

## Richard Kanowitz in Law360: 'Sackler Factor Could Sink Purdue's \$8B Opioid Deal With DOJ'

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**PRACTICES** Restructuring, Chapter 11 Debtor, Bankruptcy Litigation

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Haynes Boone Partner [Richard Kanowitz](#) talked with *Law360* about how the criminal and civil settlement Purdue Pharma made with the federal government could draw fatal opposition in bankruptcy court.

Here is excerpt:

The breadth of that opposition could be the deciding factor for U.S. Bankruptcy Judge Robert Drain in New York, who will be tasked with determining if the deal is fair and equitable for the debtor and creditors under Rule 9019 of the Federal Rules of Bankruptcy Procedure. If too many affected parties oppose the deal, it could be dead in the water, but Haynes Boone restructuring Partner Richard Kanowitz said that defeating the settlement is a difficult proposition.

He said the threshold to get a settlement approved in bankruptcy is not that it's perfect for everybody, just that it's in the best interests of the debtor and its creditors.

"It doesn't have to please everybody," Kanowitz said. "People are going to have to show it's not in the best interest of the estate, and it's a very high burden to prove that."

While a typical bankruptcy case deals with strictly financial claims against a debtor and settlements address how those financial claims can be treated, the Purdue case is atypical in that various creditor constituencies have greatly disparate claims, with all 50 states alleging harm by the company along with dozens of city, county and local governments. There are also more than 2,000 individual personal injury and wrongful death claims against the company, and Purdue is part of opioid multidistrict litigation against drug manufacturers, distributors, pharmacists and physicians.

Kanowitz said with the high bar for denying a bankruptcy settlement and the clear benefit of resolving billions in claims with the federal government, the deal — which he called a remarkable achievement — is likely to be approved by the court. When it comes time for a Chapter 11 plan confirmation, however, opposition might have a bit more weight.

To read the full article, click [here](#). (Subscription required)