



wp The Washington Post

+ Follow

Opioid-maker Mallinckrodt's bankruptcy will cut nearly \$1 billion from settlement

Story by David Ovalle, Daniel Gilbert • 1w

IN THIS ARTICLE ...

 MNKKQ ▼ 0.00%



L Opioid-maker Mallinckrodt's bankruptcy will cut nearly \$1 billion from settlement
© Salwan Georges/The Washington Post

Drug manufacturer Mallinckrodt Pharmaceuticals plans to file for bankruptcy, the company said Wednesday, under a plan that would allow it to pay nearly \$1 billion less to a trust as part of a settlement of claims that it helped fuel the nation's opioid crisis.

One of the largest makers of opioid pain pills in the United States, Mallinckrodt emerged from its first Chapter 11 bankruptcy last year while agreeing to pay \$1.7 billion as part of a national settlement to help cities and states ease the addiction and overdose crisis.

Watermaker: DC 12 Volt, 600 Watts, 17 GPH Single Membrane | No Panel / Plated Pump



Ad Seawater Pro, LLC

The company had made its first payment of \$450 million but had been unable to make a second \$200 million payment due in June.

According to a filing with the Securities and Exchange Commission on Wednesday, the company and its creditors agreed that Mallinckrodt would enter bankruptcy under a restructuring agreement calling for the “permanent elimination” of the opioid settlement

The trust set up to receive and disburse the settlement payments agreed to the plan. In a statement, [it called the deal "bittersweet"](#) but the best alternative to getting settlement money on a "very accelerated time frame — even if the amounts received are almost \$1 billion less" than originally promised.

It also pointed to Mallinckrodt's "downwards spiraling financial performance" and the fact that other creditors are ahead of the trust in priority to recoup debt. "Given all that is known about other opioid pharmaceutical defendants, the certainty of receiving funds today rather than uncertain future payments is a priority," the statement said.

Cities and states sued Mallinckrodt as part of historic litigation against drug manufacturers, distributors, pharmacies and other companies involved with opioids. Plaintiffs have said companies ignored red flags that pain pills were highly addictive and being diverted to the black market — fueling an addiction crisis that still rages today.

Mallinckrodt, which is based in Ireland, filed for Chapter 11 bankruptcy in October 2020 along with its U.S. subsidiaries, and emerged from bankruptcy in June 2022.

Wednesday's announcement came close to two weeks after the Supreme Court [agreed](#) to take up the bankruptcy case of Purdue Pharma, which critics say kick-started the opioid crisis with the introduction of the blockbuster OxyContin pill.

▶ **Related video:** New York utilizing opioid settlement money (WTEN Albany)



Purdue Pharma declared bankruptcy in 2019 and later agreed to a global settlement with victims, cities and states that the company says is worth up to \$10 billion. But the Justice Department is challenging the deal because it would shield the Sackler family, which owns the company but did not declare bankruptcy, from future opioid-related lawsuits in exchange for paying up to \$6 billion over nearly two decades to help alleviate the crisis.

[Inside the sales machine of the 'kingpin' of opioid makers](#)

Mallinckrodt surpassed Purdue in terms of opioid market share, playing a key role in saturating the United States with legal pain pills. Between 2006 and 2014, [Mallinckrodt accounted for 27 percent of the opioid market](#) compared with 17 percent for Purdue Pharma, measured by the potency of the pills they produced, according to Washington Post analysis of drug data.

According to the Drug Enforcement Administration, Mallinckrodt's 30-milligram [blue oxycodone tablet](#) became the preferred drug on the street as the opioid crisis escalated. Internal documents [released](#) as part of the settlement agreement showed how the company aggressively sought to market its pills to doctors.

In a statement, Connecticut Attorney General William Tong said Mallinckrodt reaped profits from a product "it knew was dangerous and deadly." He said his office would continue to fight to ensure other settlement terms, such as restrictions on marketing, remain in place.

"To say I am disappointed is an understatement," Tong said of the bankruptcy plan, adding: "We continue to fight to ensure all players in the addiction industry are held fully accountable for the lives lost due to their greed and reckless pursuit of profits."

Lawsuits against opioid-industry players have resulted in the allocation of more than \$50 billion in settlements with states and local governments across the country. Funds are aimed at bolstering addiction treatment and recovery; purchasing drugs that reverse opioid overdoses; education and outreach campaigns; and helping defray the costs of the public health crisis.

In Tong's state, the Mallinckrodt settlement was expected to be \$13.9 million over nine years. Groups that work to reduce the harms of drug use say the loss of the money is a blow because it could go toward adding employees and service hours; buying sterile syringes; helping find housing for those struggling with addiction; and even purchasing vans for mobile medication-assisted treatment.

"We're moving in the right direction, but we're moving at a slow pace," said John Hamilton, chief executive of the Liberations Program, a nonprofit behavioral health clinic in Connecticut, of the flow of opioid settlement money into the state.

Under the original settlement, victims collectively would have received about \$160 million, said attorney Joseph Steinfeld, who represents about 20,000 personal injury clients with claims against Mallinckrodt. If the bankruptcy plan goes through, the total would be between \$50 million and \$60 million, he said.

Those victims include relatives of people who died of overdoses, or those whose addiction to pain pills ruined their lives, leading to lost jobs, lost custody of children and medical bills, he said. "We're extremely disappointed. We feel we've been sold down the river" by the company, Steinfeld said.

Representatives for Mallinckrodt did not respond to a request for comment.

In a statement regarding the bankruptcy, Mallinckrodt officials said the company is operating normally and expects to emerge from its second bankruptcy by the end of this year "due to the overwhelming support of its key stakeholders."

Mallinckrodt has struggled financially since it filed for bankruptcy in 2020. It hasn't made a quarterly profit since the fall of 2020, and it has since racked up \$2.6 billion in losses that have accelerated in recent months, according to S&P Capital IQ.

The imminent bankruptcy marks a shift in the company's moderately upbeat message to investors. Mallinckrodt said in an April SEC filing that its core business beat its own expectations last fiscal year. It awarded its new chief executive, Sigurdur Olafsson, a \$1.2 million cash bonus for performance.

In a May earnings call, Olafsson said the company had "a solid start to 2023" and was pleased with its performance. But Mallinckrodt's financial performance was deteriorating, accumulating nearly \$1 billion in losses in the first half of the year — more than it lost in all of 2022.

Sponsored Content



Safe Tech Tips

Mac Users Don't Forget To Do This Before Friday

Ad



Seawater Pro, LLC

Watermaker: DC 12 Volt, 600 Watts, 17 GPH Single Membrane | No Panel /...

Ad

19

6

5

More for You

Seawater Pro, LLC

Watermaker: DC 12 Volt, 600 Watts, 17 GPH Single Membrane | No Panel /...

Ad

Berkshire Hathaway Direct Insurance

Business Insurance For LLCs - Get Instant Business Insurance

Ad

Forge of Empires

If You Need To Kill Time On Your Computer, This Vin Is A Must-Have. No Install

Ad

The New York Times

'We Should Have Gotten Off the Island': Cedar Key Residents Survived Idalia's...

338 280 146

WSJ The Wall Street Journal

Amazon-Business Acquirer Benitago Files for Bankruptcy

5

Daily Mail

Florida baby starts balding after neighbor injected opioid under door

4 41 2

USA TODAY

Secretary of State No quick solution crisis, but US is lea

3 6 1

Wonderwall

TV star's spouse allegedly spent more than \$1 million on alcohol before filing for...

83 492

Seeking Alpha

Knightscope bags 7-robot contract for a pharmaceutical company

1

ScienceA2Z

[Gallery] Millionaire laughs at poor family in restaurant, then waitress hands him...

Ad

truscomfg.com

Grass/Turf Striping - Football, Soccer,

Ad



Radar Online

+ Follow

Lil Pump Ordered to Pay 6-Figure Judgment After Blowing Off Lawsuit

Story by Ryan Naumann • 8h



mega
© Radar Online

Lil Pump's has been ordered to cough up \$118k after blowing off a lawsuit over an unpaid loan, RadarOnline.com has learned.

According to court documents obtained by RadarOnline.com, a Florida judge granted City National Bank's motion for a default judgment.

The court ordered the rapper to pay \$98k in principal, \$7k in interest, and another \$11k in attorney fees. The grand total owed is \$118,593.09.



mega
© Radar Online

As we first reported, earlier this year, the bank sued Pump claiming he defaulted on loan payments. It said Pump took out a \$300k line of credit in October 2019.

City National said Pump stopped making payments in August 2021. The bank accused him of refusing to respond to their demands which led to them taking him to court.



mega
© Radar Online

The bank said Pump owed \$98k on the loan plus \$4k in interest. In addition, it asked that he be ordered to pay \$11k to cover City National's legal fees.

As RadarOnline.com first reported, the legal drama comes as Pump's faces issues with Uncle Sam.



mega
© Radar Online

The Internal Revenue Service recently filed two liens over alleged unpaid taxes.

The first lien was filed on March 1. It [accused](#) Pump of owing \$141,340.56 for the year 2021.

Never miss a story — sign up for the [RadarOnline.com newsletter](#) to get your daily dose of dope. Daily. Breaking. Celebrity news. All free.

A second lien claimed Pump owes \$129,801.88 for 2022. The two liens comes to \$271,142.44.

 Continue reading

Sponsored Content








1





More for You