

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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In re:	:		Chapter 11
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INSYS THERAPEUTICS, INC., et al.,	:		Case No. 19-11292 (KG)
	:		
Debtors.¹	:		Jointly Administered
	:		
	X		

**JOINDER OF THE STATE OF NEW YORK TO 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**

To the Honorable Kevin Gross, United States Bankruptcy Judge:

The Attorney General for the State of New York, a creditor and party-in-interest in this action, hereby joins the *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 “Limited Objection”) (ECF No. 482), filed by the Official Committee of Unsecured Creditors (the “Committee”) on August 20, 2019, stating as follows:

1. The Attorney General for the State of New York joins in the Committee’s Limited Objection to the proposed Severance Program (as defined in the Limited Objection).

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 85286.

2. The Debtors should not pay additional sums to employees who engaged in or were otherwise complicit in the Debtors' prepetition indisputably (and acknowledged) improper and criminal conduct, just so that they can remain to oversee the Debtors' windup.

3. The Debtors are in the best position to determine now whether any employee who otherwise might be eligible for the Severance Program engaged or was complicit in bad acts. Self-reporting by a financially motivated employee is not acceptable. The Debtors' statement that no one who is determined to be a bad actor will be eligible is insufficient to assure that the Debtors will undertake the diligence to confirm proper eligibility.

4. Further, the proposed severance payments also seem to be designed to assist the Debtors in securing a buyer for, and completing a sale of, its Subsys business – the addictive drug at the heart of the Debtors' criminal conduct. Whether this Court should be encouraging a sale of this business is, at least, a debatable proposition.

5. Regardless, the Debtors' proposal lacks the detail and advance notice required for parties to make an informed, thoughtful decision.

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WHEREFORE, the State of New York, through its Attorney General, requests that the Court deny the Debtors' request, without prejudice to the Debtors seeking authority for a severance program that addresses the concerns raised here and in the Committee's Limited Objection, on proper notice, opportunity to object and a hearing.

Dated: August 20, 2019
Wilmington, Delaware

LETITIA JAMES
Attorney General of the State of New York

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CERTIFICATE OF SERVICE

The undersigned certifies that on August 20, 2019, a true and correct copy of this document was served by electronic mail through the Court's CM/ECF system to all parties who are deemed to have consented to electronic service.

/s/ Andrew M. Troop
Andrew M. Troop