



The Stop shielding Assets from Corporate Known Liability by Eliminating non-debtor Releases (SACKLER) Act

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The SACKLER Act amends a section of the Bankruptcy Code, 11 U.S.C. § 105, to prohibit a bankruptcy court from releasing non-debtors from liability for suits brought by government entities.

Lack of clarity in current law has enabled certain bankruptcy courts to release non-debtors from liability in litigation outside of bankruptcy. The SACKLER Act clarifies this uncertainty by specifying that a bankruptcy court cannot release claims brought by states, Tribes, municipalities, or the U.S. government, against non-debtors. The Act would ensure that individuals accused of wrongdoing by government actors are held accountable for their illegality and would be effective immediately.

Section (a)

Prohibits a court from enjoining or releasing a claim against a non-debtor by a governmental entity—a State, municipality, federally recognized Tribe, or the United States, except for in asbestos-related lawsuits—excluding asbestos proceedings.

Section (b)

Allows a court to issue a temporary stay, for a period not to exceed 90 days, on legal actions against non-debtors by a State, municipality, federally recognized Tribe, or the United States. This temporary stay provides bankruptcy courts time to evaluate the assets of the debtors and non-debtors.