

FOR IMMEDIATE RELEASE:

## **BANKRUPTCY JUDGE TO APPROVE CHAPTER 11 PLAN OF NEW ENGLAND COMPOUNDING CENTER**

### **Plan Anticipates At Least \$200 Million will be Available to Compensate Victims of Tainted Steroids and Other Creditors**

BOSTON (May 19, 2015) - - Judge Henry J. Boroff of the United States Bankruptcy Court for the District of Massachusetts today said he would approve the Chapter 11 Plan of New England Compounding Center ("NECC"), the compounding pharmacy involved in a deadly national meningitis outbreak. Under the confirmed Plan, approximately \$200 million will be available to compensate NECC's creditors, including victims who became ill or died as the result of receiving an injection of the tainted steroid. Over 98% of creditors that voted on the Plan voted to accept the Plan.

The Chapter 11 Plan was filed jointly by Paul D. Moore, the Chapter 11 Trustee (the "Trustee") of NECC, and the Official Unsecured Creditors' Committee (the "Committee"). The Plan was also supported by the Plaintiffs' Steering Committee (the "PSC"), which represents the interests of all individuals pursuing personal injury lawsuits in the multi-district litigation against NECC and its affiliates as well as their insurers.

The Plan establishes a Tort Trust for compensating those persons that have suffered personal injury and/or death due to allegedly contaminated drugs compounded by NECC. The Tort Trust will be funded by the proceeds of the Trustee's settlements with NECC's shareholders, various clinics and health care providers that administered NECC drugs, and companies that had business relationships with NECC. Those parties will receive releases from NECC-related liability, as well as injunctions in aid thereof, in exchange for their substantial contributions. The Trustee and the Committee anticipate that distributions to victims from the Tort Trust may commence before the end of the year.

The Centers for Disease Control estimates that at least 751 people nation-wide have been diagnosed with fungal meningitis or other serious injuries as a result of the administration of NECC products. At least 64 deaths have been confirmed.

**Paul Moore**, the Chapter 11 Trustee of NECC and a partner at the law firm of Duane Morris LLP, which also serves as his counsel, said:

"My principal mission since the day I was appointed was to recover as large a sum as possible for the benefit of those who died or suffered serious injuries as a result of this tragic outbreak. I am pleased to have succeeded, in close collaboration with the Committee and the PSC, in achieving that goal, while avoiding the substantial fees and expenses, delays and uncertainties of years of litigation and related appeals. I am especially pleased that those who suffered so greatly will soon receive compensation without further delay."

**David Molton**, a partner at the law firm Brown Rudnick LLP and counsel to the Committee with his partner **Bill Baldiga** and fellow Brown Rudnick attorney **Kiersten Taylor**, said:

"The success of the Plan, and its centerpiece \$200 million fund for victims and creditors, marks the culmination of two plus years of hard work and unprecedented

cooperation between numerous diverse constituencies, including the individual Committee member's legal representatives who worked hands on with the Trustee in formulating and negotiating the Plan, the plaintiffs' lawyers and the settling defendants. Victims can never be compensated adequately for the suffering inflicted on them by NECC, but this case does demonstrate how the law, and particularly bankruptcy law, can be used to bring some justice to people seriously injured by a company's misconduct."

Attorney **Anne Andrews** of Irvine, California, co-chair of the Committee, said:

"Now that the Plan will be confirmed, distribution of the global settlement fund to victims will soon begin. It has been a pleasure to work with an incredible team of colleagues to achieve this extraordinary relief that seemed impossible at the outset. Confirmation of the Plan helps bring a sense of closure to the victims of this tragedy and their loved ones, who have waited so patiently for justice and some form of compensation for all they have endured."

"We are pleased that Judge Boroff will approve the Plan," said attorney **Harry Roth**, co-chair of the Official Creditors Committee and one of the attorneys instrumental in creating and developing the Plan. "At the outset of this litigation, there was grave concern given the available insurance and assets of the company, that there would be little, if any, compensation for the victims of the largest ever doctor-induced infection outbreak in the nation. The NECC Chapter 11 Plan is the culmination of the efforts of a large legal team drawn from law firms across the country. These lawyers, since the fall of 2012, have dedicated themselves to creating a compensation fund and equitable distribution program for the NECC victims. With the court's approval of the Plan we believe we have accomplished these goals."

Information regarding the bankruptcy case and copies of the plan documents can be found at <http://drcdrx.com/Cases/CaseInfo/necp>.

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