LEGISLATIVE ANALYSIS AND PUBLIC POLICY ASSOCIATION

# Case Law Monitor

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Each issue of *Case Law Monitor* highlights cases from around the United States in the areas of public health and safety, substance use disorders, and the criminal justice system. Every other month, LAPPA will update you on cases that you may have missed but are important to the field. We hope you find the *Case Law Monitor* helpful, and please feel free to provide feedback at info@thelappa.org.

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## BRONX DAYCARE OWNER SENTENCED TO 45 YEARS FOR FENTANYL TRAFFICKING

***United States v. Grei Mendez, et al.*, U.S. District Court for the Southern District of New York, Case No. 1:23-cr-00504-JSR (sentence issued March 3, 2025).** For previous updates on this case, please refer to the December 2024 issue of the LAPPA *Case Law Monitor*, available here. A federal district court has sentenced Bronx, New York daycare owner Grei Mendez to 45 years in prison for trafficking fentanyl out of the daycare, which resulted in the death of one child and the hospitalization of three other children. In addition to the prison term, the court also sentenced Mendez to five years of supervised release. Mendez pleaded guilty to the

charges in October 2024. The case remains ongoing against Carlisto Acevedo Brito, the man who lived inside the daycare facility, as he has not entered a plea deal. All of the other co-defendants in the case have pleaded guilty and have been sentenced by the court. *(Return to In This Issue)*

## INDIAN NATIONAL SENTENCED FOR CONSPIRACY TO DISTRIBUTE CONTROLLED SUBSTANCES

***United States v. Nitin Mishra*, U.S. District Court for the District of Vermont, Case No. 2:22-cr-00099 (sentence issued February 3, 2025).** A federal district court has sentenced Nitin Mishra, an Indian national, for conspiring to distribute controlled substances and distributing controlled substances in connection with an international drug trafficking operation. The court sentenced Mishra, who had already spent 28 months in custody, to time served and ordered him to pay $7,300 in forfeiture. According to court records, from 2019 to June 2021, Mishra conspired with two Vermont residents to send multiple shipments of controlled substances into the United States. The co-conspirators would then reship and distribute these drugs to individuals located throughout the country. The scheme involved tens of thousands of pills, including tapentadol, a Schedule II controlled substance, and tramadol, carisoprodol, and zolpidem, which are all Schedule IV controlled substances. *(Return to In This Issue)*

## INDIA-BASED CHEMICAL COMPANY AND OFFICERS INDICTED FOR IMPORTATION OF FENTANYL PRECURSOR CHEMICALS


***United States v. Vasudha Pharma Chem Limited, et al.*, U.S. District Court for the District of Columbia, Case No. 1:25-cr-00074-JMC (indictment filed March 20, 2025).** The U.S. Attorney's Office for the District of Columbia has filed an indictment against the India-based chemical manufacturing company Vasudha Pharma Chem Limited (VPC) and three of its high-level employees accusing them of illegally importing fentanyl precursor chemicals. According to the indictment, VPC advertised fentanyl precursor chemicals for sale on its website, in marketing materials, and at international trade shows. From March 2024 through November 2024, the defendants conspired to distribute fentanyl precursor chemicals knowing that they would be unlawfully imported into the U.S. and used to make fentanyl. On two occasions, the defendants allegedly sold 25 kilograms of the fentanyl precursor chemical N-BOC-4-piperidone to an undercover U.S. Drug Enforcement Administration (DEA) agent. It is further alleged that in August and September of 2024, the defendants and the undercover DEA agent negotiated a 4,000-kilogram purchase of N-BOC-4-piperidone for $380,000, with half of the product to be shipped to Sinaloa, Mexico and the other half shipped to the U.S. The indictment charges all of the defendants with one count of conspiracy to manufacture and distribute a listed chemical for unlawful importation into the U.S. and for the manufacture and distribution of a controlled substance for unlawful importation into the U.S. (21 U.S.C. §§ 959, 960, and 963); two counts of the manufacture and distribution of a listed chemical for unlawful importation into the United States (21 U.S.C. § 959 and 960); and one count of attempted manufacture and distribution of a listed chemical for unlawful importation into the U.S. and for the manufacture and distribution of a controlled substance for unlawful importation into the U.S. (21 U.S.C. §§ 959, 960, and 963). If convicted, each individual defendant faces a maximum penalty of 10 years in prison and VPC faces a fine of $500,000 on each count. *(Return to In This Issue)*

## CRIMINAL DEFENSE ATTORNEY INDICTED IN DEA BRIBERY SCHEME

***United States v. Edwin Pagan III and David Macey*, U.S. District Court for the Southern District of New York, Case No. 1:24-cr-00641-JHR (superseding indictment filed February 14, 2025).** The U.S. Attorney's Office for the Southern District of New York has unsealed an indictment against David Macey, a Florida based criminal defense attorney, over his role in an alleged bribery scheme with an unnamed senior special agent with the Drug Enforcement Administration (DEA) in exchange for sensitive law enforcement information. According to the indictment, from October 2018 to January 2020, Macey paid bribes to the DEA agent in return for non-public, confidential DEA information. Macey paid the bribes to the agent using methods to conceal his connection to the payments, including using Edwin Pagan III, a former DEA Task Force Officer, as an intermediary. Pagen created a shell company for Macey through which to funnel funds in order to pay the agent. Macey used the information that he received in exchange for the bribes to recruit and represent criminal defendants. Both Macey and Pagan are each charged with one count of conspiracy to commit bribery (21 U.S.C. § 371), one count of receiving or paying a bribe (18 U.S.C. § 201), one count of conspiracy to commit honest services wire fraud (18 U.S.C. § 1349), and one count of honest services wire fraud (18 U.S.C. § 1343). Pagan also faces four counts of perjury (18 U.S.C. § 1623) in connection with false testimony that he provided in a related criminal case in November 2023. (*United States v. Costanzo*, U.S. District Court for the Southern District of New York, Case No. 1:22-cr-00281-JPO). According to the indictment, Pagan allegedly falsely testified under oath that $50,000 paid to the agent's close family member was an investment, despite him knowing that it was a bribe payment. The U.S. Attorney's office initially unsealed the charges against Pagan in November 2024. *(Return to In This Issue)*

## LOS ANGELES WOMAN FOUND GUILTY OF OPERATING A DRUG DELIVERY SCHEME

***United States v. Mirela Todorova, et al.*, U.S. District Court for the Central District of California, Case No. 2:21-cr-00244-AB (jury verdict reached March 4, 2025).** A federal jury has found Mirela Todorova guilty of operating a drug delivery business in Los Angeles, California. According to information presented at trial, from June 2020 to March 2021, Todorova led a drug trafficking operation in which she hired drivers to deliver drugs to customers within the Los Angeles area. Mucktarr Kather Sei was one of the drivers that Torordova hired to deliver drugs; she also provided him with the keys to her drug stash house so that he could continue the scheme while she was out of the country. Between November 2020 and January 2021, three of Todorova's customers experienced non-fatal overdoses from fentanyl-laced counterfeit oxycodone pills. In March 2021, law enforcement executed search warrants on Todorova's car and home and seized numerous drugs, including methamphetamine, cocaine, MDMA (ecstasy), and counterfeit oxycodone pills. In December 2021, Todorova knowingly made a series of false statements to federal law enforcement officials, claiming that she thought the drugs seized from her home were vitamins, she never instructed anyone how to package or make drugs, and she only met Sei twice. The jury found Todorova guilty of one count of conspiracy to distribute controlled substances resulting in serious bodily injury (21 U.S.C. § 846), one count of distribution of fentanyl (21 U.S.C. § 841), three counts of distribution of fentanyl resulting in serious bodily injury (21 U.S.C. § 841), one count of possession with intent to distribute methamphetamine (21 U.S.C. § 841), one count of possession with intent to distribute cocaine (21 U.S.C. § 841), one count of possession with intent to distribute MDMA (21 U.S.C. § 841), and one count of making false statements to federal investigators (18 U.S.C. § 1001). The jury also determined that Todorova must forfeit $498,555 in drug proceeds to the federal government. The court has scheduled Todorova's sentencing hearing for September 12, 2025. Sei and two other drivers charged in the case – Christopher Y. Moreno Núñez and Ashley Alicia Nicole Johnson – each pleaded guilty in 2024 to felony narcotics distribution charges and will be sentenced later this year. *(Return to In This Issue)*

## MAN PLEADS GUILTY TO USING COVID-19 RELIEF FUNDS TO FUND DRUG DISTRIBUTION SCHEME

***United States v. Donald Nchamukong*, U.S. District Court for the District of Massachusetts, Case No. 1:25-cr-10027-NMG (guilty plea entered March 17, 2025).** The U.S. Attorney's Office for the District of Massachusetts has charged Donald Nchamukong with drug distribution and loan fraud over allegations that he operated a drug distribution scheme funded by a fraudulently obtained COVID-19 pandemic relief loan. According to the charging documents, between 2019 and 2022, Nchamukong and his co-conspirator, Doyal Kalita, conspired to distribute illegal pharmaceuticals, including opioids, imported from India to individuals in the United States using the internet. Nchamukong allegedly used shell companies to process sales and reship the illegal drugs to customers across the United States. During the COVID-19 pandemic, Nchamukong and Kalita are alleged to have fraudulently obtained a $200,000 Economic Injury Disaster Loan that was really to help fund their drug scheme. On March 17, 2025, Nchamukong pleaded guilty to one count of conspiracy to smuggle goods into the United States (18 U.S.C. § 545), one count of conspiracy to commit loan fraud (18 U.S.C. § 1014), and one count of conspiracy to distribute Schedule II and Schedule IV drugs (21 U.S.C. § 841). The court has scheduled Nchamukong's sentencing hearing for June 25, 2025. In 2024, a federal court sentenced Kalita to 10 years in prison after he pleaded guilty to one count of wire fraud conspiracy (18 U.S.C. § 1349), one count of conspiracy to import Schedule II and Schedule IV controlled substances (21 U.S.C. § 963), and one count of money laundering conspiracy (18 U.S.C. § 1956(h)). *(Return to In This Issue)*

## TOXICOLOGY LAB OWNER CONVICTED OF MEDICARE FRAUD SCHEME

***United States v. Sherif Khalil*, U.S. District Court for the Eastern District of Michigan, Case No. 2:22-cr-20200-MAG-DRG (jury verdict reached February 25, 2025).** A federal jury has convicted Sherif Khalil, the owner of Spectra Clinical Labs (Spectra), for his role in defrauding Medicare of over $4 million in fraudulent claims for medically unnecessary urine drug tests. According to court documents and evidence presented at trial, Khalil conspired with others to submit claims to Medicare for urine drug testing panels with the highest reimbursement rates. Khalil implemented a scheme to pay marketers a percentage of Medicare reimbursements to incentivize them to obtain doctors' orders for expensive drug testing panels. Khalil concealed Spectra's payments to the marketers by routing the payments through independent marketing companies that Khalil secretly controlled. To maximize their commission payments, the marketers would train staff at doctors' offices to send Spectra orders for medically unnecessary urine drug tests that the doctors did not actually authorize. Evidence presented at trial showed that Khalil knew that the orders that Spectra received from certain doctors' offices were not supported by documentation of medical necessity. The medically unnecessary urine drug screens ordered in exchange for illegal kickbacks to the marketers resulted in Medicare paying more than $4 million to Spectra. The jury found Khalil guilty of one count of conspiracy to commit healthcare fraud and wire fraud (18 U.S.C. § 1349) and one count of conspiracy to defraud the United States and to pay, offer, receive, and solicit healthcare kickbacks (18 U.S.C. § 371). The court has scheduled Khalil to be sentenced on August 7, 2025. *(Return to In This Issue)*

## JURY CONVICTS THREE INDIVIDUALS OF HEALTHCARE FRAUD THROUGH KENTUCKY SUBSTANCE USE DISORDER TREATMENT CLINICS

***United States v. Jose Alzadon, et al.*, U.S. District Court for the Eastern District of Kentucky, Case No. 5:23-cr-00009-KKC-MAS (jury verdict reached March 21, 2025).** A federal jury has convicted three individuals for their roles in a scheme in which they fraudulently billed Medicare and Kentucky Medicaid for

over $8 million. According to court documents and evidence presented at trial, Jose Alzadon, MD, Michael Bregenzer, and Barbie Vanhoose conducted their healthcare fraud scheme through Kentucky Addiction Centers (KAC), which operated in multiple locations throughout the commonwealth. Alzadon served as KAC's medical director, while Bregenzer and Vanhoose served as KAC's chief executive officer and billing manager, respectively. The three of them falsely billed Medicare and Medicaid for medical services that were not performed or were falsely represented as more complex than the services provided. Additionally, they falsely billed for services in the name of Alzadon's father, who was also a medical doctor, in order to bypass insurance credentialing issues that Alazdon had and to use Alazdon's father's Drug Enforcement Administration (DEA) prescribing credentials to prescribe Suboxone. The jury convicted Alazdon, Bregenzer, and Vanhoose of one count of conspiracy to commit healthcare fraud (18 U.S.C. § 1349), eight counts of health care fraud (18 U.S.C. § 1347), and one count of conspiracy to distribute controlled substances using the DEA registration number of another person (21 U.S.C. § 846). In addition, the jury convicted Alazdon and Vanhoose of two counts of aggravated identity theft (18 U.S.C. §1028A). They each face a maximum penalty of 10 years in prison on each healthcare fraud conspiracy and substantive healthcare fraud count and four years in prison on the conspiracy to distribute controlled substances count. The court has scheduled Alzadon and Bregenzer to be sentenced on June 25, 2025 and Vanhoose to be sentenced on June 26, 2025. *(Return to In This Issue)*

## ELEVENTH CIRCUIT AFFIRMS THE DISMISSAL OF A DOCTOR'S FALSE CLAIMS ACT SUIT

***United States ex rel. Jeffery D. Milner v. Baptist Health Montgomery, et al.*, U.S. Court of Appeals for the Eleventh Circuit, Case No. 23-12985 (opinion filed March 31, 2025).** For previous updates in this case, please refer to the October 2023 issue of the LAPPA *Case Law Monitor*, available here. The Eleventh Circuit has affirmed the district court's dismissal of a physician's False Claims Act (FCA; 31 U.S.C. §3730(h)) lawsuit, which alleged that his former employers were fraudulently billing the government for overprescribed opioids. Jeffery Milner, MD, was a contract emergency room physician at Baptist Health's Pratville, Alabama hospital from 2014 to 2017. While working at the hospital, Milner alleged that he discovered that the defendants were forcing physicians to overprescribe opioids and were fraudulently billing the government about $4 million per year. In 2017, Milner claimed that the defendants fired him after he raised his concerns about the false claims. In 2019, Milner filed a lawsuit against the defendants asserting retaliation under the FCA. The district court granted the defendants' motion to dismiss the complaint for failure to state a claim and dismissed the case with prejudice. In 2020, Milner filed a *qui tam*, or whistleblower, FCA suit against the defendants, which the district court dismissed in 2023 on *res judicata* grounds.[1] On appeal, Milner argued that his *qui tam* suit is permissible since it was filed only four months after his retaliation suit was filed and before the district court dismissed the retaliation case. The Eleventh Circuit rejected Milner's argument, ruling that because the retaliation and *qui tam* claims involved the same time period and facts, the two cases should have been filed together. Thus, the Eleventh Circuit affirmed the district court's dismissal of the case with prejudice. *(Return to In This Issue)*

## FEDERAL DISTRICT COURT DISMISSES CITY OF BOSTON'S LAWSUIT AGAINST PHARMACY BENEFIT MANAGERS

***City of Boston v. Express Scripts Inc., et al.*, U.S. District Court for the District of Massachusetts, Case No. 1:24-cv-10525-PBS (suit dismissed February 11, 2025).** For previous updates on this case, please refer to the February 2024 issue of the LAPPA *Case Law Monitor*, available here. A federal district court has

[1] "Res judicata" is an affirmative defense barring the same parties from litigating a second lawsuit on the same claim, or any other claim arising from the same transaction or series of transactions and that could have been — but was not — raised in the first suit. *Res judicata*, BLACK'S LAW DICTIONARY (12th ed. 2024).

dismissed the City of Boston's lawsuit against pharmacy benefit managers (PBMs), Express Scripts Inc. and OptumRx Inc., for failure to state a claim on the grounds that the claims are time-barred. In a motion to dismiss, the PBMs argued that the city was on notice of its alleged injuries since at least September 2018 but did not file a lawsuit until six years later. The court noted that federal Racketeer Influenced and Corrupt Organizations Act (RICO; 18 U.S.C. § 1962) claims have a four-year statute of limitations, and state public nuisance claims have a three-year statute of limitations (MASS. GENN. LAWS ch. 260, § 2A (West 2024). The city argued that its claims were not time-barred for the following reasons: (1) ongoing conspiracies and continuing torts are exempt from the applicable limitations period; (2) the RICO claim is timely under the separate-accrual rule;[2] (3) the claims are tolled under the discovery rule;[3] (4) equitable tolling precludes dismissal;[4] and (5) requests for equitable relief are not subject to the limitations period. The court rejected all of the city's arguments, finding that it should have known of its injury no later than 2018 when the first bellwether cases against PBMs were filed as part of the National Prescription Opiate Multidistrict Litigation and when the city sued manufacturers, distributors, and pharmacies over the opioid crisis. The city claimed that the PBMs fraudulently concealed their role in creating the opioid crisis, but the court ruled that by 2018 all of the "telltale warning signs" that the city suffered an injury because the PBMs' role in the opioid crisis was manifest. The court also noted that the city failed to allege any ongoing acts by the PBMs that would establish an immediate or real threat of future harm and accordingly dismissed the city's claim for equitable relief. The city filed an appeal with the First Circuit on March 12, 2025. *(Return to In This Issue)*

## FEDERAL COURT APPROVES CLASS-ACTION SETTLEMENT BETWEEN OPIOID MANUFACTURERS/DISTRIBUTORS AND HOSPITALS

***San Miguel Hospital Corporation d/b/a Alta Vista Regional Hospital v. McKinsey & Company, Inc. et al.*, U.S. District Court for the District of New Mexico, Case No. 1:23-cv-00903-KWR-JFR (settlement approved March 4, 2025).** For previous updates on this case, please refer to the August 2024 issue of the LAPPA *Case Law Monitor*, available here. The U.S. District Court for the District of New Mexico has approved a class-action settlement between opioid manufacturers and distributors and more than 1,000 acute care hospitals over the defendants' alleged misconduct regarding prescription opioids. The opioid manufacturers and distributors involved in the settlement included Cencora (formally AmerisourceBergen), Cardinal Health, McKesson Corp., Johnson & Johnson, Teva, and Allergan. As part of the settlement, the defendants have agreed to pay $651 million to the hospitals as direct compensation for past, present, and future care delivery to patients struggling with opioid use disorder (OUD). Additionally, the defendants must supply the hospitals with $49 million worth of naloxone. The defendants denied any wrongdoing as part of the settlement. All acute care hospitals in the United States that: (1) are not owned or operated by a government entity; and (2) treated patients diagnosed with OUD and/or other opioid-related conditions between January 1, 2009 and October 30, 2024 were able to apply to receive a portion of the settlement funds. To qualify to receive funds, a hospital had to make a claim for payment by March 4, 2025. Hospitals that submitted valid claims had the option of either receiving a $5,000 "quick pay" settlement amount or submitting more detailed documentation regarding the care that they provided to OUD patients during the time period to receive a higher payment. *(Return to In This Issue)*

[2] Under the separate-accrual rule, a plaintiff may recover damages from the commission of a separable, new predicate act within a four-year limitations period as long as the new act causes the plaintiff harm over and above the harm from the earlier act. *Klehr v. A.O. Smith Corp.*, 521 U.S. 179, 190 (1997).

[3] The discovery rule provides that a limitations period does not begin to run until the plaintiff discovers, or reasonably should have discovered, the injury giving rise to the claim. *Discovery rule*, BLACK'S LAW DICTIONARY (12th ed. 2024).

[4] Equitable tolling is the doctrine that the statute of limitations will not bar a claim if the plaintiff, despite diligent efforts, did not discover the injury until after the limitations period had expired, in which case the statute is suspended or tolled until the plaintiff discovers the injury. *Equitable tolling*, BLACK'S LAW DICTIONARY (12th ed. 2024).

# INSURANCE COMPANIES' DUTY TO DEFEND/INDEMNIFY IN OPIOID RELATED LITIGATION

- ***Publix Super Markets, Inc. v. ACE Property and Casualty Insurance Company, et al.*, U.S. District Court for the Middle District of Florida, Case No. 8:22-cv-2569-CEH-AEP (final judgment entered March 12, 2025).** For previous updates on this case, please refer to the December 2024 issue of the LAPPA *Case Law Monitor*, available here. A federal court has entered a final ruling in favor of the insurance companies in an opioid coverage dispute involving Publix Supermarkets Inc. (Publix) at the company's request so that it could file an appeal. In December 2024, the court denied Publix's first request to make final an October 2024 ruling which found that the insurance companies did not have a duty to defend Publix under its 2013 policies; however, that ruling did not automatically extend to Publix's remaining insurance policies. On March 12, 2025, the court granted Publix's renewed motion to enter final judgment, holding that none of its insurance policies covered the underlying suits against Publix over its role in the opioid epidemic. In its motion, Publix indicated that it plans to appeal the case to the Eleventh Circuit.
- ***Ace American Insurance Company, et al. v. Food City Supermarkets, LLC, et al.*, U.S. District Court for the Western District of Virginia, Case No. 7:24-cv-00754-EKD-CKM (motion to stay case granted March 12, 2025).** A federal court has granted Food City Supermarkets, LLC's (Food City) motion to pause an insurance coverage suit brought by two units of Chubb Ltd. to allow an Indiana state court to resolve the dispute in a parallel action. In October 2024, Federal Insurance Co. (Federal) and ACE American Insurance Co. sued Food City arguing that their general liability policies did not afford coverage for opioid-related litigation. Food City filed its own suit in Indiana state court in January 2024 and asked the federal court in Virginia to dismiss or pause the case pending the outcome of the Indiana lawsuit. (*Food City Supermarkets, LLC v. Federal Insurance Co., et al.*, Indiana Superior Court (Marion), Case No. 49D01-2501-PL-001807). The court denied Food City's motion to dismiss the case but granted the motion to stay. In the suit filed in Indiana state court, the insurance companies have filed a motion to dismiss, accusing Food City of forum-shopping. Food City has argued that Indiana state court is the appropriate forum for the case because Federal is incorporated there. Federal argued that the dispute should proceed in Virginia because the Indiana state court lacks personal jurisdiction over six of the seven defendants. Additionally, Federal noted that Food City's parent company, K-VA-T Food Stores Inc., is headquartered and incorporated in Virginia and does not operate in Indiana. The Indiana state court has scheduled a hearing on the motion to dismiss for May 15, 2025.
- ***Opioid Master Disbursement Trust II v. ACE American Insurance Company, et al.*, Missouri Circuit Court (St. Louis County), Case No. 22SL-CC02974 (insurers motion for summary judgment granted March 10, 2025).** A Missouri state court has ruled in favor of insurance companies in a motion for summary judgment finding that an exclusion in the insurance policies at issue precluded coverage for opioid-related claims against the opioid manufacturer Mallinckrodt. The exclusion barred coverage for claims arising out of "your products"—also known as the products hazard exclusion—and representations made about those products. Thus, the court ruled that the opioid claims for which Mallinckrodt sought coverage are not covered under the policies at issue.
- ***Ace Property & Casualty Insurance Co. v. McKinsey & Co., Inc.*, Delaware Superior Court, Case No. N25C-01-353 (motion to dismiss filed March 28, 2025).** For previous updates on this case, please refer to the February 2024 issue of the LAPPA *Case Law Monitor*, available here. McKinsey & Co. (McKinsey) and its insurers are seeking to dismiss each other's state court cases involving coverage for opioid lawsuits. In January 2024, units of Chubb Ltd. and American International Group Inc. insurance companies filed separate lawsuits, which were later consolidated, against McKinsey & Company (McKinsey) in Delaware state court. A few days after the insurers filed their suit, McKinsey filed its own suit against the insurers in New York state court. (*McKinsey & Co. Inc. v. Nat'l Union Fire Ins. Co. of Pittsburgh, Pa., et al.*, New York Supreme Court (New York County), Case No. 650480/2025). On March 28, 2024, the insurers filed a motion to dismiss or stay in the New York case, and McKinsey filed a motion to dismiss or stay in the Delaware case. The insurers argue that the New York court should dismiss the suit because the Delaware cases were filed first, and courts have held that plaintiffs in the first-filed action are entitled to their chosen forum over plaintiffs in a later action.

McKinsey argued in Delaware court that the court lacked personal jurisdiction over the company because McKinsey's parent company is New York-based. Additionally, McKinsey argues that New York law likely applies to the case. *(Return to In This Issue)*

## RECENT EVENTS IN THE PURDUE PHARMA BANKRUPTCY CASE

***In re Purdue Pharma L.P.*, U.S. Bankruptcy Court for the Southern District of New York, Case No. 19-23649 (new Chapter 11 plan filed March 18, 2025).**

For previous updates on this case, please refer to the February 2025 issue of the LAPPA *Case Law Monitor*, available here. Purdue Pharma (Purdue) has filed a new Chapter 11 plan with the U.S. Bankruptcy Court for the Southern District of New York. Assuming full creditor participation, the plan will pay out $7.4 billion to Purdue's creditors. The Sackler family will contribute a total of $6.5 billion over the next 15 years, including $1.5 billion on the day the plan becomes effective. If the international pharmaceutical business that the Sacklers are required to sell as part of the bankruptcy yields certain proceeds, the family may also be required to contribute an additional $500 million. Moreover, Purdue will pay out $900 million upon its emergence from bankruptcy. After Purdue emerges from bankruptcy, the company will be dissolved and succeeded by a public benefit company that will be owned by an independent, newly created foundation. The Sackler family will not be involved, or have a role, in the new company. The states, with input from other creditors, will select the initial board of directors for the company. The plan also creates a document repository that will make documents related to Purdue's past opioid sales and marketing practices publicly available. A hearing is set for May 22, 2025 for the bankruptcy judge to consider whether the plan can be sent to creditors for a vote. *(Return to In This Issue)*

## ABOUT THE LEGISLATIVE ANALYSIS AND PUBLIC POLICY ASSOCIATION

The Legislative Analysis and Public Policy Association (LAPPA) is a 501(c)(3) nonprofit organization whose mission is to conduct legal and legislative research and analysis and draft legislation on effective law and policy in the areas of public safety and health, substance use disorders, and the criminal justice system.

LAPPA produces up-to-the-minute comparative analyses, publications, educational brochures, and other tools ranging from podcasts to model laws and policies that can be used by national, state, and local criminal justice and substance use disorder practitioners who want the latest comprehensive information on law and policy. Examples of topics on which LAPPA has assisted stakeholders include naloxone laws, law enforcement/community engagement, alternatives to incarceration for those with substance use disorders, medication for addiction treatment in correctional settings, and the involuntary commitment and guardianship of individuals with alcohol or substance use disorders.

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