

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
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	:	Case No. 19-11292 (KG)
INSYS THERAPEUTICS, INC., et al.	:	
	:	Jointly Administered
Debtors.¹	:	
	:	Re: D.I. 5, 49, 231, 475, and 482

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**STATE OF MINNESOTA’S JOINDER IN STATEMENT AND LIMITED OBJECTION
OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO MOTION OF
DEBTORS PURSUANT TO 11 U.S.C. §§ 105(a), 363 AND 507(a) FOR (I) AUTHORITY
TO (A) PAY CERTAIN PREPETITION WAGES AND REIMBURSABLE EMPLOYEE
EXPENSES, (B) PAY AND HONOR EMPLOYEE MEDICAL AND OTHER BENEFITS,
AND (C) CONTINUE EMPLOYEE BENEFITS PROGRAMS, AND (II) RELATED
RELIEF**

The State of Minnesota, by its Attorney General, Keith Ellison, and the Minnesota Board of Pharmacy (collectively, “Minnesota”), creditors and parties-in-interest, respectfully join the Statement and Limited Objection (the “Limited Objection”) of the Official Committee of Unsecured Creditors (the “Committee”) to Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363, and 507(a) for (I) Authority to (A) Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (B) Pay and Honor Employee Medical and Other Benefits, and (C) Continue Employee Benefits Programs, and (II) Related Relief [D.I. 482] (“Wages Motion”), and in further support, state as follows:

1. Minnesota has been significantly harmed by the fraudulent, deceptive, and illegal conduct of Debtor Insys Therapeutics, Inc. (“Insys”), and holds substantial claims against the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Insys Therapeutics, Inc. (7886); IC Operations, LLC (9659); Insys Development Company, Inc. (3020); Insys Manufacturing, LLC (0789); Insys Pharma, Inc. (9410); IPSC, LLC (6577); and IPT 355, LLC (0155). The Debtors’ mailing address is 1333 South Spectrum Blvd #100, Chandler, Arizona 82586.

Debtors. As described in detail in Minnesota’s adversary proceeding briefing (Adv. Pro. No. 19-50261, Adv. D.I. 15), Minnesota brought a civil action and a license discipline action against Insys regarding the company’s misconduct in marketing and promoting its fentanyl product, Subsys.

2. As noted in the Limited Objection, Debtors have gone to great lengths to stress to this Court that their prepetition fraudulent conduct is attributable to former management and that Debtors treat allegations of prior misconduct by their employees “with the greatest seriousness.” (*See, e.g.*, D.I. 11, at ¶ 34.) As such, Minnesota shares the Committee’s concerns regarding Debtors’ ongoing refusal to attest that a set of current employees—to whom Debtors desire to pay \$500,000 in severance—were not involved in any criminal or unlawful behavior.

3. Likewise, Minnesota had little visibility into the nature of Debtors’ postpetition severance program until Debtors filed their statement on their severance program last night. (*See* D.I. 475.) Minnesota further agrees with the Committee’s request that Debtors provide operative documents and further disclose additional key details related to the severance program, in order to allow creditors like Minnesota to fully evaluate the program and object, if necessary.

4. Minnesota adopts the Limited Objection, joins in the relief sought by the Committee, and respectfully requests that the Court deny Debtors’ Wages Motion unless modified in accordance with the Committee’s Limited Objection.

Dated: August 20, 2019

Respectfully submitted,

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