43366.277 -803.83984 (-1.8198754%) EBAY 58.81 -1.7999992 (-2.9698057%) GME 122.47 -1.8199997 (-1.4643171%) GOOGL 2772.4 -59.440186 (-2.098995%) GRPN 24.

Are some corporates taking the bankruptcy route to avoid paying high settlements for lawsuits?

February 5, 2022 By: CWEB

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Technologies become obsolete, processes go wrong, marketing crosses ethical limits and lawsuits arise. This is a part of the corporate environment in almost all industries. However, when certain companies try to use bankruptcy laws to decrease the amount of payout, it is the time for judges and media outlets to stop them in their tracks. Reuters has recently reported on how Johnson & Johnson is trying to use **bankruptcy laws** to decrease the amounts in the settlements that have to be made as lawsuits have been filed against its talc.

Reams and reams of reports and articles have been written about the opioid crisis, especially in the U.S. and how one pharmaceutical company Purdue needs to take major responsibility as Oxycontin addiction has affected generations of Americans. The Sackler family has been trying to avoid taking personal responsibility and had such a clause in their appeals to the courts.

Now, it is the turn of Johnson & Johnson. The much revered company who has helped millions with its pharmaceutical products and its COVID-19 vaccine seems to have lost its ethical way and it is hoped that it this this would be temporary.

The giant pharma tried to muzzle Reuters from reporting some internal documents that show how the company was looking to minimize payouts by forming a new created subsidy that would look at complaints related to its liability on its popular Baby Powder talc. Reuters saw the memos from lawyers and others on what could be considered as using the law to decrease payouts. The company said that the documents were confidential.

The subsidy would declare bankruptcy, thereby curtailing the settlements awarded by juries and complaints would reach bankruptcy courts. The subsidiary was formed in October under a project called "Project Plato." The new company called LTL filed for bankruptcy, in October last year. The parent company calls it a legitimate move.

Some batches of Johnson and Johnson's Baby talc were reported to have minute quantities of asbestos. Asbestos has been linked to mesothelioma and ovarian cancer. Many plaintiffs sued the company after their diagnosis. Johnson & Johnson claim that their products are asbestos free and are safe. However, the possibility of cross contamination with asbestos remains, although it might be miniscule.

On February 14, a New Jersey judge will hear arguments from the plaintiffs who are expected to say that the bankruptcy should be dismissed as it was filed in bad faith.

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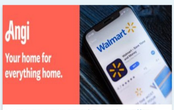

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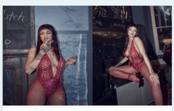

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