



STATE OF IDAHO

OFFICE OF THE ATTORNEY GENERAL

LAWRENCE G. WASDEN

**PREPARED STATEMENT OF IDAHO ATTORNEY GENERAL
LAWRENCE WASDEN IN SUPPORT OF THE SACKLER ACT**

**Before the
COMMITTEE ON OVERSIGHT AND REFORM
U.S. HOUSE OF REPRESENTATIVES**

JUNE 8, 2021

Chairwoman Maloney, Representative Comer, and Members of the Committee:

Thank you for holding this important hearing. I am grateful for the chance to share my perspective as the chief legal officer of the State of Idaho. It is also a pleasure to once again work with Attorney General Healey on this important issue.

Idaho has not been spared the effects of the opioid crisis. Between 1999 and 2017, Idaho's opioid-related death rate nearly tripled. In 2015 alone, approximately 1.3 million opioid prescriptions were written in Idaho - nearly one prescription for every man, woman, and child in the state.

Beginning in the 1990s, Purdue and the Sackler family executed one of the deadliest marketing campaigns in history. Tragically, this campaign resulted in a dramatic rise in opioid abuse, addiction, overdose, and death.

The Sackler family bears substantial responsibility for the opioid crisis ravaging our country. My team has worked shoulder to shoulder with prosecutors from across the country to investigate the companies and individuals who contributed to the opioid crisis. The people of Idaho count on me to enforce the law.

I sued Purdue and eight members of the Sackler family in Idaho state court for violating Idaho law. But for the past two years, my team has been fighting Purdue and the Sacklers in a federal bankruptcy court in New York. The Sacklers are using Purdue's corporate bankruptcy as a tactic to hide behind - and protect themselves - from personal liability and accountability. They have kept my case away from an Idaho judge and an Idaho jury. And now they are planning to use the bankruptcy court to give themselves permanent immunity, even against civil law enforcement claims by state attorneys general.

As Idaho's chief legal officer, I believe that the law should be enforced fairly and squarely against people who deceive the public about addictive drugs. For more than a decade, I served on the Board of Directors of the American Legacy Foundation, the nonprofit created in the wake of the 1998 national Tobacco Settlement to educate youth and adults on the dangers of smoking. I saw how tobacco companies damaged our communities and how much work it takes to address those injuries.

The tobacco companies, however, were not allowed to abuse the bankruptcy system the way the Sacklers are. The tobacco companies had to face trials, or actually declare bankruptcy themselves, or agree to settlements that each state attorney general could support. That settlement has ultimately led to a decades-long decline in smoking.

I am grateful for the bipartisan work of the House Oversight Committee on the SACKLER Act. Now, I hope that you will take the next step and enact the legislation that has been introduced to ensure that the Sacklers, and other bad actors, cannot use our bankruptcy system to evade accountability.

The policy embodied in the SACKLER Act is sound: Non-debtors, who have not filed for bankruptcy, should not be allowed to use another party's bankruptcy to shield themselves and escape from government legal claims against them. The Sacklers are not bankrupt – they are billionaires. The Bankruptcy Code could not have been intended to benefit them, and efforts to use it for that purpose should be stopped.

The SACKLER Act builds on a foundation established by many federal courts. In the Ninth Circuit, which includes Idaho, the Court of Appeals does not permit a bankruptcy court to release claims against people who have not filed for bankruptcy. Likewise, the official position of the U.S. Department of Justice is that the non-consensual release of government claims against non-debtors is never lawful.

Because some bankruptcy courts have released some claims against non-debtors, there is a split in this area of law, a circumstance in which it is right for Congress to provide a uniform, national standard.

As you heard during the December hearing, ensuring appropriate accountability for misconduct that contributed to the opioid crisis is not a partisan cause. It matters to Republicans and Democrats. It matters to every American. It certainly matters to me and to my state.

For these reasons, I hope that legislation to stop the Sacklers' abuse of the bankruptcy system will receive bipartisan support and be enacted into law.

Thank you.