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Purdue's Sacklers Shifted \$1B Amid Opioid Fight, NY AG Says

By **Emily Field**

Law360 (September 13, 2019, 5:34 PM EDT) -- The New York Attorney General's Office said Friday it has uncovered roughly \$1 billion in wire transfers by the Sackler family, owners of Purdue Pharma, that appear to be an attempt by the family to shield part of its fortune as it defended itself against a myriad of lawsuits alleging it fueled the opioid crisis.



The Purdue Pharma offices in offices in Stamford, Connecticut. (AP)

New York Attorney General Letitia James is one of a number of state attorneys general who have accused the Sacklers of funneling money from company coffers. The state issued subpoenas last month to several financial institutions that Purdue does business with. Records from one financial institution alone show that the Sacklers transferred about \$1 billion through family trusts and Swiss bank accounts, according to court filings.

The announcement about the wire transfers comes days after Purdue **settled more than 2,000 suits** brought by local governments over its alleged role in the opioid crisis, with the Sacklers agreeing to pay \$3 billion from their own fortune. The deal was criticized by a number of state attorneys general, including New York's.

Purdue is expected to soon file for Chapter 11 protection as part of the settlement.

"While the Sacklers continue to lowball victims and skirt a responsible settlement, we refuse to allow the family to misuse the courts in an effort to shield their financial misconduct," the New York attorney general said in a statement. "The limited number of documents provided to us so far underscore the necessity for compliance with every subpoena."

The New York Attorney General's Office said in a filing that it had received information from an unnamed financial institution showing \$1 billion in wire transfers, including through Swiss bank accounts, dating as far back as 2009.

The discovery follows 33 subpoenas to financial institutions, advisers and individuals related to Purdue and the Sacklers sent by the attorney general last month in statewide multidistrict litigation accusing them of giving rise to the country's opioid epidemic.

Among those transfers, the state said it had found an entity called Purdue Pharma Trust MDAS that wired \$64 million to Mortimer D.A. Sackler, a former board member, through that unidentified institution in 2009.

He also transferred nearly \$44 million to companies that own a townhouse in Manhattan and a property in the Hamptons on his behalf, according to the filings.

"Because defendant Mortimer D.A. Sackler has placed these New York real estate holdings in the name of shell companies, their ownership would have been impossible to detect from publicly available records and without access to financial records," the state said.

These are initial findings from the subpoenas, according to court filings, and the state believes there is more to come.

"Already, these records have allowed the state to identify previously unknown shell companies that one of the Sackler defendants used to shift Purdue money through accounts around the world and then conceal it in at least two separate multimillion-dollar real estate investments back here in New York, sanitized (until now) of any readily-detectable connections to the Sackler family," the state said in a letter to the court.

The Sackler family is reportedly worth about \$13 billion, and it's unclear whether Purdue's bankruptcy will shield them from liability.

"There is nothing newsworthy about these decade-old transfers, which were perfectly legal and appropriate in every respect," a spokesperson for Mortimer D.A. Sackler said. "This is a cynical attempt by a hostile AG's office to generate defamatory headlines to try to torpedo a mutually beneficial settlement that is supported by so many other states and would result in billions of dollars going to communities and individuals across the country that need help."

In June, a New York judge **denied** the Sackler family's bid to escape the state's opioid litigation, finding the MDL plaintiffs' claims that the Sacklers were actively directing the company when Purdue is alleged to have taken actions that contributed to the opioid epidemic were strong enough to keep them in the case.

A representative for Purdue declined to comment Friday.

The Sacklers are represented by Maura Kathleen Monaghan, Susan Reagan Gittes and Jacob W. Stahl of Debevoise & Plimpton LLP and Gregory P. Joseph, Mara Leventhal, Douglas J. Pepe, Peter R. Jerdee, Christopher J. Stanley, Roman Asudulayev, Gila S. Singer and Benjamin H. Albert of Joseph Hage Aaronson LLC.

Purdue is represented by Mark Cheffo and Sheila Birnbaum of Dechert LLP.

The plaintiffs in the MDL are represented by Thomas I. Sheridan III, Paul J. Hanly Jr., Jayne Conroy, Andrea Bierstein, Sarah S. Burns and Richard Kroeger of Simmons Hanly Conroy LLC and Paul J. Napoli, Salvatore C. Badala and Joseph L. Ciaccio of Napoli Shkolnik PLLC.

The state of New York is represented by David Nachman, John Oleske, Christopher Leung, Sara Mark, Elizabeth Chesler, Carol Hunt, Diane Johnston, Michael Reisman, Jennifer Simcovitch, Paulina Stamatelos, Lawrence Reina, Conor Duffy, David Payne, Cory Nugent and Lisa Landau of the New York Attorney General's Office.

The case is In re: Opioid Litigation, case number 400000/2017, and the instant case is New York v. Purdue Pharma LP et al., case number 4000016/18, both in the Supreme Court of the State of New York, County of Suffolk.

--Editing by Michael Watanabe.

Update: This story has been updated with additional information from the New York Attorney General's Office filing and a statement from the office.

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