

Business & Practice

Exclusive

Opioids Lawyers Offer Investors Piece of \$100 Million-Plus Win

June 17, 2024, 5:00 AM EDT

- Napoli Shkolnik has previously received funding from Fortress
- Firm has steered settlements with McKesson, CVS, Walgreens

A law firm set to earn more than \$100 million for its work on opioids cases is packaging its fees and selling it to investors as a security.

Napoli Shkolnik PLLC is pooling its portion of approximately \$1.3 billion in settlements with major opioid manufacturers and pharmacies, including McKesson, Janssen, CVS and Walgreens, according to a Securities and Exchange Commission filing. The firm declined to comment.

The move is the latest sign of the growing intermingling of law firms and investors. Securitization is an increasingly common tool in litigation finance, a \$15.2 billion industry in which outside funders back lawsuits or invest in yet to be paid settlements, and which has set its sights on large pools of money in mass tort cases.

"It's getting more systematic, the sophistication level is rising and it's bringing in new actors," said Samir Parikh, a law professor at Wake Forest University who studies mass torts financing. "Whether it's good or bad is hard to say. What you could argue is it's weaponizing mass tort litigation that must be terrifying to defendants."

Securities are often used to package auto, credit and other loans for investors. For law firms set to receive shares of large settlements over time, it gives them immediate access to cash while reducing risk.

Some states and counties in the late 90s securitized parts of settlement awards stemming from far-reaching lawsuits against tobacco companies. The details of similar moves by law firms and private companies are often not made public.

Napoli Shkolnik's asset report filing with the SEC offers a rare glimpse of how one of the biggest mass tort law firms is being paid for its work and its plans to monetize future winnings now. The document details at least one of the settlements, when it will be paid out and the law firm's cut.

Fortress Investment Group has backed the firm in a variety of cases, while litigation funder C Cubed Capital Partners is handling the securitization process. C Cubed declined to comment.

Napoli Shkolnik represented plaintiffs accusing drug manufacturers and pharmacies of fueling to the opioid crisis. Its lawyers helped negotiate a combined \$6 billion settlement over years to be paid directly to state and local governments by TEVA and AbbVie. They also represented Ohio's Cuyahoga County, reaching a \$260 million settlement in litigation against McKesson, Cardinal Health, AmerisourceBergen Corp, and Teva, among other cases.

Companies targeted in opioid cases are expected to pay around \$21 billion to resolve the suits.

The SEC document does not state the total amount that the firm expects to receive from the settlements it negotiated. Napoli is getting a 15% cut of annual payments from Janssen, totaling more than \$27 million over a seven-year period. Using the same rate in the other settlements, the firm would be on track to rake in as much as \$126 million over the course of several years.

Mass Tort Investments

Funders in mass tort cases often provide loans to plaintiffs' firms for their entire docket of cases with interest rates that can exceed 20%.

Advocates say the financing helps even the playing field with deep-pocketed corporations.

"People are casting aspersions on this industry as fueling frivolous litigation when there's widespread consensus that opioid manufacturers caused devastation in this country," said Ted Farrell, founder of Litigation Funding Advisers.

Fortress has funded Napoli Shkolnik since 2018 in a variety of cases, according to public filings. That includes “all cases directly or indirectly related to injury or death caused by pharmaceuticals or other medical products, procedures or devices.” The most recent lien with the funder was terminated in early April, a few weeks after the C Cubed Capital’s securitization filing.

Fortress did not respond to a request for comment.

“It’s remarkable and wholly unremarkable,” Farrell said of the securitization. “This is a corporate finance entity that has a defined income stream and it is using that income stream to finance its operations.”

To contact the reporter on this story: Emily R. Siegel at esiegel@bloombergindustry.com

To contact the editors responsible for this story: Chris Opfer at copfer@bloombergindustry.com; John Hughes at jhughes@bloombergindustry.com; Alessandra Rafferty at arafferty@bloombergindustry.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved