

Purdue Pharma, accused of deliberately fueling deadly US opioid crisis, files for bankruptcy

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Purdue Pharma, the producer of OxyContin, filed for Chapter 11 bankruptcy protection Sunday. The move is part of an effort to settle litigation with dozens of states and other plaintiffs who charge the company deliberately fueled the opioid crisis while pocketing tens of billions of dollars.

The filing is a contemptuous slap in the face to the thousands who have suffered addiction, overdose and death from opioids along with the communities they live in. The opioid epidemic now kills 70,000 people a year in the US. Under terms of the settlement, Purdue Pharma would admit to no guilt for the epidemic and its owners would take away billions in personal wealth.

Purdue Pharma is principally owned by the descendants of Mortimer and Raymond Sackler, both physicians. The Sackler family issued a statement feigning sympathy for the victims of the opioid crisis. “Like families across America, we have deep compassion for the victims of the opioid crisis,” it said, calling the settlement a “historic step toward providing critical resources that address a tragic public health situation.”

The bankruptcy filing in New York came just days after the Stamford, Connecticut-based pharmaceutical struck a deal with more than 2,000 local governments across the US over its alleged role in creating and fueling the deadly epidemic. Purdue’s board of directors approved the settlement Sunday, in which the Sackler family agrees to relinquish ownership of the privately held and immensely lucrative company. The company would be restructured as a public beneficiary trust.

The Sacklers also agreed to provide \$3 billion in cash over several years and pledged future revenue from the

sales by Purdue, for an estimated total of \$12 billion, to go to the communities most sharply affected by the opioid crisis. Twenty-six states opposing the deal contest this estimate, saying they will take the Sackler family to state courts in an attempt to seize some portion of the Sackler family’s fortune.

Purdue Chairman Steve Miller said in a statement: “The resumption of litigation would rapidly diminish all the resources of the company and would be lose-lose-lose all the way around. Whatever people might wish for is not on the table now.”

The Sackler family still completely owns Purdue Pharma and an estimated \$13 billion net worth is shared among some 20 family members. The settlement and bankruptcy filing would allow the family to pay what amounts to a pittance for them, \$3 billion, and exit the company with no guarantee that the rest of the funds will ever reach its victims.

From 1995—when Oxycontin was introduced—to 2011, the drug brought in \$2.8 billion in revenue for Purdue Pharma. By 2017, cumulative revenue from the drug had skyrocketed to an obscene \$35 billion. These billions were the result of a deliberately false advertising campaign, which claimed that the 12-hour extended-release opioid was not addictive. The company aggressively pressured doctors to prescribe the drug, offering them paid speaking engagements, free trips to pain-management seminars and other perks.

According to data released by the US Drug Enforcement Agency (DEA) and analyzed in a July report by the *Washington Post*, between 2006 to 2012, drug companies—with Purdue in the lead—poured 76 billion oxycodone and hydrocodone pills into US

neighborhoods, enough to provide every adult and child in the country with 36 pills each per year. The ensuing epidemic has placed an immense strain on healthcare systems, social services, and the foster care system. Big Pharma made countless billions as a direct result of this human suffering.

The prescription opioid epidemic claimed a staggering 100,000 lives during this period. Purdue Pharma and the Sackler family should be held responsible for their central role in creating the misery and death wrought by their unscrupulous and criminal practices. Their strategy of filing for bankruptcy and providing a token payout is aimed at avoiding any accountability for the opioid crisis while protecting their billions.

It is questionable whether the plaintiffs involved in the settlement will ever see the pledged \$12 billion, most of which must come from the company. Carl Tobias, a law professor at the University of Richmond, told *USA Today*, “Purdue is not worth much because it has few resources now.” He said Purdue’s continued operation, and payment of the settlement, depends on “dubious contingencies,” including international holdings and developing new drugs that must be approved by the Food and Drug Administration.

More than 130 people will die *every day* from opioid overdoses in 2019, according to the Centers of Disease Control and Prevention. The CDC estimates that the total “economic burden” of prescription opioid misuse alone is \$78.5 billion annually, “including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement.”

But the Sacklers are offering to pay 1/26th of this amount as the entire settlement. They will then go on with their lavish lifestyles and philanthropic endeavors while leaving behind a trail of human suffering and death that is of their own making.

It seems that the Sacklers have been preparing their golden-parachute exit in advance of the bankruptcy filing. Eight members of the family were listed as active or former members of the Purdue board of directors in 2018. By early 2019 all family members had left the board, leaving none on the panel.

Court filings assert that Sackler family members were paid more than \$4 billion by Purdue from 2007 to 2018. A filing by the New York attorney general’s office claims the family placed \$1 billion in Swiss and other

hidden bank accounts in recent years. Many states have claimed that the Sacklers worked to shield their wealth due to the growing legal threat against them and Purdue. It is highly likely that other Sackler funds are stashed elsewhere.



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