03/2015 - 02/02/2017
CASE CONTACTS: Salvatore J. Graziano, Katherine M. Sinderson, Adam Hollander, James M. Fee

This securities class action was filed on behalf of investors who purchased American Depositary Receipts ("ADRs") of Novo Nordisk A/S ("Novo Nordisk" or the "Company") during the period from February 3, 2015 to February 2, 2017, inclusive (the "Class Period"), against Novo Nordisk and certain of its senior executives (collectively, "Defendants"). The action alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder.

Novo Nordisk is a pharmaceutical company that primarily produces insulin and other diabetes-treatment drugs. Only a few other companies manufacture insulin-based medicines. The Complaint alleges that Novo Nordisk and the other three largest insulin manufacturers entered into an improper, collusive agreement to increase the prices of their insulin drugs, as evidenced by synchronized, skyrocketing prices for the insulin products over the past decade. As a result, Novo Nordisk reported impressive revenue throughout the Class Period.

Throughout the Class Period, Defendants told investors that the Company's sales and profits would continue to grow significantly. Although Novo Nordisk's competitors told investors that their insulin-related revenues would diminish as a result of pricing pressures from pharmacy benefit managers ("PBMs") who purchase drugs from pharmaceutical companies, Novo Nordisk assured investors that its sales and profits would continue to grow substantially.

In truth, Novo Nordisk faced the same pricing pressures as its competitors, which was disclosed to the market beginning on August 5, 2016, when the Company announced disappointing earnings and lowered sales and growth forecasts. Defendants nevertheless reassured investors that the Company would grow its profits at a 10% rate. The price of Novo Nordisk's ADRs dropped significantly on that disclosure, and again on August 8, 2016 on reports that there would be no quick rebound from the Company's stagnating growth. Finally, on October 28, 2016, Novo Nordisk cut its long-term profit growth forecasts by 50%, specifically citing increased pricing pressures on diabetes drugs, and also announced that it received a Civil Investigative Demand from the U.S. Attorney's Office for the Southern District of New York concerning the Company's insulin drugs and relationships with PBMs. On that news, Novo Nordisk ADRs dropped by 13%, the Company's largest price decline in more than 14 years.

After the close of the Class Period, on November 3, 2016, Senator Bernie Sanders and Representative Elijah Cummings called on federal antitrust regulators to probe illegal collusion by Novo Nordisk and the three other major insulin manufacturers. Novo Nordisk has since pledged to limit all future drug list price increases.

On June 1, 2017, the Court entered an order appointing (i) Lehigh County Employees' Retirement System; (ii) Boston Retirement System; (iii) Oklahoma Firefighters Pension and Retirement System; and (iv) Central States, Southeast and Southwest Areas Pension Fund as Co-Lead Plaintiffs. In that order, the Court also appointed BLB&G and co-counsel as Co-Lead Counsel for the Class.

Co-Lead Plaintiffs filed their consolidated amended complaint on August 4, 2017. Defendants moved to dismiss the complaint on October 3, 2017. Following briefing and argument, on August 16, 2018, the Court denied Defendants' motion to dismiss in its entirety.

Following the Court's ruling denying Defendants' motion to dismiss, the parties have entered discovery.

Plaintiffs filed their motion for class certification on April 1, 2019, and briefing on the class certification motion was completed on August 22, 2019. On January 31, 2020, the Court issued an order granting that motion in full and certifying the Class.

The Court certified a Class consisting of:

all persons or entities who purchased the American Depository Receipts of Novo Nordisk A/S between February 3, 2015 and February 2, 2017, inclusive, and who were damaged thereby. Excluded from the Class are: (i) Novo; (ii) any directors and officers of Novo during the Class Period and members of their immediate families; (iii) the subsidiaries, parents and affiliates of Novo; (iv) any firm, trust, corporation or other entity in which Novo has or had a controlling interest; and (v) the legal representatives, heirs, successors and assigns of any such excluded party.

Please review the [Notice of Pendency of Class Action](#) to learn about your rights in the class action. If you wish to request exclusion from the Class, you must submit a request for exclusion in accordance with the instructions in the Notice by **October 13, 2020**. More information can be found on www.NovoNordiskSecuritiesLitigation.com.

Plaintiffs continue to aggressively litigate the case.

If you wish to discuss this action or have any questions concerning your rights or interests, please contact Salvatore J. Graziano, Katherine M. Sinderson, or Adam D. Hollander at 212-554-1400.