

Lawndale Tribune

AND LAWNDALE NEWS

The Weekly Newspaper of Lawndale

Herald Publications - Inglewood, Hawthorne, Lawndale, El Segundo, Torrance & Manhattan Beach Community Newspapers Since 1911 - Circulation 30,000 - Readership 60,000 (310) 322-1830 - March 16, 2017

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Centinela Hospital Unveils New Emergency Room



A ribbon-cutting ceremony and community open house took place on March 8 to celebrate the newly expanded emergency room at nearby Centinela Hospital Medical Center (CHMC) as part of a \$100 million campus-wide expansion and renovation effort. Pictured left to right, front row only, are CHMC executives Diane Freeman, Director of Emergency Services; Dr. Lee Weiss, Medical Director; Dr. Robert Chesne, Chief of Staff; Mohammad Naser, Chief Nursing Officer; and Linda Bradley, Chief Executive Officer. (Photo by Craig T. Mathew/Mathew Imaging)

Drug Maker Doesn't Have to Explain Price Hikes to Shareholders

By Rob McCarthy

Call this a case of the right hand not knowing what the left hand is doing. A federal government lawyer told one of the country's largest pharmaceutical companies last month it can remain silent about why it raised prices on life-saving therapies. The irony here is that the people asking for that information are concerned shareholders of the biotech company Amgen whose CEO was called recently to the White House for a meeting with the President.

Amgen is based in Thousand Oaks, yet it is a darling with fund managers and South Bay investors because of the company's sustained growth and annual profits that will return \$11 or \$12 per share to investors this year. The company earned \$6 billion in profit last year, and made \$16.6 billion in sales on its 10 top-selling therapies. A faith-based shareholder group that includes the Catholic healthcare system Dignity Health filed a proposal last fall asking Amgen's management to explain to the stockholders why it raised prices on some drugs dating back to 2010.

Specifically, the Mercy Investment Services group asked for details about the company's rates of price increases and the reasoning behind them. The request included any assessment of risks to Amgen from price hikes on its 10 best-selling drugs. An attorney for the group argued to the SEC that the healthcare debate in Washington and public opinion over patient-drug costs put Amgen and its investors on shakier ground in 2017. Stockholders could be affected if the federal government caps reimbursement for prescription drugs covered through Medicare and Medicaid, attorney and former law school professor Paul Neuhauser wrote to the SEC in January.

That letter was a follow-up to another one sent last fall to Amgen CEO Robert Bradway and his management team. The Mercy Investment members were worried about public outrage over pharmaceutical prices and by comments made by President Trump during his campaign.

Trump said that drug makers were "getting away with murder" and vowed the federal government would negotiate lower prices on his watch.

The group is largely comprised of religious groups, including the Dignity Health system that operates clinics in Inglewood and Torrance. Their attorney reminded the SEC staff that in the past they had sided with shareholders wanting drug makers to explain to them how prices were set on FDA-approved medicines. Amgen, in its own letter to the SEC, said that it already provides drug information on its website. However, the faith-based group says the drug maker is being secretive and that the information it wants is more detailed than what the company has divulged publicly.

Drug pricing represents a moral issue for the religious community, Neuhauser said, noting that CEOs of major drug companies have appeared before Congress and been roundly criticized over increases to drug costs, including a 400 percent hike for EpiPen, used by children with severe food allergies. Turing Pharmaceuticals caught flak from Congress and the public after it hiked the price by 5,000 percent on an anti-parasite therapy called pyrimethamine.

President Trump in January met at the White House with pharmaceutical executives, including Amgen CEO Robert Bradway. One topic of discussion reportedly was the need to make drugs cheaper for U.S. patients. The President promised U.S. corporate tax cuts from his administration and gave the CEOs a tour of the White House, but he didn't ask for any specific commitments from the pharmaceutical executives on capping their pricing. The interfaith shareholder group is keenly aware that the President, Congress, insurers and patients are closely watching how Amgen and the industry, known as Big Pharma, respond to the palpable dissatisfaction with high drug costs.

Amgen's business plan "can be upset if there's enough public pressure," Neuhauser said. The company's revenues grew by eight percent annually over a five-year period, according to

Amgen figures.

Amgen attorney Andrea Robinson successfully argued that drug pricing falls into ordinary business operations, which needn't be discussed with shareholders under SEC rules. In a letter dated January 10 to the SEC's Division of Corporation Finance, Robinson reminded the commission staff that the exemption exists so that stockholders of a publicly owned company don't micromanage how it conducts business. That includes how it sets prices and prepares for any backlash, she wrote.

"The supporting statement further requests that the Company provide 'detailed justification for price increases.' These mandates demonstrate that the Proposal is seeking to probe deeply into matters of a complex nature upon which stockholders, as a group, are not in a position to make an informed judgment," Robinson wrote.

SEC staff issued its legal opinion in the Amgen matter on February 10 in favor of the drug maker. Though the opinion is non-binding, the Mercy Investments group will not pursue the issue with Amgen at this year's shareholder meeting, the group's attorney said.

Identically worded proposals were submitted to at least eight U.S. drug makers, and SEC staff gave a thumbs down to each shareholder plan for more transparency about drug pricing. Mercy Investment members were involved in some, but not all, of the calls for more transparency from the pharmaceutical industry, Neuhauser confirmed. It's possible his client will pursue this issue next year with Amgen management, he said.

Other drug makers being pushed by stockholders for more transparency about their pricing decisions include some of the largest pharmaceutical companies in the country. SEC staff in February blocked proposals filed with Biogen, Bristol-Myers, Eli Lilly, Gilead Sciences, Merck & Co., Pfizer and Vertex Pharmaceuticals, according to SEC records. The campaign by

Weekend Forecast

Friday

AM Clouds/
PM Sun
70°/57°



Saturday

AM Clouds/
PM Sun
65°/56°



Sunday

AM Clouds/
PM Sun
66°/55°



See Price Hikes, page 8

PETSPETS **Pets** PETSPETS

Purrrfect Companions



Lilo

Kitten Rescue is honored to be an official charity of the 2017 Skechers Performance Los Angeles Marathon for the sixth year in a row! Join one of our three teams and help us reach our fundraising goal of \$100,000! Not up for a full marathon? Then help us save homeless animals by joining "Team Kitten Rescue" in the 5K of the Los Angeles Marathon on Sunday, March 19 (a link to more info is available on the home page of our website...www.kittenrescue.org).

Take a look at this week's featured kitties (with many more waiting for you on our website). All of these cats and kittens are waiting to share their love with their purr-fect someone who will give them a new forever home.

Lilo is a gorgeous, playful lady with a striking white heart on her jet-black chest. She's loving as can be and is especially dedicated to her brother Stitch, with whom she would love to find a home. When she can't find him or a human companion, she runs around the house calling for someone until she finds her brother or a lap on which to sit. She is litter-trained and ready to go home with you!

For you admirers of handsome, gray boy kitties, you've found your man. **Stitch** is an absolute purr machine who is curious, gentle, loves cuddles and is just an all-around sweetheart. He's a vocal guy--not in the yowling sense--but he loves to talk to you about what he's doing! He is especially fond of his sister Lilo and would love to find a home with her. He has spent some time around small children and is so great with them! He is also litter-trained and is waiting for a home with you.

Gypsy is a fun, playful, adventurous girl with an unusual, adorable meow. She spends her days playing with her cat toys, climbing her cat tree and roaming around her foster home looking for her next adventure. She is a very sweet kitty that loves cuddle sessions. Gypsy is very social and doesn't like to be left home alone, so ideally she would be adopted into a home with another cat or adopted together with another Kitten Rescue kitten. She is young enough to adapt to a household with dogs, but needs a kitty companion too.



Gypsy



Stitch

Ginger is a beautiful girl. She is very affectionate and loving once she warms up and gets to know her people. She is good with dogs that don't chase and she warms up to other cats. Ginger loves to be petted and brushed, and will crawl on a person to whom she can give kisses (light licks). She has been completely vetted (including recent blood work and a full dental). She is easygoing, well-behaved and flexible. Ginger would do well in almost any safe and loving home, but could especially be good as a wonderful lap buddy to an older person.

Ragnar is pure joy. It must be good to be Ragnar because everything is just so much fun for him. He is a super sweet, cuddly, affectionate goofball with just a hint of cerebellar hypoplasia (his reward for surviving pan leukopenia). It's not enough to cause any real impairment, but just enough that he has a slight head bobble and is clumsy in a very endearing way. It certainly doesn't slow him down, as he gets the zooms just like any other kitty his age. Ragnar has been brought up in a home with several cats and kittens as well as dogs. He's more a fan of his feline compadres and would be a great companion for anyone who likes to cuddle and play. Ragnar will let you pick him up and carry him around like a baby, and will bring a smile to your face with his sweet and clumsy shenanigans.

Mable was discovered in a very pregnant state on a cold, rainy night in December. She was looking for a warm, dry place to deliver her kittens. We brought her inside, and the next morning she delivered two beautiful babies. Mable has been a wonderful mommy, and successfully weaned and raised two adorable kittens. She is a gorgeous, sweet and affectionate kitty who loves to sleep and cuddle with people. Still a young kitty herself, she can be very curious and playful. She was temporarily named "Mable" because she looks like she is wearing Maybelline eyeliner!

Phoenix was found living on the street as a kitten and was so happy to be rescued. He is a very friendly boy who loves affection. He is the perfect companion to cuddle up with while



Ragnar



Ginger

binge-watching Netflix. Phoenix likes to spend his days wrestling with his foster siblings and playing with his cat toys. On his breaks, he loves to bask in the sun atop the cat tree or stretch out on the bed. Phoenix is gentle and loving and gets along with the other kitties in his foster home. This handsome young guy has a long, beautiful, fluffy tail like a squirrel and big, soulful, puppy dog eyes.

Penelope is a sweet, delicate and elegant kitty with a huge personality. She has long,

soft hair and a fluffy tail that is to die for! She also has great markings. Did you notice her white mustache? Penelope was rescued along with her mom and siblings and has been socialized with other cats and dogs. She equally enjoys playing with her sibling or her best friend, a Chihuahua pup. With her "good morning kisses," you will never have a bad day again, guaranteed!

These kitties are available for adoption through Kitten Rescue, one of the largest cat rescue groups in Southern California. All our kitties are spayed/neutered, microchipped, tested for FeLV and FIV, dewormed and current on their vaccinations. For additional information and to see these or our other kittens and cats, please check our website www.kittenrescue.org or email us at mail@kittenrescue.org.

Your tax-deductible donations for the rescue and care of our cats and kittens can be made through our website or by sending a check payable to Kitten Rescue, 914 Westwood Boulevard, #583, Los Angeles, CA 90024.

On Saturdays, we have adoptions from noon to 3:30 p.m. in Westchester at 8655 Lincoln Boulevard just south of Manchester Avenue, and also in Mar Vista at 3860 Centinela Avenue just south of Venice Boulevard. Our website lists additional adoption sites and directions to each location. •



Phoenix



Mable

Price Hikes

from front page

faith-based investors, many of them members of an interfaith push for corporate responsibility, doesn't appear to be finished. The SEC staff's decision not to recommend any enforcement action against drug makers for ignoring these shareholder requests only covers this year, so they could be back.

"The first shareholder proposal on drug pricing that I'm aware of was successful in the 1990s," Neuhauser said. "There have been successful ones since. I think the problem this year was more the way it worded than the basic notion."

Shareholders in three 2015 cases overcame a drug maker's resistance to producing its pricing data, according to Neuhauser. In each case, the companies argued like Amgen that investors were trying to micromanage the business operations, yet SEC staff rejected the argument Neuhauser presented in January in writing. The former law school professor pointed to other SEC's staff opinions regarding drug companies and price-setting.

"This is not too intricate a matter for shareholders to understand. Note that it is the rate of increase that is being requested, not the actual prices charged. Indeed, the proposal 'micromanages' significantly less than the proposals that were deemed not to micromanage in Celgene Corp. (March 9, 2015), Vertex Pharmaceuticals Inc. (February 25, 2015) and Gilead Sciences, Inc. (February 23, 2015)," he wrote.

Calls to Amgen representatives for comment about the pricing of its leading drug therapies went unreturned as of late last week. The company's website did not mention the SEC lawyer's favorable ruling.

Amgen had product sales of \$21.9 billion last year, and total revenues increased six percent, according to 2016 financials. Drug sales grew six percent in 2016 over the previous year, led by a 49 percent increase in sales of Blincyto for leukemia patients. The company's other big gainers for the year included Kyprolis for treatment of myeloma--up 35 percent--and bone-density-building Prolia, which was up 25 percent in annual sales.

The top-10 sellers for Amgen, which the shareholder group targeted in its proposal, generated \$16.6 billion for the biotech firm last year. Only a dozen or so drug companies outsell this Southern California success story.

The company can choose to address at its annual shareholder meeting the drug-pricing issue and the risks from the current political debate over healthcare costs in the nation's and state capitals, but for now the federal government watchdog over publicly traded companies won't force pharmaceutical makers to say anything. This ruling is corporate America's version of the Miranda rule. The SEC decided a drug maker has the right to remain silent, even when it's the investor-owners of the company asking the questions. •