

COFECE's investigation led Moench Coöperatif and Luis Doporto Alejandro to restore competition in the pharmaceutical market

- *COFECE was conducting an investigation in the pharmaceutical market.*
- *During the process, COFECE found indications that, under certain conditions, the Nadro company could take control over Mazram.*
- *The Federal Economic Competition Law stipulates that economic agents implicated in an investigation over these types of conducts have the right to solicit an exemption or fine reduction on one occasion, in exchange for restoring competitive market conditions.*
- *Both Moench and Doporto Alejandro presented and accepted commitments established by COFECE, which led to the early closing of the procedure, as stipulated in the law.*
- *Compliance with commitments will be verified by COFECE through diverse monitoring mechanisms. Failure to comply could result in a fine of up to 8% of their income.*

Mexico City, October 16, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Board of Commissioners stipulated a set of commitments aimed at restoring competition in the market for distribution and wholesale commercialization of pharmaceutical, personal care and beauty products nationwide (the investigated market) to be carried out by the Dutch fund *Moench Coöperatif (Moench)* and Luis Doporto Alejandro. The former resulted from investigation IO-001-2017 for the possible unlawful concentration, which revealed indications to a financing and contractual guarantees scheme that, under certain conditions, could result in *Nadro's* control over *Mazram*.



In April 2016, published journalistic articles¹ stated that, a complex transaction resulted in *Moench* obtaining a loan from Marina Matarazzo - Pablo Escandon's wife, majority shareholder and chairman of *Nadro's* Board, the pharmaceutical distributor-to finance the acquisition of *Mazram* shares, which participates in the Mexican pharmaceutical market. COFECE's Investigative Authority initiated an ex-officio investigation (file IO-001-2017) to determine the existence of a possible unlawful concentration between *Nadro* and *Mazram*, which could have the purpose or effect of hindering, diminishing, harming or obstructing competition and free market access in the investigated market.

The Federal Economic Competition Law allows for economic agents under investigation to present viable economic and legal commitments with the purpose of restoring competition and free market access in the investigated market for early closure of the file, thus avoiding fines in exchange for voluntarily accepting to carry out restorative measures. These commitments may be modified by COFECE's Board of Commissioners, when deemed necessary, as in this case.

The Board of Commissioners assessed and modified the commitments presented by *Moench* and Luis Doporto Alejandro, which were accepted. This resulted in the early closure of the file, with which *Moench* and Doporto are required to, among other commitments, demonstrate before COFECE, in a determined timeframe, that all connections between *Nadro* and *Marzram* have been eliminated. Failure to comply could result in fines up to 8% of their income.

COFECE will verify full compliance of commitments through diverse monitoring mechanisms.

[See in Spanish, what is a concentration? and What is an unlawful concentration?](#)

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a "level playing field" for companies.

¹ Aristegui Noticias. *Al descubierto, compleja operación para controlar el mercado de medicinas*, available at <https://aristeguinoticias.com/0604/mexico/las-medicinas-en-poder-de-pocos/>

Revista Proceso. *Mediante "offshores", jugaron con la salud de los mexicanos*, available at <https://www.proceso.com.mx/436849/mediante-offshores-jugaron-la-salud-los-mexicanos>

