

Sacklers threaten to scrap opioid deal if they aren't shielded from lawsuits

Enlarge / PURDUE PHARMA, STAMFORD, CT, UNITED STATES – 2019/09/12: Members of P.A.I.N. (Prescription Addiction Intervention Now) and Truth Pharm staged a protest on September 12, 2019 outside Purdue Pharma headquarters in Stamford, over their recent controversial opioid settlement.

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Lawyers for OxyContin-maker Purdue Pharma filed a new complaint late Wednesday threatening that the company's mega-rich owners, the Sackler family, could pull out of a proposed multi-billion-dollar opioid settlement deal if a bankruptcy judge doesn't shield the family from outstanding state lawsuits.

Purdue's lawyers argue that if the lawsuits continue, the Sacklers will have to waste "hundreds of millions of dollars" on legal costs that could otherwise go to claimants in the settlement. The family's lawyers added that in that event, the family "may be unwilling—or unable—to make the billions of dollars of contributions" to the proposed settlement.

State attorneys general, however, argue that the tactic is yet another move designed to shield the Sacklers and their ill-gotten wealth.

“This filing isn’t a surprise. It’s yet another effort by Purdue to avoid accountability and shield the Sackler family fortune, and we will be opposing it,” Maura Healey, the attorney general of Massachusetts, told the New York Times.

Dubious deal

Purdue Pharma filed for Chapter 11 bankruptcy protections Sunday, September 15 as part of a proposed global deal to settle around 2,000 lawsuits, mostly from state and local governments. The complaints are over Purdue’s alleged role in fueling the epidemic of opioid addiction and overdoses with its aggressive and misleading marketing of highly addictive painkillers.

The epidemic killed nearly 400,000 Americans between 1999 and 2017, according to the Centers for Disease Control and Prevention. On average, 130 Americans die each day from an opioid overdose.

Purdue’s lawyers say that the proposed settlement deal will value between \$10 billion to \$12 billion in time. Purdue would be restructured to a “public benefit trust” while turning over assets and providing addiction treatment and anti-overdose drugs. The deal involves the Sackler family giving up ownership of the company and kicking in at least \$3 billion of their own funds to the settlement. Their contribution could potentially be as high as \$4.5 billion, depending on what they get from the sale of their international company, Mundipharma.

Purdue is estimated to have made more than \$35 billion from OxyContin, and the Sacklers have an estimated family fortune of \$13 billion, largely thought to be from Purdue’s OxyContin profits.

Thousands of municipal governments and nearly two dozen states have tentatively agreed to the deal, while around two dozen other states involved are against it.

Benefits and risks

The bankruptcy filing automatically protects Purdue Pharma from civil suits, but cases brought by states are an exception and could potentially be allowed to continue. Purdue has asked that the cases be halted while the settlement is worked out.

The Sacklers, who have not filed for bankruptcy, are not entitled to any such protections from ongoing litigation. However, it is possible that the judge will grant the request.

Melissa Jacoby, a bankruptcy law expert at the University of North Carolina at Chapel Hill, commented to the Times that “the Sacklers don’t want to file for bankruptcy because that would expose all their finances as well as the transactions they made with Purdue... [they] want the benefit of bankruptcy without the burdens of bankruptcy.”

The point echoes those from state attorneys general opposed to the settlement deal, who allege that the Sacklers drained Purdue of billions of OxyContin profits and have worked to obscure the money and its whereabouts. Late last week, New York attorney general’s office announced it had tracked wire transfers made by the Sacklers totaling at least \$1 billion. Some of the transfers moved money from Purdue to family members via Swiss bank accounts and obscure real estate entities.

The Washington Post noted that Connecticut Attorney General William Tong said in April, “We will not allow Purdue Pharma to cry poverty after illegally transferring hundreds of millions of dollars to members of the Sackler family—unearned funds these individuals reaped as Connecticut families suffered.”

In a statement to the Times, members of the Sackler family said, “We remain committed to working with all attorneys general, cities, counties, towns and other parties to

implement a resolution that provides meaningful resources and substantial funding to people and communities who need help now.”

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