



State of North Carolina

Roy Cooper
Attorney General

February 19, 2003

North Carolina Senate President *Pro Tempore* Marc Basnight
North Carolina House of Representatives Speaker James Black
North Carolina House of Representatives Speaker Richard T. Morgan
Co-Chairs, Joint Legislative Commission on Governmental Affairs

Senator Scott Thomas
Representative William T. Culpepper, III
Representative R. Phillip Haire
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: N.C.G.S. § 114-2.5; Report of Court Orders in Favor of the State
State of North Carolina v. Bridgestone/Firestone, Inc., Wake Co. Sup. No.
01 CVS 13302; *State of North Carolina v. Household International, Inc.*,
Wake Co. Sup. No. 02 CVS 16545; *State of North Carolina v. Ford Motor
Company*, Wake Co. Sup. No. 02 CVS 16855; State Vitamin Purchaser
Settlement Agreement (SVPSA), *State of New York, et al. v. Hoffman
LaRoche, Inc. et al.*, U.S. Dist. Court for the District of Columbia,
Case No. 00-2412; and Pfizer, Inc. - Assurance of Voluntary Compliance

Gentlemen:

N.C.G.S. § 114-2.5 requires that not less than thirty (30) days prior to disbursement of funds received by the State or State agency pursuant to a settlement agreement or final orders of judgment of the case where the amount of funds exceed \$75,000, the Attorney General shall report to the Joint Committee on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety on the payments received by the State. Pursuant to that statute, I am writing to report as follows:

- On October 10, 2000, North Carolina along with 21 other states and commonwealths, the District of Columbia and the Territory of Puerto Rico entered into a \$29.8 million court-approved global settlement ("State Vitamin Purchaser Settlement Agreement") with Defendants, Aventis Animal Nutrition, S.A., BASF Corporation, Daichi Pharmaceutical Co., Ltd., Eisai Co., Ltd.,



Hoffman-LaRoche, Inc., Roche Vitamins, Inc., and Takeda Chemical Industries, Ltd., to resolve claims alleging Defendants conspired to fix prices and allocate market share in the bulk vitamin industry for a period of approximately 10 years. The U.S. District Court for the District of Columbia entered final approval of the settlement on December 19, 2000. Pursuant to the settlement, North Carolina received \$1,531,481.26 which, by court order, is to be used to provide restitution to State governmental entities to compensate them for purchases of vitamin products and indirect vitamin products, or used in the State's consumer protection enforcement fund. North Carolina received an additional \$15,000.00 as reimbursement of its attorney's fees and investigative costs which was deposited to the State General Fund.

- On November 8, 2001, North Carolina along with 49 other states and commonwealths, the District of Columbia, and the Territories of Puerto Rico and the Virgin Islands entered into a court-approved \$41.5 million national settlement with Bridgestone/Firestone, Inc. to resolve allegations that certain in-service tires manufactured, distributed, and sold by Bridgestone/Firestone, Inc. were unsafe because they contained a safety-related defect, and that Bridgestone/Firestone, Inc. made misrepresentations not only in the advertising and promotion of those tires, but also during the replacement process of those tires. The national settlement provides that \$26.5 million be divided equally among the 53 settling jurisdictions from which an estimated \$10 million is committed to provide restitution for consumers. Approximately \$10 million is earmarked to pay for the costs of the investigation in the various jurisdictions, while the remaining \$5 million is devoted to a national public service campaign. North Carolina's share of the settlement is \$505,000.00. Pursuant to the settlement, the funds are to be used to satisfy the claims of North Carolinians who were initially denied refunds/reimbursement under the company's Voluntary Safety Tire Recall Reimbursement Program or the company's Customer Satisfaction Program, but did meet the credible evidence requirements for reconsideration of their refund/reimbursement claims. North Carolina further received \$25,000.00 as reimbursement of its attorney's fees, which was deposited to the State General Fund.
- On December 16, 2002, North Carolina along with 48 other states and commonwealths and the District of Columbia entered into a court-approved \$484 million national settlement with mortgage lender Household International, Inc. to resolve allegations that the company and its subsidiaries, Household Finance Corporation and Beneficial Corporation, engaged in predatory lending practices in securing mortgage loans for consumers from 1999 to 2002. North Carolina borrowers' share of the settlement is \$10.8 million, which will be disbursed to consumers via a third-party settlement administrator. North Carolina received

February 19, 2003

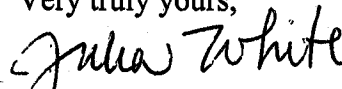
Page 3

\$253,000.00 as reimbursement of its attorney's fees and investigative costs, and for consumer protection, education, and enforcement purposes.

- On December 27, 2002, North Carolina and 18 other states and commonwealths entered into a \$6 million settlement with Pfizer, Inc. to resolve allegations that Pfizer's advertising and promotional materials for the prescription drug Zithromax misrepresented the efficacy of Zithromax in comparison to other antibiotics used to treat severe ear infections among young children by focusing on the dosing convenience and reduced frequency of use of the product without disclosing that various factors, such as antibiotic resistance, need to be considered when a physician chooses an antibiotic for the treatment of severe ear infections. Of the \$6 million, Pfizer will use \$2 million to fund nationwide public service announcements concerning the proper use of antibiotics in the treatment of pediatric ear infections during the next three cold seasons (November through March). The remaining \$4 million is to go to the settling states. North Carolina received \$127,273.00 as reimbursement of its attorney's fees and investigative costs, and for consumer education, litigation, public protection or local consumer aid and other purposes authorized by state law.
- On January 2, 2003, North Carolina and 49 other states and commonwealths, the District of Columbia, and the Territories of Puerto Rico and the Virgin Islands entered into a court-approved \$51.5 million national settlement with Ford Motor Company to resolve allegations that the company misled consumers about the safety of its sport utility vehicles. Thirty million dollars will be used to fund a nationwide public service consumer education and awareness program on SUV safety. The settlement does not include restitution to consumers because Ford already has spent \$2 billion to replace tires in the 53 settling jurisdictions. North Carolina received \$300,000.00 as reimbursement of its attorney's fees and investigative costs, and for consumer restitution, consumer education, and other consumer protection purposes.

We will be happy to respond to any questions you may have regarding this report. Please feel free to contact me at 919/716-0042. With warm regards, I am

Very truly yours,



Julia White
Chief of Staff

JW/dlm

cc: Nels Roseland, Chief Fiscal Officer, NC DOJ
Jim Johnson, Director, Fiscal Research Division, NCGA
Chloe Gossage, Fiscal Research Division, NCGA