

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 99284 / January 8, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19899**

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**In the Matter of**

**VALEANT PHARMACEUTICALS**  
**INTERNATIONAL, INC., N/K/A**  
**BAUSCH HEALTH COMPANIES INC.,**

**Respondent.**

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**ORDER CONSOLIDATING FAIR**  
**FUNDS AND SETTING DEADLINE TO**  
**SUBMIT PROPOSED PLAN OF**  
**DISTRIBUTION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19900**

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**In the Matter of**

**J. MICHAEL PEARSON,**

**Respondent.**

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**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19901**

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**In the Matter of**

**HOWARD B. SCHILLER,**

**Respondent.**

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**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19902**

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**In the Matter of**

**TANYA R. CARRO, CPA,**

**Respondent.**

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On July 31, 2020, the Commission issued four separate, but related settled orders (collectively, the “Orders”) against Valeant Pharmaceuticals International, Inc. n/k/a Baush Health Companies Inc. (“Valeant”),<sup>1</sup> J. Michael Pearson (“Pearson”),<sup>2</sup> Howard B. Schiller (“Schiller”),<sup>3</sup> and Tanya R. Carro, CPA (“Carro”) (collectively, the “Respondents”).<sup>4</sup> In the Orders, the Commission found that beginning in 2014, when announcing certain GAAP and non-GAAP financial measures, Valeant among other things, misstated revenue transactions and included erroneous revenue allocations. For example, the Orders found that, for five consecutive quarters, Valeant, former CEO Pearson, former CFO Schiller, and former controller Carro, touted double-digit same store organic growth, a non-GAAP financial measure that represented growth rates for businesses owned for one year or more. Much of that growth came from sales to Philidor, a mail order pharmacy Valeant helped establish, fund and subsidize. The Orders found that Valeant improperly recognized revenue relating to Philidor sales and did not disclose its unique relationship with or risks related to Philidor in SEC filings and earnings and investor presentations. Valeant ended its ties to Philidor in October 2015 and restated its 2014 financial statements in April 2016, reducing the revenue that was improperly recognized.

The Orders also found that Valeant failed to disclose the material impact of certain revenue it received from drug wholesalers following a 500% increase of the price of a single

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<sup>1</sup> See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, Securities Act Rel. No. 10809 (July 31, 2020), (Admin. Proc. File No. 3-19899) (the “Valeant Order”).

<sup>2</sup> See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, Securities Act Rel. No. 10810 (July 31, 2020), (Admin. Proc. File No. 3-19900) (the “Pearson Order”).

<sup>3</sup> See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, Securities Act Rel. No. 10811 (July 31, 2020), (Admin. Proc. File No. 3-19901) (the “Schiller Order”).

<sup>4</sup> See Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, Securities Act Rel. No. 10812 (July 31, 2020), (Admin. Proc. File No. 3-19902) (the “Carro Order”).

drug that Valeant acquired in April 2015. Valeant erroneously attributed the resulting revenue to more than 100 unrelated products and did not record any as attributable to that drug.

Additionally, in its SEC filings and earnings presentations for the second and third quarters of 2015 and its 2015 year-end report, Valeant failed to disclose the impact of that allocation on its GAAP and non-GAAP financial measures.

In their respective orders, Valeant, Pearson, Schiller, and Carro were ordered, among other things, to pay civil penalties in the amount of \$45 million, \$250,000, \$100,000, and \$75,000, respectively, for a total of \$45,425,000 to the Commission. In each of the Orders, the Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties collected can be distributed to harmed investors.

Respondents have paid a collective total of \$45,425,000.00 in civil penalties, as ordered, into their respective Fair Funds. The Fair Funds are currently on deposit in Commission-designated accounts at the United States Department of Treasury. Any interest accrued will be added to the Fair Funds for the benefit of investors harmed by the conduct described in the Orders.

The Division of Enforcement (the “Division”) recommends that the Fair Funds created pursuant to the Pearson Order, Schiller Order, and Carro Order be consolidated with the Fair Fund created pursuant to the Valeant Order for the purposes of distribution administration (the “Valeant Fair Fund”).

The Division also recommends that the Commission, in accordance with Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”),<sup>5</sup> set June 30, 2024 as the date by which the Division will submit a proposed plan of distribution

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<sup>5</sup> 17 C.F.R. § 201.1101(a).

(“Proposed Plan”) for the Valeant Fair Fund. In making this recommendation, the Division states that it requires sufficient time to complete the fund administrator solicitation and appointment process, develop the distribution methodology, and prepare a Proposed Plan.

Accordingly, IT IS HEREBY ORDERED that the Fair Funds created pursuant to the Pearson Order, Schiller Order, and Carro Order are consolidated with the Fair Fund created pursuant to the Valeant Order for the purposes of distribution administration; and in accordance with Rule 1101 of the Commission’s Rules,<sup>6</sup> the Division will submit a Proposed Plan for the Valeant Fair Fund by June 30, 2024.

By the Commission.

Vanessa A. Countryman  
Secretary

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<sup>6</sup> 17 C.F.R. § 201.1101(a).