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Purdue Ch. 11 Mediator Says Settlement Took A Village, Part 1

By **Vince Sullivan**

Law360 (December 17, 2025, 3:49 PM EST) -- Former U.S. Bankruptcy Judge Shelley C. Chapman oversaw the most complex mediation she has seen to date as she guided settlement negotiations in the Chapter 11 case of OxyContin maker Purdue Pharma, and those efforts resulted in a $7.4 billion deal confirmed by a New York court last month.

Chapman, who served on the bench in the U.S. Bankruptcy Court for the Southern District of New York from 2010 to 2022 and now is senior counsel at law firm Willkie Farr & Gallagher LLP, said the settlement was made possible through the dedicated work of the parties who all pulled for a resolution despite the initial doubts of many involved.

"There were so many people who played pivotal roles in getting this done," Chapman told Law360. "It truly, truly took a village of people to do this, and thank goodness for that."

Chapman spoke with Law360 about her entry into the case, the preparation for her role as mediator and the challenges she faced in presiding over the complex negotiations. This is Part 1 of a two-part interview.

The interview has been condensed and lightly edited for clarity.

How did you become involved in the Purdue case?

My recollection is it was back in May of 2021 that I got a call from my former colleague on the bench, [now-retired] Judge Robert Drain, who was presiding over the Purdue case at that time and asked me if I'd be willing to serve as mediator in the case.

I was very excited to get that call. I'd previously done mediation work for Judge Drain. I was still on the bench at that time, and I said I would be delighted to do it.

It was COVID then, and the world was kind of standing still, so I had the time to devote to it. I was contacted by debtor's counsel, and we got started in June of 2021.

Purdue presented a complex case with years of history by the time you were appointed as mediator. What was the state of negotiations when you became involved?

There had been several years of claims being filed against the company and proceedings in multidistrict

litigation. The case came to me after at least some aspects of the settlement had been negotiated by my friends Kenneth Feinberg and Layn Phillips. They had negotiated key pieces at a high level regarding allocation issues among the various creditor groups. There was also a number at that time of approximately $3 billion to be paid by the members of the Sackler family that owned Purdue.

About half of the states and territories were on board with the settlement at that time, so when it came to me, my task was to try to get consensus with the remaining states.

What kind of preparation did you undertake before beginning the mediation process in earnest?

Because of how much history there was and all the different constituencies, the firms involved sent us enormous binders of information. We took the time to go through all that. The "we" refers to myself and Jamie Eisen, my former law clerk and now counsel at Willkie Farr. She became the other half of my brain. We went through the information and drew a map of the landscape of the case.

After we consumed as much as we could by reading the papers, we began a series of one-off phone calls, a process which was very time-consuming because of all the parties who were involved. I had been given broad authority under the mediation order to determine who it was that I wanted to participate in the mediation. I used that authority judiciously.

Everybody was very willing to talk to me on both sides of the case, and it took an enormous amount of time. We then started the process of what was the mediation itself.

Aside from the legal and financial questions involved in a typical bankruptcy case, Purdue presented unique public policy and societal harm issues. Did they present new challenges in the mediation?

There were challenges — too many to count, frankly. With so many parties, many of them had prioritized aspects of a settlement that were important to them.

For some parties on the creditor side, monetary considerations were the most important element for a variety of reasons. Their feeling was the Sacklers needed to pay and should not be allowed to continue to profit from the opioid epidemic and sales of OxyContin.

For others, accountability and transparency were more of a priority, which was ultimately reflected in certain nonmonetary aspects of the settlement we negotiated.

On the Sackler side, they wanted closure. They knew that people wanted to hold them personally responsible for what Purdue had done. They wanted to pay a settlement, and then they wanted to have protection against lawsuits.

My job was to negotiate a number that would satisfy the creditor parties.

I have over the years been in touch with a number of the individual victims. For them, the monetary compensation was never what it was about.

The case is In re: Purdue Pharma LP, case number 7:19-bk-23649, in the U.S. Bankruptcy Court for the Southern District of New York.

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Purdue Mediator Says Failure Was Not An Option, Part 2

By **Vince Sullivan**

Law360 (December 18, 2025, 12:03 PM EST) -- Former bankruptcy Judge Shelley C. Chapman mediated a $7.4 billion settlement in the Chapter 11 case of Purdue Pharma that received court approval last month. She spoke with Law360 about the pressure she faced to reach a deal and the 18-hour mediation sessions that came with renewed negotiations after the U.S. Supreme Court threw out a critical element of the agreement. She also discussed the role of nonmonetary relief for creditors, including the removal of the Sackler name from buildings and institutions.


Shelley C. Chapman

Chapman previously discussed how she became involved in the case, her preparation for the process and the challenges of such sprawling mediation.

The interview has been condensed and lightly edited for clarity.

While bankruptcy proceedings are open to the public, there is rarely much interest in most cases. That was different for Purdue. Was there added pressure to reach a settlement given the public's attention to Purdue and the Sacklers?

I felt enormous pressure because failure was not an option. We had to get this done. There was just no other choice.

It ultimately happened in two phases. In the first phase before the original plan was confirmed in 2021, we got 15 additional states on board, including a couple of states whom I was told at the outset would never agree to settle. There was an enormous amount of pressure to get it done, also because if we didn't get it done, it was literally going to be a catastrophe for all concerned.

In the second phase, while the original plan was on appeal, we got an additional nine states to join the settlement.

While there was outside pressure, I stayed away from media portrayals of the issues. I needed to be able to deal effectively with all the parties and I didn't want to take at face value anybody else's account of who did what, or who is entitled to what. I wanted to make my own record because that's what I did as a judge.

What that resulted in for me was not quite a 24/7 mediation effort, but it was about as close as you can

come. Because we held most of the sessions by Zoom, we adopted the procedure of setting up a call almost every day.

There were some days when people stayed on the Zoom call for 18 hours a day. There was just this pressure and this feeling that we had to get this done. I'm sure that many people found me annoying after a while, but that was my job.

The first confirmed plan called for $4.325 billion of settlement payments from the Sacklers, and that number rose to $5.5 billion while that plan was being appealed to the Supreme Court, which overturned it based on the nonconsensual releases of creditor claims against the Sacklers. What was it like coming back to the table after that decision?

In round one for me, leading up to the Supreme Court case, it was a high degree of difficulty. No one thought it would happen.

If the first deal was impossible, the second round was one hundred times more impossible. After the Harrington decision, the challenge was that in the plan that was overturned by the Supreme Court, the Sacklers had bargained for global peace. Creditors now had been forced to wait around for years and were looking for more consideration. We had to find a way to give the Sacklers more protection from litigation in a world where we could no longer force releases on creditors.

I think it got done because all the parties and all the counsel stuck with it. The attorneys general and their deputies in charge of this stuck with it and lived with it.

The recently confirmed plan includes $6.5 billion of payments from the Sacklers and $900 million from Purdue, but also includes nonmonetary aspects that were important to creditors. What were those elements and why did they matter?

There will be a public document repository that is to be funded out of the settlement and will be the home of literally hundreds of millions of pages of documents from Purdue. It will turn out to be the largest such repository in history, even bigger than the tobacco industry repository created as part of that litigation.

The feeling was the world should be able to see exactly what happened at Purdue to ensure nothing like this happens again.

Another part of the settlement calls for the removal of the Sackler name from various buildings, museums, institutions and the like.

The Sacklers for many decades engaged in very far-reaching philanthropy. It was very important to some parties that their names be removed. We negotiated the circumstances under which that would happen.

An extremely important aspect that may have had the most impact on the individual claimants is what has come to be called the victims hearing. We negotiated for what turned out to be a three-to-four-hour hearing before Judge Drain in March of 2022. Selected victims were given an opportunity to address members of the Sackler family on Zoom. We had counsel present with them who represented to the court that the members of the family were watching the screen and were listening. The ground rules were that they were not to answer or be required to speak.

To say it was an emotional hearing, it was indescribable. It ranged from people playing 911 calls to people having the opportunity to describe the pain they had suffered. In a number of instances, emails were sent to me saying that participating in that hearing had enabled some of the individual victims to move on and give them back their life.

It was highly unusual. It wasn't evidence, but the judge, to his great credit, was willing to go along with it because it was important to so many of the constituents. The format has since been used in some of the sex abuse cases in bankruptcy courts across the country.

What lessons did you take from your time presiding over the Purdue mediation?

Patience and perseverance pays off. I approach every case as a must-do and must-resolve. I try to get folks to park their emotions at the door, which isn't always possible, but always has to be a goal. You have to be candid about the strengths and weaknesses of each party's position.

A typical mediation is financial- or contractual-based. The parties are looking to me to say with candor why I think a particular party is going to lose in litigation. I hear you. You're represented by great counsel. But if this case were before me as a judge, this is how I think it would come out.

What I learned is the importance of, in certain instances, speaking directly to the principals so they have a reality check on what their risk really looks like.

Purdue took a village, and it was a very large village full of extremely dedicated and talented lawyers. It's always a privilege to work with them. For me, it really was the case of a lifetime.

The case is In re: Purdue Pharma LP, case number 7:19-bk-23649, in the U.S. Bankruptcy Court for the Southern District of New York.

--Editing by Jay Jackson Jr.
