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P.O. BOX 70550
OAKLAND, CA 94612-0550

March 4, 2003

Anthony G. Graham
Graham & Martin, LLP
2 Park Plaza, Suite 2030
Irvine, CA 92614

RE: Second-Hand Smoke Cases
(JCCP 4182)

Dear Mr. Graham:

It has come to our attention that you have written to defense counsel in some of your cases, making inaccurate representations concerning the position of the Attorney General (and the Court) concerning settlements between Consumer Defense Group and a number of defendants. A copy of such a letter, dated February 14, 2003, and addressed to the attorneys for Braddock & Logan, is attached. Your letter then uses those representations to attempt persuade defendants to accept a pending settlement offer.

Your letter states that at the February 6, 2003, hearing the Court approved the "global settlement" with several major hotel chains. It further states that "the court also intimated that it will also be approving the global hotel settlement negotiated with the CH&LA as well as the global apartment settlement negotiated with the CAA." You go on to claim that "the Deputy Attorney General, who was present at the hearing, has intimated that he will not be opposing either settlement." First, neither I nor any other representative of the Attorney General has made any such "intimation" either on the record, or at any time thereafter. I have made it completely clear to all concerned that the Attorney General will review any such settlements when they are submitted, and takes no position on them until then. In addition, the Court made no such statement during the hearing, nor was the potential existence of a settlement with CAA (the California Apartment Association), even mentioned. Finally, while the Court did approve several settlements, this was done only after numerous and substantial changes were made in response to the Attorney General's objections, including changes that rendered them no longer "global" in scope.

Your letter goes on to state that I advised you (and your client, who actually was not present), that your settlements "to date are, in the main, insufficiently penalizing to the individual settling defendants." I made no such statement. I did advise you of my concern that you do not

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collect enough information through discovery or otherwise to determine whether penalties are appropriate. I also advised you that, given the total amount of recovery in your cases, we are concerned that the proceeds are directed overwhelmingly toward CDG and your fees, with the penalties "waived" in order to secure that recovery for yourself.

Your letter then advises the recipient that, based on the (inaccurate) information provided, if your most recent offer is not accepted, you will withdraw the offer. You imply that you will then seek more money, and that this is necessary to "satisfy the Attorney General's requirements." In short, you are using these misstatements of both the Attorney General's position and the Court's position in order to gain an advantage in these negotiations.

These representations are inaccurate, and your letter is completely inappropriate. We demand that you stop making such claims immediately. We also demand that you provide a list of each recipient of this or a similar letter, so that we may contact them in order to set the record straight.

Sincerely,

ES

EDWARD G. WEIL
Supervising Deputy Attorney General

For BILL LOCKYER
Attorney General

Enclosure

cc: The Honorable Carl West
All counsel in JCCP 4182
David R. Sugden (counsel for Braddock & Logan)

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February 14, 2003

BY FACSIMILE

FOR SETTLEMENT PURPOSES ONLY

David Sugden, Esq.
Call & Jensen
610 Newport Center Drive, Ste.700
Newport beach, CA 92660

Re: **Consumer Defense Group v. Braddock & Logan et al**

Dear Mr. Sugden,

As you may know, last week the global settlement between my client, Consumer Defense Group ("CDG") and the major hotel chains in California was approved by Judge Carl West of the Los Angeles Superior Court in the Coordinated Tobacco Smoke Matter (JCCP 4182). The court also intimated that it will also be approving the global hotel settlement negotiated with the CH&LA as well as the global apartment settlement negotiated with the CAA. In both cases the Deputy Attorney General, who was present at the hearing, has intimated that he will not be opposing either settlement.

However, the Deputy Attorney General informed my client and I after that hearing that he believed the individual settlements we have reached to date are, in the main, insufficiently penalizing to the individual settling defendants. He strongly suggested that in all future settlements my client should seek sufficient amounts to penalize defendants for their conduct, both in relation to the failure to warn and the litigation tactics which may have been employed by a given defendant.

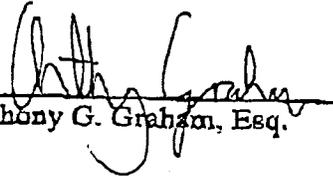
After discussions with my client, we have agreed to follow his suggestion, which is in conformance with the new regulations and guidelines promulgated by the Office of the Attorney General. As you know, CDG has already sent your client's a settlement offer. In these circumstances we do not believe it appropriate to immediately withdraw that offer. However, this letter is to inform you that, should your clients not accept the offer set forth in our previous settlement letter to you by the date specified therein the offer will be withdrawn on that date.

No further settlement offer will be made thereafter and no settlement offer will be accepted by CDG which does not adequately satisfy the Attorney General's requirements. In the context of this case it is likely that CDG will litigate this matter to judgment and seek all

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available civil penalties against your clients seventy-five percent of which, as you know, will be provided to the State, as well as all attorneys fees and costs.

If you have any questions please do not hesitate to contact either myself or my partner, Michael Martin.


Anthony G. Graham, Esq.