



Johnson & Johnson Diabetes Care Companies
965 Chesterbrook Blvd, Wayne, PA 19087

LIFESCAN HALTS ILLEGAL SALE OF DIABETES TEST STRIPS BY THREE DISTRIBUTORS TO PROTECT PATIENT SAFETY

Latest Settlements Bring Total to \$29 Million Collected and 67 Injunctions to Prohibit Future Sale in Ongoing Fight Against Counterfeiters and Illicit Gray Market Diversion

Wayne, PA (December 23, 2015) -- LifeScan, Inc., a member of the Johnson & Johnson Diabetes Care Companies and the maker of the market-leading OneTouch® blood glucose monitoring systems, today announced three settlements with distributors of gray market OneTouch® test strips that resulted in permanent injunctions and damages of \$8 million, bringing LifeScan's total to \$29 million collected from counterfeiters and diverters.

The U.S. District Court for the Eastern District of New York entered a consent judgment against Adelphia Discount Services, Inc., Adelphia Supply USA, Inc. and Yudah Neuman that permanently bars the defendants from selling in the U.S. any gray market OneTouch® test strips or OneTouch® test strips not intended for sale in the U.S. The defendants were also required to pay a substantial monetary amount to LifeScan for their violations.

In addition, LifeScan reached separate confidential settlements with two distributors that, LifeScan alleged, knowingly engaged in insurance reimbursement fraud in the distribution of OneTouch® test strips. The settlements require the distributors to permanently cease selling or distributing any LifeScan product. The defendants allegedly fraudulently substituted genuine OneTouch® test strips intended for one distribution channel into another channel, causing LifeScan to wrongfully pay millions of dollars in rebates and discounts to the distributors and millions of dollars in insurance rebates on false claims.

“Our goal is to protect the health and safety of people with diabetes by deterring people from trafficking in illegally diverted and counterfeit products,” said Roy Albiani, Director, Global Brand Protection for Medical Devices for Johnson & Johnson Health Care Systems. Mr. Albiani explained that “product obtained through gray market wholesalers not authorized to distribute LifeScan product are often associated with counterfeiting, tampering, stolen goods, fraud and quality issues.” Mr. Albiani added, “These recent settlements should send a message to all that LifeScan will aggressively pursue gray-market diverters, counterfeiters and other wrongdoers, who are motivated by greed and not by concern for people with diabetes. In fact, we are currently preparing legal actions against several more illicit actors.”

These settlements are the latest successes in an ongoing, aggressive effort by LifeScan to ensure that the companies and individuals responsible for the distribution of diverted or counterfeit blood glucose test strips, counterfeit packaged blood glucose test strips, and other fraudulent activity are held accountable for their actions.

In total, LifeScan's brand protection efforts have resulted in the collection of more than \$29 million in damages from distributors and retailers that, LifeScan believes, sold counterfeit or diverted test strips or engaged in other fraudulent activity. Following are examples of a few of those cases:

- A \$2 million consent judgment and permanent injunction against H&H Wholesale Services, Inc. and its owner Howard Goldman entered by the U.S. District Court for the Eastern District of New York for alleged trademark violation for allegedly selling OneTouch® test strips repackaged in counterfeit packaging.
- A \$1 million consent judgment and permanent injunction against MSI Medical Supply, Inc. and its owner Michael Barba entered by the U.S. District Court for the Eastern District of New York for alleged trademark violations for allegedly selling OneTouch® test strips repackaged in counterfeit packaging.
- A \$3.3 million judgment and permanent injunction entered by the U.S. District Court for the Eastern District of New York against Pakistani distributors of counterfeit OneTouch® test strips for trademark infringement and false designation of origin. This decision marked the first time that a Federal court awarded the maximum statutory damages under the Lanham Act because of the "real danger to consumers" posed by willful counterfeiting of healthcare products;
- The sentencing by the U.S. District Court for the Eastern District of Pennsylvania of Jacques Duplessis, a Florida distributor of counterfeit OneTouch® test strips, to five years of probation, restitution and fines;
- The entry by U.S. federal courts of 59 permanent injunctions against distributors of counterfeit packaged OneTouch® test strips;
- The entry into written agreements with four distributors in New York, Florida, Pennsylvania and Wisconsin that prohibit them from selling gray market OneTouch® test strips; and
- The sentencing by a Shanghai court of a Chinese businessman to 3.5 years in prison and additional penalties for distributing counterfeit OneTouch® test strips.

LifeScan maintains a comprehensive Global Brand Protection program to help guard the health and safety of people with diabetes. The program includes market monitoring to detect counterfeit products; the institution of overt and covert product features to readily distinguish genuine from counterfeit products; and the distribution of genuine products to its customers only through a safe and secure supply chain to ensure the delivery of only authentic OneTouch® blood glucose test strips to patients.



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About LifeScan, Inc.

LifeScan, Inc. is part of the Johnson & Johnson Diabetes Care Companies. With a shared vision of creating a world without limits for people with diabetes, the Johnson & Johnson Diabetes Care Companies is a collaboration of Johnson & Johnson companies dedicated to diabetes and includes LifeScan, Inc., a world leader in blood glucose monitoring; Animas Corporation, maker of innovative insulin delivery systems; and Calibra Medical, Inc. developer of a unique 3-day wearable insulin patch pump. In the US, LifeScan, Inc. is the leading maker of blood glucose monitoring systems and its OneTouch[®] brand products are recommended by more endocrinologists and primary care physicians than any other brand. Globally, more than 10 million people depend on OneTouch[®] brand products for simple testing and accurate results to help them manage their diabetes. For more information visit: www.OneTouch.com.