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Sacklers to pay \$6 billion to settle Purdue opioid lawsuits

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March 3 (Reuters) - The Sackler family owners of Purdue Pharma LP reached a deal with a group of attorneys general to pay up to \$6 billion in cash to resolve widespread litigation alleging that they fueled the U.S. opioid epidemic, bringing the OxyContin maker closer to exiting bankruptcy.

The attorneys general for eight states and the District of Columbia, who had blocked a previous settlement that included a \$4.3 billion cash payment, announced the deal after weeks of mediation with the Sacklers.

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The family agreed to pay at least \$5.5 billion in cash, which will be used for abating a crisis that has led to nearly 500,000 U.S. opioid overdose deaths over two decades.

The value of the deal could grow as the family members sell additional assets.

The Sackler family owners said in a statement that they "sincerely regret" that OxyContin "unexpectedly became part of an opioid crisis."

The family members said they acted lawfully but a settlement was by far the best way to help resolve a "serious and complex public health crisis."

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U.S. Bankruptcy Judge Robert Drain must approve the deal, which protects the Sacklers from civil lawsuits. Purdue requested a March 9 hearing for Drain to review the agreement.

Purdue said on Thursday that the new settlement would provide additional funding for opioid abatement programs, overdose rescue medicines, and victims, while putting the company on track to resolve its bankruptcy case on "an expedited schedule."

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When the bankruptcy plan takes effect, Purdue Pharma will cease to exist. It will emerge as a new company, Knoa Pharma LLC, owned by the National Opioid Abatement Trust, an entity controlled by creditors of Purdue.

Opioid overdose deaths soared to a record during the COVID-19 pandemic, including from the powerful synthetic painkiller fentanyl, the U.S. Centers for Disease Control and Prevention has said.

The Sacklers' agreement follows an announcement on Friday by the three largest U.S. drug distributors and Johnson & Johnson ([JNJ.N](#)) that they would finalize a \$26 billion plan to settle allegations over their role in the opioid crisis. [read more](#)



[1/2] Bottles of prescription painkiller OxyContin, 40mg pills, made by Purdue Pharma L.D. sit on a shelf at a local pharmacy, in Provo, Utah, U.S., April 25, 2017. REUTERS/George Frey [Purchase Licensing Rights](#)



Purdue filed for bankruptcy in 2019 in the face of thousands of lawsuits accusing it and members of the Sackler family of fueling the opioid epidemic through deceptive marketing of its highly addictive pain medicine.

The company pleaded guilty to misbranding and fraud charges related to its marketing of OxyContin in 2007 and 2020. Members of the Sackler family have denied wrongdoing.

The new deal was announced over two months after U.S. District Judge Colleen McMahon overturned the earlier settlement, which contained sweeping legal protections for the Sacklers from future opioid-related litigation.

Eight states, Washington D.C. and the U.S. Department of Justice's bankruptcy watchdog said at the time that the Sacklers should not be afforded such protections since they did not file for bankruptcy themselves.

While bankruptcy judges have increasingly granted such releases over the years when approving a reorganization plan, McMahon ruled that the bankruptcy court did not have that legal authority.

As part of the new deal, the holdout states and D.C. agreed to drop their opposition to the protections.

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Tong and the mediator urged Drain to allow victims of the opioid epidemic to address the court when the judge considers approving the settlement and to order the Sackler family members to attend.

The mediator, U.S. Bankruptcy Judge Shelley Chapman, said in a court filing it was her "heartfelt belief" that doing so would "serve the ends of justice."

Under Thursday's settlement, \$276 million of the increased Sackler contribution will be dedicated to the eight states that had opposed the prior deal and the District of Columbia.

Reporting by Tom Hals in Wilmington, Delaware and Jonathan Stempel and Dietrich Knauth in New York; Editing by Noeleen Walder and Bill Berkrot

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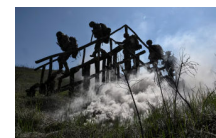
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