



## **Cardinal Health sued by Medicine Shoppe, Medicap pharmacy franchisees**

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THE COLUMBUS DISPATCH

Cardinal Health has been sued by franchisees of its Medicine Shoppe and Medicap retail pharmacies, who allege Cardinal engaged in "heavy-handed tactics" and "predatory pricing" in trying to renegotiate their franchise agreements in 2009.

The class-action suit was filed today in U.S. District Court for the Southern District of Ohio. Cardinal Health, the largest company in Ohio by revenue, is based in Dublin.

Some franchise owners were required under a new contract to pay an early termination fee of \$1 million or more, according to a statement from representatives of the more than 600 pharmacies involved. They also allege the franchise owners were forced to agree to purchase goods only from Cardinal Health for more than a dozen years.

The suit alleges some of these store owners were defrauded when Cardinal accepted tens of millions of dollars in prepaid franchise fees, and then proceeded to reduce services.

Other owners who did not sign on to the new agreement were damaged by the "arbitrary reduction" of services, the suit alleges, while Cardinal undercut them by offering drastically lower fees to new franchisees.

A Cardinal spokesman could not immediately be reached for comment.