

**UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**      **Jon Leibowitz, Chairman**  
                                  **J. Thomas Rosch**  
                                  **Edith Ramirez**  
                                  **Julie Brill**

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**In the Matter of**

**Cardinal Health, Inc.**

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**Docket No. C-4339**

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Respondent Cardinal Health, Inc.’s (“Cardinal Health”) acquisition of certain assets of Biotech, violated Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

**I. SUMMARY**

1. Nuclear pharmacies provide radiopharmaceuticals to local hospitals and cardiology clinics, which use the products to diagnose and treat various diseases. Radiopharmaceuticals are drugs containing a radioactive isotope combined with a chemical compound. Due to the fact that the radioactive isotopes in radiopharmaceuticals have short half-lives and decay rapidly, a nuclear pharmacy for all practical purposes can only serve its local area. Accordingly, competition between nuclear pharmacies occurs at the local level.

2. Cardinal Health owns and operates the largest network of nuclear pharmacies in the United States. In July of 2009, Cardinal Health acquired nuclear pharmacies owned by Biotech in Las Vegas, Nevada, Albuquerque, New Mexico, and El Paso, Texas. As a result of the acquisition, Cardinal Health now holds a monopoly in Albuquerque and has obtained large market shares in Las Vegas and El Paso. If allowed to remain, the transaction would likely allow Cardinal Health to increase prices and reduce service to radiopharmaceutical customers in these three cities and surrounding local areas.

## **II. RESPONDENT CARDINAL HEALTH**

3. Respondent Cardinal Health is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal executive offices at 7000 Cardinal Place, Dublin, Ohio 43017.

4. Cardinal Health is a \$99 billion health care services company. Cardinal Health is one of the leading suppliers of pharmaceuticals and medical products in the world. Cardinal Health is also a leading manufacturer of medical and surgical products, including gloves, surgical apparel, and fluid management products. In addition, Cardinal Health operates the nation's largest network of nuclear pharmacies.

## **III. THE ACQUISITION**

5. On or about July 31, 2009, Cardinal Health 414, LLC, a wholly owned subsidiary of Cardinal Health, entered into an Asset Purchase Agreement (the "Agreement") with Biotech Pharmacy, Inc., Biotech Pharmacy of Northern Arizona, LLC, Biotech Nuclear, LLC, Biotech Cyclotron, LLC, Southwest Cyclotron, LLC, Biotech Cyclotron of New Mexico, LLC, Biotech Cyclotron of Arizona, LLC, Biotech Cyclotron of Texas, LLC, Leroy Candelaria, Scott Nelson, Mark Friedlander and Dennis Eshima (collectively "Biotech").

6. Pursuant to the Agreement, Cardinal Health acquired certain assets of Biotech, including nuclear pharmacies owned by Biotech in Las Vegas, Nevada, Albuquerque, New Mexico, and El Paso, Texas (the "Acquisition").

## **IV. JURISDICTION**

7. At all times relevant herein, Cardinal Health is, and has been, engaged in "commerce" as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is, and has been, a "corporation" whose business is in or affects "commerce" as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## **V. RELEVANT PRODUCT MARKET**

8. The relevant product market in which to analyze the effects of the Acquisition is the production, sale, and distribution of single photon emission computed tomography ("SPECT") radiopharmaceuticals (also referred to as "low energy radiopharmaceuticals").

## **VI. RELEVANT GEOGRAPHIC MARKET**

9. The relevant geographic markets in which to analyze the effects of the Acquisition are (i) Albuquerque, New Mexico and surrounding areas (the “Albuquerque market”); (ii) El Paso, Texas and surrounding areas (the “El Paso market”); and (iii) Las Vegas, Nevada and surrounding areas (the “Las Vegas market”).

## **VII. STRUCTURE OF THE MARKETS**

10. Prior to the Acquisition, Cardinal Health and Biotech were the only two providers of low energy radiopharmaceuticals in the Albuquerque market. As a result of the Acquisition, Cardinal Health holds a monopoly in the Albuquerque market.

11. Prior to the Acquisition, Cardinal Health and Biotech were the only two providers of low energy radiopharmaceuticals in the El Paso market. As a result of the Acquisition, Cardinal held a monopoly in the El Paso market, until approximately November of 2010, when Rio Grande Nuclear Pharmacy, LLC, opened in El Paso. Currently, Cardinal Health holds a large market share in the El Paso market.

12. Prior to the Acquisition, there were three providers of low energy radiopharmaceuticals in the Las Vegas market. Cardinal Health and Biotech were the two leading providers, followed by Advanced Isotopes of Las Vegas. As a result of the Acquisition, Cardinal Health obtained and has since held a large market share in the Las Vegas market.

## **VIII. COMPETITIVE EFFECTS**

13. The Acquisition may substantially lessen competition in the relevant markets by, among other things:

- a. Eliminating actual, direct, and substantial competition between Cardinal Health and Biotech;
- b. Reducing the number of significant competitors in each relevant market giving Cardinal Health substantial market power;
- c. Facilitating the ability of Cardinal Health to exercise unilateral market power;
- d. Reducing Cardinal Health’s incentives to improve service or product quality or to pursue further innovation;
- e. Increasing the likelihood of coordinated interaction among the remaining competitors; and
- f. Allowing Cardinal Health, unconstrained by effective competition, to increase prices.

## **IX. ENTRY CONDITIONS**

14. Entry into the relevant markets would not be timely, likely, or sufficient to prevent or deter the likely anticompetitive effects of the Acquisition. Entrants face significant barriers in capturing sufficient business to replicate the scale and strength of either Cardinal or Biotech prior to the Acquisition.

## **X. VIOLATIONS CHARGED**

15. The Agreement constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

16. The Acquisition may substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

**WHEREFORE, THE PREMISES CONSIDERED**, the Federal Trade Commission on this eighteenth day of October, 2011, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark  
Secretary

SEAL: