

Frederick Sheffield

WEBSTER & SHEFFIELD

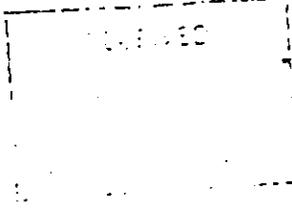
FREDERICK SHEFFIELD, 874 ST.
BARCLAY, WASHINGTON, D.C. 20004

ROCKEFELLER PLAZA
NEW YORK, N.Y. 10020
(212) 957-9800

CABLE: WEBSEHEF N.Y. TEL: 238849

1700 NEW HAMPSHIRE AVENUE, N.W.
WASHINGTON, D.C. 20036 (202) 462-8777

- | | |
|------------------------|---------------------------|
| J. DIMENORE ADAMS, JR. | WILLIAM H. HODGKINS |
| ALBERT W. APPEL | ALL. S. HOLTZSCHUL |
| WILLIAM G. BARRON | HAROLD H. HUANG |
| THOMAS E. BERRY | STROCK SMITH HUFFMAN, JR. |
| BERNARD S. CARROLL | HELENE L. ASPMAN |
| DONALD J. COHN | HAROLD W. HEMPLE |
| LEWIS S. COOPER | SANDER L. HOFFER |
| ELIOT S. CUTLER | JOHN F. LINDLEY |
| FRANCIS A. DECKER, JR. | THEODORE S. LITWIN |
| RICHARD A. DISCH-LEHR | THOMAS A. MCGRAW, JR. |
| JAMES F. DOWNEY | MARVIN G. MESSON |
| MURRAY BRABIN | WALTER A. ROSENBAUM |
| DONALD H. ELLIOTT | JOHN E. RUSSELL, III |
| THOMAS FIELD | C. RICHARD SHERER, JR. |
| WALTER F. SCHWANN | CAROLAN SOMMER |
| JOHN E. GOULD | BRUCE TOPPAN |
| EUGENE W. HARPER, JR. | FREDERICK W. WRIGHT |
| PETER S. HELLER | ADLER, WALDMAN |
| LEON A. HITCHCOCK | BETHUEL W. WEBSTER |



September 18, 1981

VIA FEDERAL EXPRESS

Joseph M. Greer, Esq.
Vice President and General
Counsel
Liggett & Myers Tobacco Company, Inc.
West Main and Fuller Streets
Durham, North Carolina 27702

Dear Joe:

I am enclosing a copy of my notes taken at the meeting of the Committee of General Counsel which was held on September 10, 1981 at Chadbourne, Parke.

You will see that the meeting covered five subjects as follows: (1) Special Projects, (2) Status of Cases, (3) NCI workshops on side-stream smoke, (4) Literature Retrieval Division, and (5) the 20 Asbestos witnesses. I decided to send you a transcription of my notes because that seemed to be the most effective way to give you an accurate sense of how the meeting went. I hope the transcript accomplishes this purpose.

The meeting of the Committee of General Counsel ended with R.J. Reynolds opposed to the recommended reorganization of the cigarette industry paralegal services. Therefore, after that meeting was adjourned, the Ad Hoc Committee met to discuss what we should do about the Literature Retrieval Division. By the end of the Ad Hoc Committee meeting, Ed Jacob agreed to propose to Sam Witt the following:

LRD will be removed from CTR and will be combined with TLF in a business corporation to be formed (called "LS" herein "Litigation Services"). It is possible that there may be separate

LG 2000741

Joseph H. Greer, Esq.
Page Two
September 18, 1961

divisions within the new corporations. The LRD division will perform computer tasks, possibly including witness file preparation. The stock of LS will be owned by the four law firms. Payments to LS by the law firms will be on a per client market share basis for all functions, including those functions, such as TLF, which are now being funded on a per capita per client basis. The only users of the system shall be the four law firms plus Covington & Burling, representing the Tobacco Institute which has been sued in certain California cases. The only use shall be for litigation which we defined as including administrative proceedings and legislative hearings in which proceedings and hearings the law firms are representing their clients. Any use by company counsel shall be confined to litigation support usage.

The chairman and chief executive officer will be William Hobbs. The president and chief operating officer will be Dr. Fred Miller. There will be a new executive vice president for administration to be hired by Hobbs and the board of directors.

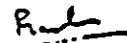
"Each firm would have a veto," whatever that means.

Ed Jacob claims that his initial opposition to the recommendation was that he did not think there would be sufficient work product protection if some companies (like clients of Shook, Hardy, said Ed) had access to it for other than litigation purposes. I must say I am suspicious of the proposal to pay on a market share basis for TLF functions, but I must say that it will save Liggett money at current funding levels.

I am sure you will have questions about this. After you have read it, please call me. I have a copy of the original recommendation that we put together and you are welcome to a copy, even if its proposals are modified. If you wish to have a copy, let me know and I will send it.

Best regards.

Sincerely,



Francis K. Decker, Jr.

LG 2000742