

PAN PHARMACEUTICALS WINS \$50M SETTLEMENT

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Pan Pharmaceuticals wins \$50m settlement.

THE founder of Australian complementary medicine manufacturer, Pan Pharmaceuticals, which had its licence withdrawn by the Therapeutic Goods Administration in 2003, has received a record \$A50 million (NZ\$62.3 million) compensation payout from the Federal Government.

Jim Selim had sued the TGA for ruining his business, claiming public servants had acted outside their power and with vengeance when withdrawing the licence after concerns over certain products and manufacturing processes, the Sydney Morning Herald reported.

Pan Pharmaceuticals' shareholders lost \$350 million, almost 400 people lost their jobs, and Pan's customers lost hundreds of millions of dollars in business, Mr Selim's lawyer, Andrew Thorpe, said outside the court.

Pan came to public attention in January 2003 after complaints about its anti-travel sickness tablet Travacalm, which allegedly caused hallucinations in some people.

The TGA banned the company's products in Australia, and a similar ban was imposed in New Zealand. About 1500 products were involved.

The payment shocked Trish Worth, the woman who had political responsibility for the TGA at the time, the newspaper reported.

Mr Selim had claimed the authority had conducted a vendetta against his company, and originally sought \$234 million in compensation.

The Australian government is not expected to yield to Mr Selim's demand for a public apology or call a public inquiry into the operations of the TGA, having stated there have already been several reviews and an auditor-general's report on the subject.

The TGA's procedures have been revamped as a result, and the government is considering reforms to sharpen monitoring and regulation of complementary medicines.

The outcome for the Government could get worse if others who lost money now sue the TGA, the report said.

Pan Pharmaceuticals went into liquidation in 2005, owing about \$A180 million. The company had earlier pleaded guilty to 24 charges relating to defective medication, and it was fined \$3 million. Mr Selim launched his legal action against the TGA and the parties reached the A\$50 million settlement, confirmed by the Federal Court, last week.

Despite the settlement, the commonwealth government has not conceded Mr Selim's claims the TGA acted negligently and outside the limits of its statutory powers. Mr Selim is still facing a criminal charge of making or authorising a false statement for benefit.

New Zealand buyers of Pan's products accounted for almost 12% of its annual sales.

Source: Otago Daily Times