

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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MEMORANDUM

June 3, 2021

To: Members of the Committee on Oversight and Reform

Fr: Committee Staff

Re: Hearing on “The SACKLER Act and Other Policies to Promote Accountability for the Sackler Family’s Role in the Opioid Epidemic”

On **Tuesday, June 8, 2021, at 12:00 p.m. ET**, the Committee on Oversight and Reform will hold a hybrid hearing in **Room 2154 of the Rayburn House Office Building and on the Zoom video platform** to examine the Sackler family’s role in fueling a national opioid epidemic that has cost nearly 500,000 lives.¹ The hearing will also evaluate the need for reforms to promote accountability for this public health crisis, including the SACKLER Act. Chairwoman Carolyn B. Maloney and senior Committee Member Rep. Mark DeSaulnier introduced the SACKLER Act to prevent bad actors—like the Sacklers—from evading accountability through bankruptcy proceedings.

I. BACKGROUND

In 1996, Purdue Pharma—a company owned and operated by the Sackler family—launched its highly addictive opioid painkiller OxyContin.² Since then, Purdue has generated approximately \$31 billion in revenue from the drug.³ Members of the Sackler family have personally profited tremendously from OxyContin’s sales, having withdrawn more than \$10 billion from Purdue.⁴

¹ Centers for Disease Control and Prevention, *Understanding the Epidemic* (online at www.cdc.gov/drugoverdose/epidemic/index.html) (accessed May 25, 2021).

² *The History of OxyContin, Told Through Unsealed Purdue Documents*, STAT News (Dec. 3, 2019) (online at www.statnews.com/2019/12/03/oxycontin-history-told-through-purdue-pharma-documents/).

³ *‘You Want a Description of Hell?’ Oxycontin’s 12-Hour Problem*, Los Angeles Times (May 5, 2016) (online at www.latimes.com/projects/oxycontin-part1/).

⁴ *Sacklers Withdrew Nearly \$11 Billion from Purdue as Opioid Crisis Mounted*, NPR (Dec. 17, 2019) (online at www.npr.org/2019/12/17/788783876/sacklers-withdrew-nearly-11-billion-from-purdue-as-opioid-crisis-mounted); *The Sackler Family Withdrew More than \$10 Billion from Purdue Pharma During the Country’s Opioid Crisis*, CNN (Oct. 21, 2019) (online at www.cnn.com/2019/12/17/us/purdue-pharma-sackler-family-10-billion-withdrawals/index.html).

In 2007, following a four-year federal investigation into its marketing practices, Purdue Pharma's parent company, the Purdue Frederick Company, paid more than \$600 million in fines as part of a settlement with the Department of Justice (DOJ) on charges of misbranding OxyContin. The settlement included no admission of wrongdoing from members of the Sackler family. DOJ reportedly declined to pursue the recommendation of federal prosecutors to indict three Purdue executives on felony charges for misrepresenting OxyContin's addictive potential.⁵

As the opioid epidemic intensified, more than 2,600 state and federal lawsuits were filed against Purdue Pharma.⁶ By June 2019, 48 states had sued Purdue for fueling OxyContin abuse by persistently downplaying the addictive potential of the drug and pushing doctors to prescribe higher doses.⁷ Several states, led by Massachusetts, also sued individual members of the Sackler family.⁸ On September 15, 2019, Purdue filed for bankruptcy.⁹

On October 21, 2020, DOJ announced a global resolution to the federal government's criminal and civil investigations into Purdue and civil investigation into members of the Sackler family.¹⁰ As part of the agreement, Purdue pleaded guilty to three felony charges, paid more than \$5.5 billion in criminal fines and forfeitures, and agreed to a civil settlement amount of \$2.8 billion. To resolve their civil liability under the False Claims Act, members of the Sackler family separately agreed to pay \$225 million—just over 2% of the family's net worth of approximately \$11 billion.¹¹ The DOJ settlement included no criminal charges against Purdue executives or members of the Sackler family, and no member of the Sackler family admitted to any wrongdoing.¹²

⁵ *Origins of an Epidemic: Purdue Pharma Knew Its Opioids Were Widely Abused*, New York Times (May 29, 2018) (online at www.nytimes.com/2018/05/29/health/purdue-opioids-oxycontin.html).

⁶ *Purdue Pharma, Maker of OxyContin, Files for Bankruptcy*, New York Times (Sept. 15, 2019) (online at www.nytimes.com/2019/09/15/health/purdue-pharma-bankruptcy-opioids-settlement.html).

⁷ *Nearly Every State Is Now Suing OxyContin Maker Purdue Pharma*, CNBC (June 4, 2019) (online at www.cnn.com/2019/06/04/nearly-every-us-state-is-now-suing-oxycontin-maker-purdue-pharma.html).

⁸ *Commonwealth of Massachusetts v. Purdue Pharma L.P. et al.*, Suffolk County Superior Court (C.A. No. 1884-cv-01808 (BLS2)), First Amended Complaint and Jury Demand (Jan. 31, 2019) (online at www.mass.gov/files/documents/2019/07/11/43_01%20First%20Amended%20Complaint%20filed%2001-31-2019_0.pdf).

⁹ *Purdue Pharma, Maker of OxyContin, Files for Bankruptcy*, New York Times (Sept. 15, 2019) (online at www.nytimes.com/2019/09/15/health/purdue-pharma-bankruptcy-opioids-settlement.html).

¹⁰ Department of Justice, *Press Release: Justice Department Announces Global Resolution of Criminal and Civil Investigations with Opioid Manufacturer Purdue Pharma and Civil Settlement with Members of the Sackler Family* (Oct. 21, 2020) (online at www.justice.gov/opa/pr/justice-department-announces-global-resolution-criminal-and-civil-investigations-opioid).

¹¹ *Id.*; Committee on Oversight and Reform, *Press Release: Committee Releases Documents Showing Sackler Family Wealth Totals \$11 Billion* (Apr. 20, 2021) (online at <https://oversight.house.gov/news/press-releases/committee-releases-documents-showing-sackler-family-wealth-totals-11-billion>).

¹² Department of Justice, *Press Release: Justice Department Announces Global Resolution of Criminal and Civil Investigations with Opioid Manufacturer Purdue Pharma and Civil Settlement with Members of the Sackler Family* (Oct. 21, 2020) (online at www.justice.gov/opa/pr/justice-department-announces-global-resolution-criminal-and-civil-investigations-opioid).

As part of a proposed bankruptcy settlement agreement with 24 state attorneys general and plaintiffs in the multidistrict civil litigation, the Sackler family has offered to relinquish its ownership of Purdue Pharma and contribute \$4.2 billion to the settlement fund in exchange for immunity from future opioid lawsuits.¹³

In April 2021, investigative journalist Patrick Radden Keefe published a book entitled *Empire of Pain: The Secret History of the Sackler Dynasty*. Keefe's exposé documents the history of the Sackler family, their involvement in the management of Purdue, and the fortune they amassed while fueling the opioid crisis.

II. COMMITTEE WORK ON PURDUE PHARMA AND THE SACKLER FAMILY

A. Efforts to Promote Transparency

In March 2019, the late Chairman Elijah E. Cummings and Rep. DeSaulnier launched an investigation into the role of the Sackler family in Purdue's marketing of OxyContin.

Following the DOJ settlement proposal in October 2020, Chairwoman Maloney and Rep. DeSaulnier made public selected documents obtained during the Committee's investigation into Purdue and OxyContin. The documents revealed that members of the Sackler family pressured Purdue executives to increase the market share for OxyContin and used their influence on Purdue's Board of Directors to advocate for increased OxyContin market share and sales.

On December 17, 2020, Chairwoman Carolyn B. Maloney held a hearing entitled "The Role of Purdue Pharma and the Sackler Family in the Opioid Epidemic." The hearing featured testimony from David Sackler, Kathe Sackler, and Purdue Pharma CEO Craig Landau.¹⁴

In March 2021, Chairwoman Maloney and Rep. DeSaulnier released additional documents obtained during the Committee's investigation.¹⁵ These documents revealed the Sackler family's significant involvement in Purdue Pharma's business decisions, including those related to OxyContin. A second tranche of investigative documents was made public in April 2021, highlighting internal communications regarding the marketing and promotion of prescription opioids and communications between Purdue executives and members of the Sackler family.¹⁶

¹³ *24 States Mount Legal Fight to Block Sackler Bid for Opioid Immunity*, NPR (Mar. 3, 2021) (online at www.npr.org/2021/05/03/991648432/25-states-mount-legal-fight-to-block-sackler-bid-for-opioid-immunity).

¹⁴ Committee on Oversight and Reform, *Hearing on the Role of Purdue Pharma and the Sackler Family in the Opioid Epidemic*, 116th Cong. (Dec. 17, 2020) (online at <https://oversight.house.gov/legislation/hearings/the-role-of-purdue-pharma-and-the-sackler-family-in-the-opioid-epidemic>).

¹⁵ Committee on Oversight and Reform, *Press Release: Ahead of Sunshine Week, Committee Makes Public Documents Obtained in Purdue Investigation to Provide Transparency, Promote Accountability* (Mar. 11, 2021) (online at <https://oversight.house.gov/news/press-releases/ahead-of-sunshine-week-committee-makes-public-documents-obtained-in-purdue>).

¹⁶ Committee on Oversight and Reform, *Press Release: Committee Makes Public Additional Documents Obtained in Investigation of Purdue Pharma and the Sackler Family* (Apr. 30, 2021) (online at

On April 20, 2021, Chairwoman Maloney released documents prepared as part of the Purdue bankruptcy proceedings and obtained by the Committee that demonstrate the Sackler family's wealth totals approximately \$11 billion. According to these documents, the Sackler family fortune includes over \$2.9 billion in marketable securities, hedge fund investments, and brokerage accounts; more than \$1 billion in real estate holdings; and more than \$250 million in art, jewelry, and other collectibles.¹⁷

B. Reforms to Ensure Accountability

On March 19, 2021, Chairwoman Maloney and Rep. DeSaulnier introduced the Stop shielding Assets from Corporate Known Liability by Eliminating non-debtor Releases (SACKLER) Act.¹⁸

The SACKLER Act would ensure that individuals accused of wrongdoing by government actors—like the Sacklers—can be held accountable for their actions. The bill would prevent bad actors from evading responsibility through bankruptcy proceedings by specifying that a bankruptcy court cannot release claims against non-debtors brought by states, federally recognized tribes, municipalities, or the federal government.

The bill has been cosponsored by more than 40 Members of Congress; has been endorsed by dozens of patient, treatment, and corporate accountability organizations; and is supported by bipartisan state attorneys general.

III. HEARING PURPOSE

The purpose of the hearing is to further examine the Sackler family's involvement in Purdue Pharma's efforts to flood communities with OxyContin and deceive the public on its addictive potential, and to explore the ways in which members of the Sackler family enriched themselves by fueling America's opioid epidemic.

The hearing will also evaluate the need for reforms, including the SACKLER Act, to promote accountability for the harm inflicted on people and communities across the United States as a result of the opioid crisis.

IV. WITNESSES

Alexis Pleus

Founder and Executive Director

<https://oversight.house.gov/news/press-releases/committee-makes-public-additional-documents-obtained-in-investigation-of-purdue>).

¹⁷ Committee on Oversight and Reform, *Press Release: Committee Releases Documents Showing Sackler Family Wealth Totals \$11 Billion* (Apr. 20, 2021) (online at <https://oversight.house.gov/news/press-releases/committee-releases-documents-showing-sackler-family-wealth-totals-11-billion>).

¹⁸ H.R. 2096.

Truth Pharm

Maura Healey
Attorney General
Commonwealth of Massachusetts

Lawrence Wasden
Attorney General
State of Idaho

Patrick Radden Keefe
Author of *Empire of Pain: The Secret History of the Sackler Dynasty*

Additional witnesses to be announced.

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