BEFORE THE FEDERAL TRADE COMMISSION OF THE UNITED STATES

Application of PFIZER PHARMACEUTICALS, INC. for the Authority to Acquire Wyeth Public Comment: Jorge Corralejo, Latino Chamber of Greater Los Angeles; Len Canty, Black Economic Council; Faith Bautista, Mabuhay Alliance.	FTC No. 091-0053 (Filed October 15, 2009)

PUBLIC COMMENTS ON PFIZER/WYETH AGREEMENT AND CONSENT ORDERS: FAILURE TO CONSIDER THE PUBLIC INTEREST

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Dear Chairman Leibowitz and Commissioners Jones Harbour, Kovacic and Rosch:

Pfizer's disregard of this Commission's processes is evidenced by its decision to spend millions of dollars to announce the successful conclusion of this acquisition while public comments are still pending. This type of corporate arrogance should be punished, not rewarded. Therefore, we request that the FTC release a public statement stating that a final decision on this acquisition will not be made until the closing of the public comment period ending on November 16, 2009. In addition, the FTC should hold public hearings before a final decision is rendered.

We concur with your background statement that the Commission finds that Pfizer/Wyeth had worldwide revenues in 2008 of $71 billion, that Pfizer is the largest pharmaceutical company in the world and that Wyeth is the twelfth largest prescription pharmaceutical company in the US and more importantly, the fourth largest biotechnology company in the world.

Unfortunately, the consent order ignores the realities of the potentially monopolistic conditions set forth in your background analysis. For the eight reasons set forth below, the proposed merger is not in the public interest and is in conflict with a wide range of President Obama's objectives and, to the degree relevant, the expressed views of the majority party in Congress.

Although much attention is given to ensuring competition relating to cattle and other animals, little concern has been given to the impact on humans or their public interest. It appears that this decision is consistent with the prior FTC's laissez faire position under the Bush administration and could further eviscerate the effectiveness of antitrust laws.

Further, the FTC proposal is a signal that other pharmaceutical and biotechnological mergers that are presently in process will be quickly approved, creating a greater concentration of corporate power and ability to ensure that the US consumer pays the highest prescription drug prices in the world. Other key pharmaceutical companies following suit include Merck's merger with Schering-Plough and Abbott Laboratories acquiring Solvay Pharmaceuticals.

Equally important, as many economists have pointed out, approval of a giant merger without any public interest focus will invite, and may necessitate, mergers by at least a dozen other biotechnology and big pharmaceutical companies.

In summary, some of the eight key public interest issues overlooked include:

1) Despite the President's commitment to creating or retaining 3.5 million jobs, this merger will admittedly lose at least 19,500 jobs.

2) Despite the Administration's commitment to lowering drug prices, there is substantial evidence that the quasi-monopolistic conditions created by this merger will significantly raise prices, unfairly protect patents and interfere with the development and marketing of far lower cost generic drugs.

3) Failing to address the largest consumer fraud settlement in American history, relating to Pfizer's February 2009, $2.3 billion civil settlement for poor public policy. The approval of the acquisition without comments and restrictions related to Pfizer's civil fraud is somewhat similar to Bernie Madoff, while imprisoned, being granted the ability to form new private equity firms.

4) The settlement ignores President Obama's concerns about excessive executive compensation and his desire to restrict compensation of health insurers who will benefit from health reform. See, for example, Kenneth Feinberg's slashing of executive compensation by half or more for 7 of the nation's largest companies, which have received billions of dollars in federal assistance to survive the economic crisis. However, the reported compensation in 2008 for the CEO's of Pfizer and Wyeth were a combined $25.8 million ($13.1 million and $12.7 million, respectively).

5) The settlement ignores the growing evidence that half or more of the stated research and development funds are not research and development funds but instead, promotional funds that often are in violation of civil statutes or the public interest. This includes payments of hundreds of millions of dollars to scientists and doctors to promote drugs, generally without any information as to conflicts of interest.

6) Although the SEC is considering diversity information on its 10K reports for all corporations, and President Obama has appointed the most diverse cabinet in history, the lack of diversity at the board of directors and executive level for Pfizer and Wyeth is disturbing and contrary to the Obama administration's objectives.

7) This merger could not have been successfully concluded without multibillions of dollars of direct federal subsidies and therefore requires a higher level of scrutiny. Specifically, four of the five banks who financed the $22 billion deal were major recipients of TARP funds and Pfizer's CEO is now on the Federal Reserve Bank of New York board, with the support of Secretary of the Treasury Geithner.

8) Record profits and higher executive compensation will be the result of the approval of this acquisition. However, neither Pfizer nor Wyeth has any philanthropic commitments to underserved communities that are comparable, for example, to the Bank of America's $1.5 trillion ten year Community Reinvestment Act commitment, which includes $2 billion in cash to underserved communities. At least half of the estimated annual cost savings (up to $6 billion) should be committed for a health effort that addresses

underserved communities, including new immigrant groups not covered by any pending healthcare reform legislation.

<u>Eight Proposed Actions:</u>

The Greenlining Institute and the minority community groups it serves have great admiration and confidence in the Chairman of this Commission and believe that the following could be extremely helpful in achieving President Obama's objectives, including protecting the public interest, ensuring transparency and lowering drug costs.

One, once the public comment period is over, we suggest true Main Street input by conducting at least five public hearings in diverse communities outside the DC beltway. Many other regulatory bodies, such as the Federal Reserve and FCC, routinely conduct such hearings.

Two, specific restrictions should be imposed on executive compensation consistent with those that the President is imposing on financial institutions that have been the beneficiaries of federal government largesse.

Three, further information should be provided on the nature of the job cutting and alternatives to such job cutting. For example, if the top one hundred executives followed the Obama Pay Czar recommendations, thousands of jobs could be saved by applying the savings to retaining research personnel.

Four, an independent audit should be required as to research and development funds to determine the amount that is unrelated to research and development and is against the public interest.

Five, given the extent and severity of the $2.3 billion record fine, Pfizer should, in effect, be on a form of Corporate Probation. This should require quarterly reports on a wide range of public interest issues during the five year period. The Federal Reserve, for example put Citigroup on such probation after it was charged with mortgage fraud in the early part of this decade.

Six, further evidence should be gathered relating to the disparity in drug prices charged in the United States as opposed to the far lower prices in Canada, Great Britain and France. One suggestion would be to require Pfizer to demonstrate on an annual basis the disparities in costs and sales prices of prescription drugs between the United States and the lowest cost developed nation's price. That is, the United States should secure "favored nation" status.

Seven, a significant portion of the $4 to $6 billion in projected annual cost savings, should be used by Pfizer to develop a "voluntary" program to assist the more than 7,000 health clinics in the US addressing the health needs of underserved communities, including immigrants excluded from coverage by pending health care reform legislation.

Eight, Pfizer, serving a nation that is far more than one-third minority, should be urged to have a board of directors that reflects its customer base and similarly, to have senior management that is as diverse as the population of the US and the President's Cabinet.

As set forth above, we urge public hearings and a referral where appropriate, to both the Department of Justice and SEC, before approval is granted.

Respectfully submitted,

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