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1 P-R-O-C-E-E-D-I-N-G-S [9:00 A.M. - MORNING SESSION] 2 3 [FRIDAY, MARCH 8, 2002] [COURT CALLED TO ORDER] 4 5 THE COURT: Be seated, please. 6 Good morning, ladies and gentlemen. 7 [COUNSEL ACKNOWLEDGED THE COURT] 8 THE COURT: Call the case, please. 9 THE CLERK: MDL Number 1355. In re: Propulsid Products 10 Liability Litigation. 11 THE COURT: Counsel, state their appearance. 12 MR. IRWIN: Good morning, Your Honor. Jim Irwin for 13 defendants. 14 MR. HERMAN: Good morning, Judge. May it please the 15 Court, Russ Herman for plaintiffs. 16 THE COURT: We are here today in connection with our monthly status report. I'll hear from the plaintiffs. 17 18 MR. HERMAN: Good morning, Judge. We have received 19 additional documents in the depository. These documents are 20 either delivered or to have been delivered by March 15th, 21 they're on CD rom and this is the first production of 22 approximately 700,000 pages of what I term the Beerse 23 documents, which are the foreign documents from Johnson and 24 Johnson.

There is continuing discussion with defense counsel

regarding the production of electronic data. There is a conference call scheduled I believe next Wednesday regarding the production of the electric discovery which is still outstanding.

THE COURT: How is the production in CD rom format working for the parties? I'm interested in knowing that because this is the first time we've done it on this massive a scale. How is that functioning or working?

MR. HERMAN: Well, our impression, it's working pretty well. I mean, we've got a full depository most days, the attorneys and parallels reviewing documents in the electronic format.

THE COURT: Are you still making hard copies or have you done away with that?

MR. HERMAN: Well, many times we making hard copies but they relate to specific issues. For example, if a particular matter needs to be briefed, then a search is run based on a data base, and, of course, those documents are pulled and they are either transmitted according to who requested them for what purpose either in electronic format or in a hard copy format. But overall it seems to be innovative, effective and most of the people have picked it up very well.

THE COURT: How about from the defendants standpoint cost wise?

MR. HERMAN: Excuse me. I will add this, that there are some dinosaurs on our committee for whom hard copies become

very necessary.

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MR. BECNEL: May I address the Court, Your Honor?

THE COURT: Yes.

MR. BECNEL: Mr. Davis, Mr. Arsenault's firm, Mr. Murray's firm, I think the people from, Bob Wright's firm, have been in California for the last couple of days in another case in which a new software that has just come out, I think Mr. Levin's firm had people, Mr. Seeger's firm, Mr. Zimmerman's firm, that might, be according to Davis, who is our guru and Ms. Swanson, who's a guru and others, even so much more advanced than anything we've seen thus far, and I think most of us have purchased that software and we may be introducing that. We actually haven't come down to the depository, the people who developed this software, to see if that will make it even better.

THE COURT: How about from the defendants' standpoint, cost wise?

MR. IRWIN: I think, as Your Honor knows, this is an expensive document production no matter how one presents it whether in hard copy form or CD rom form. Clearly, the CD roms save money on both sides. I can make, I guess, a somewhat humorous observation that our friend Ken Conour is tripping over CD roms all the time. I'd hate to think what he would trip over if there were boxes of hard copy documents in his office, but I know that we have delivered CD roms in the hundreds and hundreds

I believe last fall or last year when we had the motion regarding the foreign operating companies. At that time we were in the 400 range of CD's. I don't what the count is now but it may be approaching 1,000.

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THE COURT: But as compared to 6,000,000 documents it's a pretty good saving.

MR. IRWIN: That is right, Your Honor. Mr. Canour would be moving into another building, I think.

I may have misunderstood one comment that Mr. Herman said for me, he may have misspoken, but in either case his reference to the delivery of the 775,000 Beerse documents this week, that is not the first delivery of Beerse Netherland documents, the delivery of the foreign documents began last September and I believe it is near conclusion.

THE COURT: All right. Anything further on the documents?

MR. HERMAN: Now, I'm sure I misspoke. The 565 video tapes were delivered to us, they're being reviewed. There are some outstanding discovery issues that we meet on weekly and that we're discussing. Some of those issues are listed on the agenda and I can make a brief report to the Court about those.

I think the State Liaison Counsel --

THE COURT: That's Number 2 on the agenda.

MR. HERMAN: That's Number 2. I will say this: I particularly wanted to thank the State Liaison Committee for the

time they put in, particularly Mr. Arsenault and Ms. Barrios have done a yeoman's job with preparing depositions, taking depositions, sending people to the depository to review documents and other members of the Liaison Committee, Mr. Dumas, for example, Mr. Capritz, who who travels from California hadn't missed a single one of these conferences yet, so those are the general comments from the PSC's point of view. The State Liaison Committee's functioning well and you may wish to hear a report from them.

THE COURT: Yes. Again let me state that the Court appreciates the work that the State Liaison Committee is doing.

Any input that you have on any of this material?

MR. ARSENAULT: The coordination continues to move forward nicely and we meet on a weekly basis telephonically with the group.

The coordination for the depositions is working very well, and, you know, we are of the impression that the coordination is working very nicely.

THE COURT: You're comfortable with the access that you have to the documents and to the discovery?

MR. ARSENAULT: Absolutely, Your Honor.

MR. HERMAN: I'd be remiss also if I didn't mention for the record the work that Sam Davis and Barry Hill have done on the committee, and they are currently preparing deposition testimony and that's why they're not here today.

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The patient profile forms, counsel will address.

MR. IRWIN: Your Honor, there are now 51 patient

profile forms overdue and you can see from Roman Paragraph III,

from the joint report, that we have received 1284. We believe we are approaching the point where one would draw the line and say, "Let's submit to the Court a 54(b) judgment". It probably does not make sense to think about submitting serial 54(b) judgments. When we do it, we probably should just try to do it once and for all, and we're trying to make a judgment as to when to make that recommendation to the Court.

There is a waiting in the wings. There is a motion to

present possibly to the Court with respect to the use of restrictive versus unrestricted authorizations. I think the Court is familiar with that issue. We have drafted that motion. We intend to present that motion in draft form to the Plaintiffs Steering Committee for their reaction in an effort to see if this issue may be resolved.

THE COURT: Any further comments on the plaintiffs profile form?

MR. HERMAN: No, Your Honor. We just make the continuing remarks, they don't need to be repeated, with regard to any motions to dismiss.

THE COURT: Let's move to the next item on the agenda: Subpoenas to the FDA.

MR. HERMAN: We still are having a problem with the

FDA. If it's not resolved, we intend to come to the Court for an order and to do that within a two-week time frame.

Very briefly, the FDA has not given us a privileged log, and secondly, there are documents which we're entitled to get which we haven't gotten and that includes some correspondence between the defendant and the FDA.

THE COURT: Okay. They need to know that I'm serious about getting the documents, so if the documents are not forth coming, I want you to give me the name of the person who is in charge of compiling, collecting or storing them and I'll order him to show cause why he shouldn't be held in contempt of Court?

MR. HERMAN: Yes, Your Honor. Mr. Davis is going to make one more attempt, that failing, we're going to reduce the correspondence in our efforts to an affidavit and appoint one senior member of the PSC to file a motion and bring it to the Court.

THE COURT: The next item is, service list of attorneys?

MR. IRWIN: Yes, Your Honor, we have the current service list of attorneys. I know the Court has asked before about our feeling with respect to its accuracy. I can point out that we have not had any complaints about it, no phone calls, at least on our end and I have not heard of any similar concerns from the plaintiffs liaison counsel's office. So hearing nothing from out there, I've got to assume it's in pretty good

shape, so I will give to Your Honor's clerk the latest version and also to the State Liaison Committee.

THE COURT: How about E-mail addresses? Most people have those now or not?

MR. IRWIN: Yes, Your Honor, most people do, and this list is our best effort to accumulate all of those as well.

MR. HERMAN: Your Honor, I might add, that it's working well because daily we get E-mails from individuals on the list with very short inquiries.

THE COURT: We're tracking the hits on the web page and they continue to go up. They're hundreds per day now, so people are plugging in and finding out. We're endeavoring to put everything we can on the web page, and so if anybody has any suggestions as to what additional matters we can put on our web site that would be helpful, let me know, because I want everybody to be informed. I think in a case of this sort, one of the things that everybody has to be heads up on is getting the information out. When people are not knowledgable of what's happening, the case begins to unravel.

Let's go to the next item, ongoing studies.

MR. HERMAN: Your Honor, by way, the Court's web site's been prominently noted both in literature and in seminar presentations on class actions in the last two months, so you may be getting even more hits in the immediate future.

The BevGlen materials we understand now we'll be

receiving within a week. We've reached a stipulation that will be reduced to writing regarding any proprietary rights in the software, and a conference call is scheduled for Wednesday with representative of the defendants and BevGlen in order to resolve the code issue which was discussed with Your Honor the last time that we met.

THE COURT: And then I have a conference call with both sides set for Monday so that I can receive a report on the conference with BevGlen and anything else we're dealing with. I would like to keep informed of these developments.

Mr. IRWIN: Your Honor, as we discussed earlier, I was going to offer and file into the record the certification of BevGlen that was delivered in January. Since there last been a lot of discussion about this recently, this is identified as Exhibit Callahan Number 1, he's the gentleman who signed the certification. It's Entitled Certification of Production of Documents and I will give an original -- actually, there are two copies is all I have here to your clerk.

MR. HERMAN: And, of course, we have know objection, Your Honor.

THE COURT: All right.

MR. IRWIN: And, Your Honor, with respect to the conference call, arrangements are being made on the BevGlen conference call for that to include representatives of Mr. Preuss' office, representatives and counsel on behalf of

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BevGlen, and, of course, representatives of Mr. Herman's office. And as a result of that phone call, it is hoped that the issue involving the interpretation, understanding or application of this code will be resolved and understood and that the delivery of the tapes, the proprietary tapes that are referred to in the certification will be affected. We will ask for a stipulation preserving the confidentiality of those tapes arising out of litigation pending between Dr. Shell and Mr. Callahan. Your Honor's familiar, with that —

THE COURT: Yes, I am.

MR. IRWIN: -- we've reported that to Your Honor. We will ask that stipulation be reduced to an order from the Court to protect the parties as concerned, and we will report back to Your Honor on 3:30 on Monday, March 18 with respect to that conference call.

THE COURT: As I understand it with regard to the coding, there's some concern as to who was on placebo and who was not on the placebo and the material, as I understand it in electric format is presently with the plaintiffs, but it is in code and that BevGlen or whoever will unlock the code and allow you to determine that.

MR. HERMAN: That's our understanding, Your Honor.

THE COURT: That's fine.

MR. HERMAN: With regard to third-party subpoena duces tecum, the defense has assured us that they are now in a

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position to provide us with those certifications and will do so shortly.

Also with the Covance documents we haven't received, we understand that the defendants will have those Covance documents to us within two weeks, and there was a document missing through inadvertence and the defendants have agreed to provide that. So that really is the report on Roman Numeral V11.

MR. IRWIN: If I may just clarify or respond to a comment from Mr. Herman.

I believe that we have delivered certifications with respect to these third-party subpoenas in but three instances, and it is my information that we may not be able to deliver those certifications because of inability of the third-party to deliver those certifications. We will identify those three particular third parties to the Plaintiffs Steering Committee and they have indicated they may notify those third parties and initiate what they think is appropriate to obtain satisfaction.

THE COURT: They can take a corporate deposition of that individual or that corporation and get the same thing as a certification.

MR. IRWIN: Thank you, Your Honor.

THE COURT: Okay.

MR. HERMAN: Your Honor, if I might for a moment just return to BevGlen.

The PLC, the plaintiffs committee does not have the

BevGlen information in electronic format, we only have hard copy. What we want is the information in electronic format so that it can be read in connection with the software when it's produced.

THE COURT: Okay. Number 8 on the agenda is scheduling order.

MR. HERMAN: Yes. Your Honor has indicated that the certification hearing will go forward on April 10th. We will be in need of the opportunity to supplement after the certification hearing and a reasonable time through briefing and affidavit additional responses, Your Honor. And we're trying to locate a very special electronic camera so that we can Mr. Arnold Levin argue part of this cert argument, and we need this camera, he radiates such power that we don't want his argument to be distorted in any way, but even though Arnold can't be with us we really feel the need to have him presented it to the Court in that connection, and as soon as we're able to locate this special we'll so advise the Court.

MR. LEVIN: That's why I come to New Orleans once a month, to be abused.

MR. HERMAN: It's a compliment, Arnold.

There really is no need to go into Number 9, the interrogatory and request aren't due yet. It's merely a notation that they're coming due, and given the cert schedule it's a lot of information coming in the next two or three weeks.

THE COURT: Let me make a comment just about the time that it's coming due. I know everybody is trying to scramble and get all of the material and get prepared for the hearing. It's important that I get the best from both sides on this issue. It's a very important issue and I want your best, so let's not wait until the eleventh hour to give the information. If each side has the information before the time limit, turn it over so that the other side can have it so that I don't have a problem with the date or dealing with the date. Give the material to your opponent, even if it's partially available, turn the material over as quickly as you have it. Don't wait until the last moment, each side. Understand.

MR. HERMAN: Your Honor, I don't see it on here but I know that Your Honor has requested that we advise you of any settlement issues.

THE COURT: Let's talk first about the motions to remand. There are several motions that I have before me.

MR. HERMAN: Yes, Your Honor. They need hearing dates. We will undertake to notify the attorneys who have filed those motions of Your Honor's ruling and any briefing schedule as soon as Your Honor has issued an order for a date for those hearings.

THE COURT: Okay. I'll set them for the near future.

I now want to hear from both of you regarding settlement discussions.

I know you have had several meetings now to flesh out

the procedure for dealing with settlement of the case and I'm interested in where we are at this point.

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MR. HERMAN: Ms. Dawn Barrios understook to get a census from individual attorneys who were willing to report of the numbers and types of cases that they had.

Of the seven categories of cases, there are two categories of cases which the defendants have indicated a willingness to discuss in only two. Those are adult death cases and pediatric cases. I met with Mr. Campion, we agreed to provide Mr. Campion with 20 brochures on death cases and a number, which I can't recall of pediatric cases, I believe somewhere between five and 10, that would contain the different variables necessary for evaluation all in the same format.

I understand that we can deliver those within the next two weeks. The defendants will then respond in approximately a month with a range and the general reasons for that range. For example, this has to be discounted because of a statue of limitation problem. Plaintiffs say this has to be increased, but the state has a punitive damage, whatever -- whatever the elements are. That will give us a general idea. Those cases are Herman Mathis cases. We're using those cases because there will be no breach of confidentiality in order to get a range.

Once we have a range we will then have the names of individuals who have death cases in pediatric cases. We will report a format for presentation of their cases. That will be

worked out by the PLC settlement team, and the PLC settlement team will undertake to setup negotiations with the defendants. All of that is dependent on an ethics opinion which we'll get from Professor Ed Sherman at Tulane, as to whether we need subclass, whether we need lawyers present dealing with subclasses, whether lawyers who are going to negotiate the adult death cases can also be involved in the negotiation of the pediatric cases and also some mechanism that in the event that there should be an ultimate certification, or in the event that the defendants show some willingness to negotiate in the five other categories, any of them, that that can be implemented very quickly. And we've undertaken the process this way in order to get a basic framework for negotiation, and really that concludes the comments I have to make about it.

THE COURT: I think it's timely for the state liaison to begin thinking about the process, how you deal with this, and also from the standpoint of the plaintiffs committee how you plan to conduct settlement negotiation. Give it some thought as to how you're going to deal with it. I know you have a settlement committee but you're going to have to begin thinking about who's going to do what and who's going to have responsibility for what. Get all of the procedure worked out because it's going to hit you quickly and you should have that laid down now.

MR. HERMAN: There is one issue that I also should

mention, and I guess this is the best time to mention it.

The non-federal cases are in two categories. Those individuals who have said, "We want to share in the MDL work product and we're willing to be assessed in accordance with the Court's order", and those who have said "No, we don't want to pay any assessment, we don't want to have anything to do with it". Of course, those folks do have access to MDL work product through depositions that are placed on Verilaw or wherever, that's not an issue as far as the MDL is concerned. What is an issue is that we will not undertake to Shepard or attempt to resolve or communicate with regard to settlement to those folks out there who don't want anything to do with the MDL. We do not want the responsibility nor do we think that we should have it to facilitate an attempt to resolve those cases, and I think it would be a conflict of interest for us if we did.

THE COURT: Well, the state liaison has to be able to communicate that situation to the state people or the attorneys representing the state claimants.

Any comment, Mr. Arsenault?

MR. ARSENAULT: No. We took advantage of the ATLA meeting in Miami, and more particularly, Judge, the Propulsid Litigation group meetings to begin exploring that dialogue. Mr. Herman made a presentation there and the mechanisms are in work to begin the process.

THE COURT: Let me hear from the defendants on that.

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MR. CAMPION: Let me speak very briefly, Your Honor.

Mr. Herman accurately reports what has occurred. think the only thing that needs to be said is that there was one case under consideration from Mr. Hill that has been extremely helpful in this litigation. It seems more appropriate now to roll the discussion of that particular case into the cases we're about to receive and see if we could do something with it then.

Thank you.

THE COURT: It's my understanding then that the plaintiffs will have two weeks and you will have a month to get back to them, once we reach the point where you can give me some input as to the Court's participation in settlement discussions through either the Court or the magistrate or independent person.

MR. CAMPION: Well, I think we're going to have a go at it ourselves for a while and see if we can do it alone.

MR. HERMAN: I agree with that and there shouldn't be any problem. Mr. Hill has turned over the negotiation of the case that was used as a stalking horse, If I can use that term, to us. We don't anticipate any difficulty in sitting down and having these discussions.

Mr. Irwin and Mr. Davis did have a meeting with the Whitney Bank to establish the trust account under the Court's order and that's proceeding.

The COURT: What about the motion on Forshag's

Pharmacy?

MR. IRWIN: Your Honor, there has been a discussion between counsel for Froshag's Pharmacy and between the plaintiff attorney who actually filed the particular case that was the subject of that motion, and it is my information that they are discussing either resolving that motion or presenting it to the Court for hearing. I don't know how that discussion will conclude but I understand it will be resolved. They will make a decision shortly.

THE COURT: What's the time frame? What will we know? When will I know?

MR. IRWIN: I don't know what the time frame is, Judge. I think that it would be reasonable to expect that within the next month or so they will decide whether to present this for hearing or whether they will decide to resolve it, but it is an issue that we have involved ourselves in, and I do not believe the Plaintiffs Steering Committee is involved itself in. It is now at this point between counsel for Forshag and counsel for plaintiff in that particular case.

THE COURT: Advise them that I want them at the next meeting so they can tell me one way or the other unless it's resolved before then.

MR. IRWIN: That would be for the April 10 regular status conference, Your Honor. I will so advise them.

THE COURT: Anything further? Anything that we haven't

covered.

MR. IRWIN: Your Honor, as we talked and discussed this morning with regard to our preparations earlier this morning, we had brought up the subject of the motion for a protective order that had been filed by the foundations that is presently scheduled for hearing on March 20, and that we are going to continue that indefinitely. Mr. Herman is going to speak to Mr. Butler about that and we will report back to the Court on that but that is the plan.

THE COURT: Well, let me hear from you in connection with that during the Monday conference call that we're going to have.

Anything further?

MR. HERMAN: The motion, the Tennessee motion to remand filed by Mr. Cooper, who's been in contact with us, he has made a special request that the Court consider it's docket and attempt to set that as soon as possible.

THE COURT: All right. I'll do so.

MR. HERMAN: Thank you, Your Honor.

THE COURT: Anything from the state liaison? Anything you want to add, any comments?

MR. ARSENAULT: No. Nothing further, Your Honor.

THE COURT: Anything further from anyone?

MR. IRWIN: No, thank you, Your Honor.

THE COURT: Our next meeting then will be May 10th.

1 Does that work? 2 MR. IRWIN: No, Your Honor, it does not for me. I will 3 be out of town on May 10. THE COURT: Let's get another date. Are we limited to 4 5 Fridays or is some other day more convenient for all counsel? MR. HERMAN: It may. Monday and Friday would be the 6 7 best time, Your Honor. 8 THE CLERK: Friday, May 17th. THE COURT: How about the 17th of May, does that work? 9 MR. IRWIN: Yes, Your Honor. 10 11 THE COURT: The 17th. 12 MR. HERMAN: Yes. 13 THE COURT: The 17th of May at 9:00 o'clock. The Court will stand in recess. 14 15 Thank you. Hold, please, Your Honor. Excuse me, sir. 16 MR. IRWIN: 17 MR. CAMPION: I don't know. THE COURT: You a problem with that? 18 19 MR. CAMPION: I do, Judge. My daughter is graduating 20 from medical school on that day and the next day, and I'm 21 bringing my 93-year old mother down here for it, and I've got to 22 be on the plane with her. 23 THE CLERK: Friday the 24th. THE COURT: How about the 24th? 24

MR. CAMPION: That would be wonderful.

THE COURT: Okay. We'll do it on the 24th.

THE CLERK: Everyone rise, please.

Court stands in recess.

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CERTIFICATE

I, Victor D. Di Giorgio, Official United States Court Reporter in and for the Eastern District of Louisiana, do hereby certify that the foregoing proceedings were taken down by me in shorthand at the time and place aforesaid, transcribed under my personal direction and supervision, and that the preceding pages represent a true and correct transcription, to the best of my ability and understanding.

Victor D. Di Giorgio, CCR Official U.S. Court Reporter