

publish the results of their work, and many of them did.

If Judge Sarokin has indeed overturned Magistrate Hedges' decision, we will strongly consider an appeal. And we would expect that Judge Sarokin's decision on this matter would be overturned, as have a number of of his previous rulings in the long history of these cases. (Probably the most notable example of that is his ruling on preemption, which was ultimately overturned.)

R.J. REYNOLDS TOBACCO CO.'S RESPONSE TO INQUIRY

SAROKIN RULING 2/6/92

RJR has not yet carefully evaluated Judge Sarokin's opinion, and therefore we cannot comment on its effect on these cases. However, we understand that Judge Sarokin has overturned Magistrate Hedges' earlier ruling on the crime-fraud exception to attorney-client privilege.

Magistrate Hedges carefully reviewed many documents before issuing his decision, and we continue to believe that his ruling was correct.

Judge Sarokin's opinion seems to assume that some "special projects" research funded through the Council for Tobacco Research is "secret" and that the tobacco companies are claiming that it should not be released because of the "attorney-client" privilege.

No privilege was claimed for the research. The results of completed research projects were produced by the tobacco companies. Further, the researchers themselves were free to publish the results of their work, and many of them did.

Judge Sarokin's decision has been appealed, and we expect that his decision on this matter will be overturned, as have a number of his previous rulings in the long history of these cases. (Probably the most notable example of that is his ruling on preemption, which was ultimately overturned.)

MEMORANDUM

*Handwritten notes:*  
Review  
12/1/92  
P. Carter

TO: Andy Blum  
National Law Journal

FROM: Peggy C. Carter  
RJRT Public Relations

DATE: May 19, 1992

SUBJECT: Response to Case

Following is Reynolds Tobacco's response to the case in question:

RJR has only just received a copy of the complaint, and we will need further time to review it. However, it seems largely based on an earlier ruling by a N.J. federal district court judge, Judge Sarokin. Judge Sarokin's opinion seems to assume that some "special projects" research funded through the Council for Tobacco Research is "secret" and that the tobacco companies are claiming that the results of research should not be released because of the "attorney-client" privilege.

No privilege was claimed for any research. The results of all completed research projects have been produced by the tobacco companies in other legal cases. Further, the researchers themselves were free to publish the results of their work, and many of them did.

Page Two  
May 19, 1992

The only documents that are in question in Sarokin's ruling are memoranda between attorneys that discuss the research's possible impact on or use in pending legal cases. Those memoranda are covered by attorney-client privilege.

Judge Sarokin's ruling is on appeal in the Third Circuit Court of Appeal. And we would expect that Judge Sarokin's decision on this matter would be overturned, as have a number of his previous rulings in the long history of these cases. (Probably the most notable example of that is his ruling on preemption, which was ultimately overturned.)

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RESPONSE TO INQUIRY  
CORDOZA CASE 5/15/92

(For response to inquiries re: case served on RJR 5/15/92. Case is based in large measure on February 1992 decision by N.J. Federal District Court Judge Sarokin. Sarokin overturned Magistrate Hedges' earlier ruling in the Haines case pending in N.J. that the plaintiffs had not established a crime fraud exception to the attorney-client privilege. Hedges had therefore ruled that documents protected under attorney-client privilege would not be made available to plaintiffs. Sarokin overturned Hedges' decision as "clearly erroneous." Sarokin's ruling is currently on appeal in the Third Circuit Court of Appeals.)

Response:

"RJR has only just received a copy of the complaint, and we will need further time to review it. However, it seems largely based on an earlier ruling by a N.J. federal district court judge, Judge Sarokin. Judge Sarokin's opinion seems to assume that some "special projects" research funded through the Council for Tobacco Research is "secret" and that the tobacco companies are claiming that the results of research should not be released because of the "attorney-client" privilege.

No privilege was claimed for any research. The results of all completed research projects have been produced by the tobacco companies in other legal cases. Further, the researchers themselves were free to publish the results of their work, and many of them did.

The only documents that are in question in Sarokin's ruling are memoranda between attorneys that discuss the research's possible impact on or use in pending legal cases. Those memoranda are

covered by attorney-client privilege.

Judge Sarokin's ruling is on appeal in the Third Circuit Court of Appeal. And we would expect that Judge Sarokin's decision on this matter would be overturned, as have a number of his previous rulings in the long history of these cases. (Probably the most notable example of that is his ruling on preemption, which was ultimately overturned.)

*Jury in  
Trial of Apollon rejected on the  
fact some kind of fraud existed*

Organic Solvent Denicotinization of Tobacco

Table I

Summary of % Nicotine Removal (Average)  
(M2000 Simulation)

<u>Tobacco</u>	<u>Number of Fl-Extractions</u>	<u>(Dry Wt. Basis) % Nicotine Removal</u>	<u>Analytical Method</u>
K22	2	88	Auto Analyzer
	3	90	Auto Analyzer
K22 & TB (Blend)	1	67	Auto Analyzer
	2	83	Auto Analyzer
	3	88	Auto Analyzer
KG-1	2	94	Auto Analyzer
TB	2	88	Auto Analyzer
CLB	2	90	Auto Analyzer
	3	98	GC
SF	2	89	Auto Analyzer
	2	97	GC
CAGX	3	97	Auto Analyzer
CG-1	2	67	Auto Analyzer
	3	82	Auto Analyzer

Ammoniated tobaccos were processed with a pH of 9 or more. The physical integrity of processed tobaccos seem to be maintained.

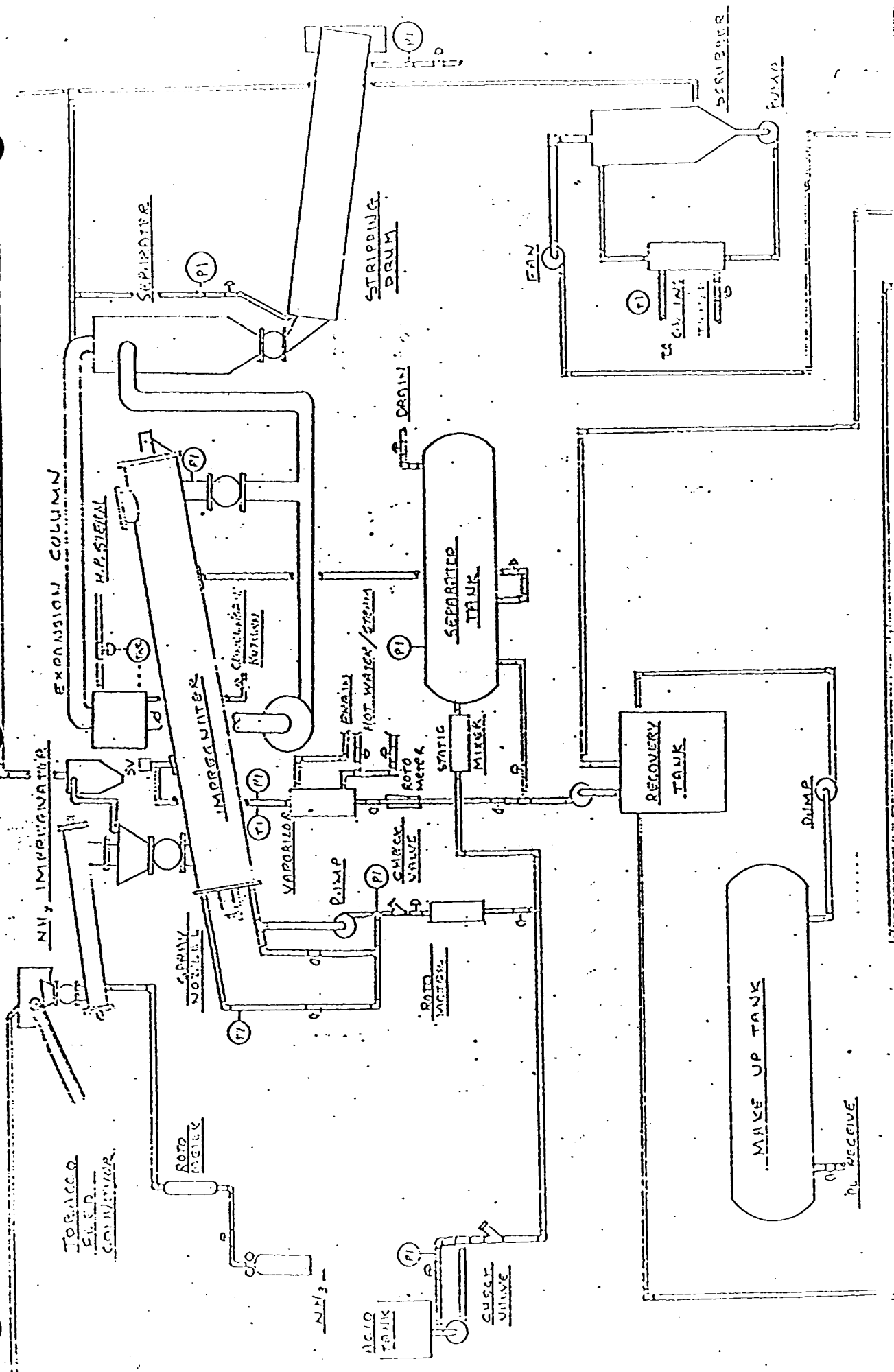


Figure 1  
Process Diagram for M2000 Pilot Plant Line

50806 5041



Organic Solvent Denicotinization of Tobacco

Patents/Reports and Other References

U. S. Patent No.: 3,612,066

Name: Denicotinizing Process

Inventors: Samuel O. Jones, James Gilbert Ashburn,  
Grant M. Stewart, Glenn Moser

Patented: October 12, 1971

Assignee: RJR

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3/31/89