

## Gilead Gets \$31.8M In Calif. Case Over Counterfeit HIV Drugs

By Adam Lidgett

*Law360 (November 26, 2024, 7:11 PM EST)* -- Gilead Sciences Inc. has won nearly \$32 million in a case involving a scheme to wrongfully repackage HIV treatments and sell them off as counterfeit Gilead products, a California federal judge has ruled.

In a decision Friday, U.S. District Judge Richard Seeborg granted the government's request for Gilead to get \$31,843,643 in restitution from Lorik Papyan, who was sentenced to 27 months behind bars for his role in the scheme. Gilead wasn't a party to the criminal case, which was brought by the federal government, court records showed.



Geoffrey Potter

The judge noted that Papyan agreed, as part of his plea, to pay any fines or restitution he was ordered to pay, so the restitution was authorized.

And while Judge Seeborg said Gilead was a victim in the case, since it lost profits as a result of the counterfeiting scheme, he noted "the primary victims in this case are HIV-positive patients."

The purported scheme involved Papyan and others allegedly buying HIV drugs from people in Los Angeles with HIV and then repackaging the pills, according to court records.

Those drugs would go into new bottles and be made to seem they were authentic Gilead drugs that had approval from the U.S. Food and Drug Administration, according to court documents. A wholesaler called Scripts Wholesale then bought thousands of bottles of the counterfeit products, according to the judge.

While the judge granted the restitution, he said restitution wasn't meant to be "a windfall." The judge noted that there was related litigation across the country over the counterfeit drugs and said that if any related litigation "produce[s] monetary recompense for the 16,695 bottles at issue in the present matter, appropriate offsets shall be applied at the point of collection from Papyan."

One of those cases was filed in July 2021 by Gilead, which alleged a massive ring of small-time drug distributors and pharmacists was filling bottles of its branded HIV medication with potentially dangerous drugs and then selling the counterfeit pills to patients.

Gilead's investigation found that more than 85,000 counterfeit bottles labeled as Gilead-branded

medication had been sold to pharmacies over the past two years, altogether worth about \$250 million, according to a statement released in early 2022, when that case was unsealed.

Representatives for the parties did not immediately respond to requests for comment from Law360 on Tuesday.

The government is represented by Ismail J. Ramsey, Martha Boersch and Joseph Tartakovsky of the U.S. Attorney's Office for the Northern District of California.

Papayan is represented by Jilbert Tahmazian of the Law Offices of Jilbert Tahmazian.

Gilead is represented by Geoffrey Potter of Patterson Belknap Webb & Tyler LLP.

The case is U.S. v. Papayan, case number 3:18-cr-00533, in the U.S. District Court for the Northern District of California.

--Editing by Andrew Cohen.