[August 30], 2021

Re: In re Purdue Pharma L.P., et al., Case No. 19-23649 (RDD)

Dear [__]:

We, the more than [__] signatories to this letter, are: [(1) the attorneys general for [__] states (including the majority of the formerly objecting states)]; (2) [the representatives of [__] cities, counties and other governmental entities]; [(3) [__] tribal nations]; (4) the plaintiffs’ executive committee (the “PEC”) appointed by Judge Polster in the National Prescription Opioid MDL proceeding; (5) the Official Committee of Unsecured Creditors (“UCC”) (appointed by DOJ under 11 U.S.C. § 1102 as the official statutory fiduciary for all unsecured creditors); (6) the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants (“Ad Hoc Committee”); (7) the Multi-State Governmental Entities Group (“MSGE”); (8) the Native American Tribes; (9) the Ad Hoc Committee of NAS Children; (10) the Ad Hoc Group of Hospitals; (11) the Ad Hoc Group of Individual Victims; (12) the Third-Party Payor group; and (13) the group of ratepayer mediation participants. We collectively speak for the overwhelming majority of the State and local governments, organizations, and individuals harmed by Purdue and the Sacklers. We write to urge you not to appeal or seek a stay of the Bankruptcy Court’s order confirming the Plan of Reorganization.

We understand and respect that DOJ believes that chapter 11 third-party releases, despite having been approved in most judicial circuits, are unlawful. We do not ask DOJ to change its view on this legal issue. But DOJ properly exercises discretion about whether or how far to press its legal positions in any given case, taking into account all the factors that bear on what would further the public interest. Appealing or seeking a stay here could delay and jeopardize the delivery of billions of dollars to American communities to help abate the opioid crisis and provide compensation to victims. We therefore ask that the DOJ not lose sight of the exceptional circumstances of this case, and the extraordinary good that can be done by implementing this Plan that carries with it overwhelming and unprecedented support. Indeed, third-party releases are not being used here to subvert the will of creditors, they are essential to respect the will of creditors.

The reasons DOJ should exercise its discretion to let the plan be implemented expeditiously are myriad; we cite only the few most important ones.

First, the Plan will deliver billions of dollars to American communities in need to help them combat the opioid crisis – and these communities need these funds now. Any appeal that successfully receives a stay will delay distribution of these funds and the important and lifesaving work they would make possible, while also delaying distributions of hundreds of millions of dollars to tens of thousands of individual Americans harmed by Purdue.

Second, the Plan is overwhelmingly supported by Purdue’s creditors. Every one of the 9 organized creditor group signatories supports the Plan, and over 95% of the more
than 120,000 voting creditors voted in favor of it, including nearly 97% of non-federal domestic governments.

Third, preventing effectuation of the Plan through an appeal or stay would undermine the cornerstone of DOJ’s settlement with Purdue, DOJ’s agreement to allow $1.775 billion of the $2 billion that the United States could otherwise have taken to instead go to state and local governments to abate the opioid crisis. We cannot put it better than DOJ itself which, in support of the DOJ settlement, noted that “[i]n reaching this resolution, the United States felt it was incredibly important that the credit[or]s of the estate, which include the states, thousands of local governments, tri[b]al authorities, and victims of opioid use disorder, receive the vast majority of the United States’ potential recoveries in this case to permit those entities to put those funds towards the important and critical work of abatement of this crisis.” See Nov. 17, 2020 Hr’g Tr. at 141:22–143:5. This can only occur if the Plan is allowed to be consummated.

Fourth, the settlement with the Sacklers, though imperfect, is better for those harmed by the opioid epidemic than any other alternative. As creditors, our goal is to find the best achievable outcome. The current settlement is the result of three years and many rounds of hard fought negotiations, including three separate rounds of mediation, in front of three separate, world-class mediators. And the outcome – resulting in total payments of not less than $4.325 billion - is on top of the Sacklers’ civil settlement with DOJ. Moreover, and beyond the economic terms, the settlement binds the Sacklers to a set of important commitments critical both to public policy makers and those harmed by the Sacklers including: (1) creation of a public repository of over 100 million pages of material, which has the potential to help the world learn from Purdue to stop a crisis like this from ever happening again; and (2) full and permanent removal of the Sacklers from any involvement with Purdue or its assets.

Fifth, the releases that were the subject of DOJ’s concerns have been materially narrowed, in direct response to the concerns raised by, among others, DOJ. DOJ thus has already achieved a substantial vindication of its position. Among other things: (1) the Sacklers are no longer receiving third-party releases for non-opioid related claims arising from their own actions; (2) almost all of the Sackler attorneys, advisors, and consultants, as well as entities in which they are invested, have been excluded from the releases and Sackler employees’ releases have been narrowed; and (3) releases now bind only those with Claims (as defined in the Bankruptcy Code) against Purdue.

Lastly, if this Plan is not confirmed, a likely outcome is value-destructive and uncertain litigation that would go on for years. Many finely crafted settlements among the very public and private creditors who are signatories to this letter (which include settlements with the DOJ) would fall apart, forcing Purdue’s creditors to turn against each other. Billions of dollars would not go to abatement or compensation of individuals, and the fairness of a broadly supported plan would be replaced with a chaotic race to the courthouse lasting years or decades. The money that could have been used for good will be utilized in litigation.
For all of these reasons, we ask that DOJ not stand in the way of this critically important public policy achievement, and refrain from appealing or seeking a stay of the Bankruptcy Court’s order confirming the Plan of Reorganization.