



NATIONAL CONSUMERS LEAGUE

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October 26, 2021

The Honorable Jerrold Nadler
Chairman
U.S. House Committee on the Judiciary
Washington, DC 20515

The Honorable Jim Jordan
Ranking Member
U.S. House Committee on the Judiciary
Washington, DC 20515

Re: H.R. 4777, the Nondebtor Release Prohibition Act of 2021

Dear Chairman Nadler and Ranking Member Jordan:

The National Consumers League and Public Citizen support H.R. 4777, the Nondebtor Release Prohibition Act of 2021, and urge Congress to pass this critical legislation. H.R. 4777 would prevent companies from abusing the bankruptcy system to escape accountability for wrongdoing and deny relief to consumers who have been harmed.

H.R. 4777 would address bankruptcy schemes that shield corporate wrongdoers from accountability in three ways. First, the bill requires the dismissal of a bankruptcy, after a hearing, if the judge determines the bankruptcy would place most of the liabilities into the bankrupt entity, taking away the rights of injured victims to take the wrongdoer to court. Second, the bill allows for an appeal of any order barring victims from suing the entity that holds the assets of the original wrongdoing company. Third, the bill would crack down on another bankruptcy abuse, known as “nondebtor” releases. This loophole in bankruptcy law allows bad

actors to use a corporation's bankruptcy to also shield themselves. As an example, it is our understanding that the Sackler family, owners of Purdue, the maker of Oxycontin, is trying to use this mechanism to avoid full accountability to opioid victims through Purdue's bankruptcy.

Congress should act. We want to discourage corporations from engaging in misconduct and using loopholes in the law to cover-up wrongdoing and escape responsibility. We urge you to pass the Nondebtor Release Prohibition Act of 2021(H.R. 4777).

Sincerely,



Sally Greenberg
Executive Director
National Consumers League



Remington A. Gregg
Counsel for Civil Justice and Consumer Rights
Public Citizen