

Wracked by an opioid scandal, Insys files for bankruptcy

June 10 2019

American drug maker Insys announced on Monday it was filing for bankruptcy and will sell its assets as it faces legal and financial fallout from its role in the opioid crisis.

The Arizona-based [company](#) last week agreed to pay \$225 million to settle criminal and civil probes into the marketing of an addictive opioid painkiller.

Insys' founder and four other former executives were also convicted last month of engaging in systematic bribery of doctors to prescribe the powerful opioid Subsys unnecessarily and at higher-than-recommended dosages.

The company said in a statement Monday it intends to continue operations as it seeks [bankruptcy protection](#), but will sell "substantially all" of its assets under [court](#) supervision to pay the settlement.

"After conducting a thorough review of available strategic alternatives, we determined that a court-supervised sale process is the best course of action to maximize the value of our assets and address our legacy [legal challenges](#) in a fair and transparent manner," CEO Andrew Long said in a statement.

Beyond its settlement with the Justice Department, the company faces millions in legal costs. In court filings on Monday, the company valued its assets at between \$100 million and \$500 million.

The court documents also show founder John Kapoor retains a 63 percent stake in the company. Sentencing for Kapoor is set for September.

Shares in the company fell nearly 57 percent from Friday's close to 74.5 cents on the Nasdaq shortly after 1500 GMT.

Prior to the scandal, shares in January 2018 reached as high \$13.38.

The company says it plans to honor employee wages and to continue operating as normal while paying vendors and suppliers in full.

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