UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

IN RE: PROPULSID PRODUCTS DOCKET MDL 1355-L LIABILITY LITIGATION

THURSDAY, MARCH 27, 2008, 9:00 AM
NEW ORLEANS, LOUISIANA

STATUS CONFERENCE HELD BEFORE THE HONORABLE ELDON E. FALLON UNITED STATES DISTRICT JUDGE

APPEARANCES:

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PROCEEDINGS RECORDED BY MECHANICAL STENOGRAPHY, TRANSCRIPT PRODUCED BY COMPUTER.

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    PROCEEDINGS<br>THURSDAY, MARCH 27, 2008, 9:00 AM<br>(IN CHAMBERS)

THE COURT: We're at our monthly status conference, and I've got the proposed agenda. The first item on the agenda is state liaison counsel's report. Would you identify yourself when you talk, please.

MR. ARSENAULT: This is Richard Arsenault. At the last conference, you requested a tentative time line with regard to Propulsid I, and we submitted that to Your Honor, and we continue to be on track with that.

THE COURT: We had some problem on the line. You continue to be on track, Richard?

MR. ARSENAULT: Yes, Your Honor.
THE COURT: Any comment from the defendant on that?
Jim, anything? Tom?
MR. IRWIN: Jim Erwin. Excuse me.
THE COURT: Anything further on state liaison?
MR. ARSENAULT: Other than, I understand Special Master Juneau continues to work with the individuals that are going to be responsible for attempting to resolve the Medicare and Medicaid liens, and I think the ball is in their court. Mr. Juneau has provided them with the materials that they need,
and I understand he anticipates to hear from them shortly.
THE COURT: Do you have anybody, Richard, looking after those liens?

MR. ARSENAULT: Dawn Barrios and myself, and I think others have been coordinating with Mr. Juneau to make sure that the materials that the individual from Washington wants in order to try to resolve those.

THE COURT: Go ahead.
MR. ARSENAULT: So I think that's under control, Judge, and we are on top of it.

MR. JUNEAU: Judge, this is Pat Juneau. Just briefly, since we're on that subject, I have, in fact, corresponded and talked several times with the government. They needed some information. I've provided that information to them. The problem with them is the key person that was involved is kind of the pivotal person for the government in that regard. He's been out for the last two weeks. He's supposed to come in this Monday.

And they indicated there might be one small piece of information that they wanted. I think I know what it is, but until they define it for me, I can't give it to them, but it's going to be readily accessible from the database because we already geared up to do that.

I think what's going to happen, immediately after that, after we get that data, I'm going to convene the committee from
the PLC to get together with the government, and we will work that out. The fact that we have been through this in Propulsid II is a real head start in the game. We've got detailed statistics and stuff to get, so I don't think this is going to take very long.

THE COURT: Okay. If you run into any problems, Pat, get to me and I'll convene a meeting with you and the person from Washington and the representative from the state committee. Sometimes that helps.

MR. JUNEAU: She told me she enjoyed coming down here the last time.

THE COURT: Yes, okay. Trust account, anything on trust account?

MR. DAVIS: This is Leonard Davis. No, Your Honor, there is nothing new. There have been no deposits in the trust account since the last status conference.

THE COURT: MDL mediation and resolution program, number three on the agenda.

MR. DAVIS: Your Honor, the Special Master continues to review the claim, and the process is ongoing. We also continue to have our weekly meetings with the Special Master wherein we discuss and review the progress that's been made, and the Special Master reports his findings on a regular basis.

We also have had additional discussions in those conferences and as well as outside of those conferences regarding two
distinct matters. One, and we're happy to report that after a number of discussions, the parties have come to an agreement whereby the 12 claimants who have been processed thus far and who are entitled to settlement funds through the settlement program will be able to receive a hundred percent of their funding. The Court may be aware that the agreement previously provided that 50 percent of the funding would be paid immediately upon a determination and the balance made at a determination when the entirety of the claims have been reviewed.

In a meeting, the PSC attendees who were at the meeting unanimously agreed that the PSC would guarantee the necessary funds from the attorney's fees fund as opposed to the settlement fund, so that the claimants found eligible thus far for an award by the medical panel could receive the balance, that is, the 50 percent holdback at this time, from the settlement fund. This would allow those eligible recipients thus far to receive 100 percent of the awards issued at this time, and it means that 100 percent of the amount awarded will be funded now. Johnson \& Johnson is aware of this. Special Master Juneau is aware of this, and we wanted to advise the Court of this agreement.

We discussed this with Pat Juneau, and Pat Juneau advises us that in order for this to be effectuated, an order needs to be issued by the Court directing the Special Master to draw the funds from Deutsche Bank so that the payouts can be made. What this, in essence, does is allow those claimants to
compensation awards to the settlement fund to be funded fully at this time, and the balance, that is, the balance of the 50 percent, if there is any shortfall at the conclusion of the program, will be guaranteed by the lawyers out of the attorney fee account.

THE COURT: Well, I'm happy to hear that. Who is going to draft the order?

MR. JUNEAU: Judge, this is Pat Juneau. It seems to me, and I just want to make absolutely sure from the plaintiff and defendant's standpoint, that that's all signed off on. As soon as I'm given that notification, $I$ can submit, you know, a motion and order for the Court.

THE COURT: Well, either that or, Lennie, you and Jim get together on a form --

MR. JUNEAU: Same thing.
THE COURT: -- and draft it, and make sure everybody is on board.

MR. DAVIS: Jim and I will get together with a proposed order, and Pat will run it by you prior to submitting it to the Court, if that's acceptable, Jim.

MR. IRWIN: This is Jim. That's fine, Lennie.
THE COURT: That's agreeable with the defendants; is that my understanding?

MR. CAMPION: Tom Campion, Your Honor. Yes, it is.
MR. DAVIS: Your Honor, the other thing we're happy to
advise the Court is that further discussions have taken place between defendants and our office regarding the second review of claimants, and the parties will be meeting as required under the agreement to further discuss those claims that are entitled to a second review.

MR. CAMPION: The defense has provided the PSC with a schedule of those cases in which second reviews have been requested, and we await word from the PSC when they want to meet on this.

MR. DAVIS: And we expect those meetings to occur soon.
THE COURT: The next item is emergency motion for distribution of attorney's fees.

MR. DAVIS: Your Honor, that matter can be passed at this time.

THE COURT: Fifth is the supplemental agreement of Propulsid I and II.

MR. DAVIS: Your Honor, that's actually in there, as it has been in prior months, and I don't believe that there is anything further. We can probably delete that from future agendas.

THE COURT: I just received Barry Hill's proposed material. I haven't had a chance to review it or focus on it, but I will do so. I understand that the intention is to put it under seal, but I'm told that it was forwarded to LexisNexis, which is problematic from the sealed standpoint. When that is
forwarded to LexisNexis, it gets posted and is available to the universe. So if you want that off of LexisNexis, you're going to have to pull it off and just either e-mail it to us, and we've already gotten it from the e-mail standpoint.

Anything further?
MR. DAVIS: Your Honor, the next conference.
THE COURT: The next conference.
Richard, while I'm getting the calendar sent to me, what's your read on the state cases? What's the next step?

MR. ARSENAULT: I think the next step is the submission by the claimants on the memorandums, which are due March 30th, just in a few days, and from that point, the administrative claims will begin being processed on April 1st. The Special Master's office is going to begin clearing claims for the defense briefing on May 31st. The Special Master's office expects to start receiving defense memorandums in August.

Expedited claims should begin going to medical panels by August 15th, and any of those claims that are declared ineligible should begin being paid on, probably December 1st, November 30th. The nonexpedited claims should begin going to medical panels by November 30th. Any of those declared ineligible should begin getting payments about February 1st, '09, and the process is moving along according to plan.

MR. JUNEAU: Judge, this is Pat Juneau. You might just want the statistics so you're in the loop on this. In

Propulsid II, there are 1,579 recorded claims.
THE COURT: Yes.
MR. JUNEAU: And just a breakdown of that, it looks like there is 48 of those are wrongful death claims, tier one. There is 314 tier two and three, and in an administrative category, we have one thousand --

THE COURT: What is it? 1,200 and --
MR. JUNEAU: 17. And -- but the time line that Richard referred to is correct. We have been over that. If anything, we'll probably -- we're going to be on the safe side. We can probably shorten that time frame some on these claims. It's just a matter of processing, you know, with the briefing period and so forth, but we sat down and worked out that time line you looked at, but what I'm saying, I feel pretty secure we can operate within that time frame.

THE COURT: And the doctor panels are in?
MR. JUNEAU: Oh, yes, that's worked out fine.
On that matter, so I'll give you the full view of things. On Propulsid I, Your Honor, we've actually had 1,736 cases that have actually gone to the panel, to medical panels. We've got 12 eligible currently on that. There are 299 currently in review. There are 1,425 were declared ineligible.

And looking -- looking at all of these matters -- I discussed this with the defendants the other day, because part of this has to do with timing -- it looks like, to me, a realistic
projection that I think we'll be able to complete this project on Propulsid I within an 18-month time frame.

THE COURT: Okay. Anything else from anyone?
MR. CAMPION: Judge, Tom Campion. You will shortly be receiving a proposed order for the dismissal of in excess of 11,000 enrollees of the program. These names have been vetted again and again, and we would be obliged if you could enter the order once it's presented to you.

MR. DAVIS: Your Honor, just so that the record is clear, the defendants forwarded a draft of that motion and circulated that with Special Master Juneau, as well as to our office. We, in turn, have taken that draft motion and have circulated it to the plaintiffs that we have in our database who registered with us so that it could be reviewed prior to the motion being filed, and we've asked any attorney who received a draft copy of that to review it, and if they have any issues with it, to get in touch with Jim Irwin's office or our office.

THE COURT: And no one has?
MR. DAVIS: I believe one lawyer has communicated with us recently.

THE COURT: And what happened with that?
MR. DAVIS: We assisted them in reviewing their claimant and told them if they had further questions, that they should contact Jim Irwin's office.

THE COURT: Jim, did you hear from them?

MR. IRWIN: Yes, Your Honor. I was out of town the last two days, and I think -- I assume that's the same lawyer that Lennie is talking about, and I referred that call to Monique, who is in Washington this morning, so I can't give you an answer.

MR. DAVIS: And, Jim, if there is any issue we can help with, we'll be available.

MR. IRWIN: Okay, thank you.
THE COURT: All right. Tom, you anticipate one motion with a schedule on it?

MR. CAMPION: Yes, Judge.
THE COURT: Okay. That's fine.
MR. DIAMOND: Judge?
THE COURT: Yes.
MR. DIAMOND: This is Jeremy Diamond in Natchez.
THE COURT: Yes.
MR. DIAMOND: We represent Beverly Marcelli (spelled phonetically). We would like to file -- I don't really know what the process is here, but I would like to get a hearing date on a motion of remand. Do you do that on your regular status conference days?

THE COURT: Why don't you file it and I'll set it.
MR. DIAMOND: Okay. Just send a blank order setting it?
THE COURT: Yes.
MR. DIAMOND: The only reason I haven't filed it yet is because my firm is not part of the filing system, and I'm going
through that process now to get on that system so I can file it on ECF and served through Nexis.

THE COURT: Right. Check with either plaintiff's liaison, both plaintiff's liaison and defendant's so that you can get some dates that is convenient with them.

MR. DAVIS: Jeremy, this is Leonard Davis. If you want to call us, we would be happy to help you in anyway we can. MR. DIAMOND: Okay, I appreciate that.

THE COURT: May 15th is the next status conference. UNIDENTIFIED SPEAKER: Judge, will the call-in number be the same?

THE COURT: Yes, the number is the same, but the ID, I understand, will be different, and it will go on the web site.

UNIDENTIFIED SPEAKER: All right. Thank you.
THE COURT: The same time. May 15th. All right, folks, thank you very much.

VOICES: Thank you, Judge.
(WHEREUPON, at 9:22 a.m., the proceedings were
concluded.)

## REPORTER'S CERTIFICATE

I, Cathy Pepper, Certified Realtime Reporter, Registered Professional Reporter, Certified Court Reporter, Official Court Reporter, United States District Court, Eastern District of Louisiana, do hereby certify that the foregoing is a true and correct transcript, to the best of my ability and understanding, from the record of the proceedings in the above-entitled and numbered matter.

S/CATHY PEPPER
Cathy Pepper, CCR, RPR, CRR
Official Court Reporter
United States District Court





