BLB&G Recovers $688 Million from Merck and Schering-Plough in Securities Fraud Litigation

February 14, 2013

After nearly five years of intense litigation, BLB&G announced an unprecedented settlement on behalf of investors totaling $688 million in the coordinated securities class actions pending against Merck & Co. Inc. ("Merck"), Schering-Plough Corporation ("Schering"), Merck/Schering-Plough Pharmaceuticals, certain of the Companies' directors and officers, and the underwriters of a 2007 Schering stock offering.

The actions are *In re Schering-Plough Corporation/ENHANCE Securities Litigation*, which settled for $473 million; and *In re Merck & Co., Inc. Vytorin/Zetia Securities Litigation*, which settled for $215 million. The combined $688 million in settlements is the second largest securities class action settlement in the Third Circuit, among the top 25 securities class action settlements of all time, and among the ten largest recoveries in a securities class action not involving a restatement.

The settlements were reached only after the Court granted Plaintiffs' motions for class certification and denied Defendants' motions for summary judgment, and the Third Circuit denied Defendants' Rule 23(f) appeals of the District Court's decisions granting class certification. Trial was scheduled to begin on March 4, 2013.

BLB&G is Court-appointed Co-Lead Counsel representing Arkansas Teacher Retirement System, Public Employees' Retirement System of Mississippi, and Louisiana Municipal Police Employees' Retirement System on behalf of the Class in the Schering-Plough action, and Co-Lead Counsel representing Jacksonville Police and Fire Pension Fund and General Retirement System of the City of Detroit on behalf of the Class in the Merck case.

These two actions stem from claims that Merck and Schering (which merged in November 2009) artificially inflated their securities by concealing material information and making false and misleading statements regarding the blockbuster anti-cholesterol drugs Zetia and Vytorin. Namely, Lead Plaintiffs alleged that even though the Defendants knew that a clinical trial of Vytorin, called "ENHANCE", demonstrated that Vytorin (a combination of Zetia and a generic statin medication) was no more effective than the cheaper, generic statin drug at reducing artery thickness, the Companies nonetheless championed the "benefits" of the drugs, attracting billions of dollars of capital in the process. Yielding to public pressure to release the results of the ENHANCE trial, Lead Plaintiffs allege that the companies reluctantly announced that the cholesterol drugs showed "no statistically significant difference" in plaque buildup, and that news of these negative results and their related consequences caused sharp declines in the value of the companies' securities, resulting in significant losses to investors.

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