Plaintiffs in J&J Talc Cancer Litigation File Class Action Complaint for Fraudulent Conveyance

The lawsuit alleges J&J engaged in a series of fraudulent maneuvers crafted to block cancer victims from receiving fair compensation for defective talc products

TRENTON, N.J., U.S.A., May 22, 2024 /EINPresswire.com/ -- Today, plaintiffs filed a class action (Murphy et al. v. LTL Management Inc. et al., Case No.3:24-CV-06320 (D. N.J.) on behalf of women and families whose talc-cancer cases were delayed because of Johnson & Johnson's (J&J) manipulation of the U.S. Bankruptcy Code. The Complaint alleges defendants fraudulently participated in a scheme to transfer assets during two bad faith bankruptcy filings with the intent to limit their liability for talc claims. According to the suit, those machinations prompted a two-year delay of scheduled trials and other types of resolution.

> Johnson & Johnson is playing a dark game of chess with this country's financial and judicial systems.”
>
> *ATTORNEY MIKE PAPANTONIO, LEVIN PAPANTONIO RAFFERTY*

The plaintiffs filed individually and on behalf of a proposed class of women who allegedly have suffered serious illness, including ovarian cancer and mesothelioma, as the result of using J&J's defective talc-based powder products. Defendants include J&J, LTL Management, Janssen Pharmaceuticals, Kenvue, and others.

According to the Complaint, J&J has pursued "a strategy of repeat fraudulent transfers and serial bad faith bankruptcy filings to hinder, delay, and defraud these women and prevent them from ever having their day in court before a jury of their peers, much less recovering from J&J." Among other things, the suit seeks compensatory and punitive damages as well as a declaration that J&J’s actions “were fraudulent and implemented through corporate machinations and bad faith bankruptcy filings to hinder and delay tort victims.”

The law firms of Ashcraft Gerel, Beasley Allen, Burns Charest, Golomb Legal, Levin Papantonio Rafferty, and Bailey Glasser represent the plaintiffs in the proposed class. The lawsuit was filed in the U.S. District Court for the District of New Jersey.

About the Claims of Fraudulent Conveyance

Fraudulent conveyance, the illegal or unfair transfer of property to another party through a bankruptcy trustee, is governed by the Uniform Voidable Transactions Act (formerly the Uniform Fraudulent Transfer Act) and the Federal Bankruptcy Code.


The class action lawsuit filed today accuses J&J of fraudulently participating in a scheme of repeated fraudulent transfers and serial bad faith bankruptcy filings to limit its liability for talc claims.

The filed Complaint states that certain of the defendants' transactions stemmed from fraudulent strategy and bad faith bankruptcy filings to hinder and delay tort victims. Specifically:

* J&J employed the "Texas Two-Step" tactic, creating LTL Management subsidiary and transferring lawsuits to the subsidiary, then had LTL file for bankruptcy--a strategy that failed twice.
* J&J sought further shielding from talc and mesothelioma claims by transferring corporate assets from an existing consumer health division into Kenvue, a new entity.
* J&J swapped a $61.5 billion funding agreement with another agreement capped at $29.9 billion. The transaction took place after LTL's first failed bankruptcy attempt and without the subsidiary receiving equivalent value in return.

The plaintiffs in the lawsuit are seeking fraudulent transfer remedies afforded by law to tort victims. The suit also seeks compensatory and punitive damages "to address the Defendants' malicious abuse and malicious use of process."

"Johnson & Johnson is playing a dark game of chess with this country's financial and judicial systems. With a net worth of nearly $400 billion, this corporation has deliberately manipulated assets to sidestep its obligations to ovarian cancer victims and in so doing has robbed them of true and rightful justice," said Attorney Mike Papantonio of Levin Papantonio Rafferty law firm.

“The bad faith that the courts found in ruling against J&J in the two previous bankruptcies applies to every action the company has taken during the past three years,” says Attorney Andy Birchfield of Alabama-based Beasley Allen. “The individuals bringing this class action are shining a bright light on the entire series of dubious, unlawful and hypocritical ploys J&J has been following, and they’re saying enough is enough.”

J&J's Pursuit of a Pre-Packaged Bankruptcy

More than 50,000 lawsuits have been filed against Johnson & Johnson (J&J) alleging that their talc-based baby powder caused ovarian cancer (MDL 2738, IN RE: Johnson & Johnson Talcum Powder Products Marketing, Sales Practices and Products Liability Litigation).

J&J proposed a settlement of approximately $6.48 billion to resolve the lawsuits, pending approval. This agreement would require transferring the cases to bankruptcy court and obtaining approval from 75% of the claimants.

Earlier this month, Levin Papantonio Rafferty (LPR) and Beasley Allen Law Firm issued a letter to members of the legal community, warning them of the pitfalls of Johnson & Johnson's "prepackaged" Chapter 11 proposal and alerting attorneys to a "ballot-stuffing" tactic J&J has pioneered to get this supermajority vote: directly soliciting law firms to take deals that would settle plaintiffs' claims at a fraction of their worth.

J&J's latest tactic followed two failed bankruptcy attempts (Case No. 21-30589 and Case No. 23-12825).

May Study Bolsters Link Between Talc and Ovarian Cancer

Throughout this litigation, J&J has maintained that its talc products are safe and denies the presence of asbestos in them.

However, a recent study published May 15, 2024, in the Journal of Clinical Oncology confirmed an association between the use of talc powder on the genitals and a 30%-60% increased risk of ovarian cancer. The risk was higher among individuals who used the powder frequently or over extended periods. The study, which shows a robust and consistent association between talc and ovarian cancer, reconfirms the results of dozens of studies going back decades.

Sara Stephens
Levin Papantonio Rafferty
+1 281-744-6560
email us here
Visit us on social media:
Facebook
Twitter
LinkedIn
Instagram
YouTube
