

Received(Date): 8 OCT 2002 19:38:37
From: Rebecca_Seidel@judiciary.senate.gov (Rebecca Seidel) (Rebecca_Seidel@judiciary.senate.gov (Rebecca Seidel) [UNKNOWN])
To: Karen.L.Wilson@usdoj.gov (Karen.L.Wilson@usdoj.gov [UNKNOWN]), Brett M. Kavanaugh (CN=Brett M. Kavanaugh/OU=WHO/O=EOP@EOP [WHO])
Subject: : Did you see this?

Begin Original ARMS Header #####
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)
CREATOR:Rebecca_Seidel@judiciary.senate.gov (Rebecca Seidel) (Rebecca_Seidel@judiciary.senate.gov (Rebecca Seidel) [UNKNOWN])
CREATION DATE/TIME: 8-OCT-2002 19:38:37.00
SUBJECT:: Did you see this?
TO:Karen.L.Wilson@usdoj.gov (Karen.L.Wilson@usdoj.gov [UNKNOWN])
READ:UNKNOWN
TO:Brett M. Kavanaugh (CN=Brett M. Kavanaugh/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN
End Original ARMS Header

<<http://www.sunherald.com/images/common/spacer.gif>> Posted on Mon, Oct. 07, 2002
<http://www.sunherald.com/images/component/topstory_fromthe_txt.gif>
story:PUB_DESC
<http://www.sunherald.com/images/logos/site/sunherald/thesunherald/archives_titl_e.gif> <<http://www.sunherald.com/images/common/spacer.gif>>
<<http://www.sunherald.com/images/common/spacer.gif>>

LOANS TO JUDGES PROBED
U.S. attorney, FBI investigate trial-lawyer link to judicial loans
By ANITA LEE, TOM WILEMON and BETH MUSGRAVE
THE SUN HERALD

Federal authorities are investigating whether state court judges took out loans that were repaid by nationally prominent trial lawyers from South Mississippi whose cases the judges handle.

Investigators believe the judges, including state Supreme Court Justice Oliver Diaz Jr. of Biloxi, borrowed thousands of dollars from The Peoples Bank, which has headquarters in Biloxi, and Merchants & Marine Bank in Jackson County. Plaintiffs' attorneys who try multimillion-dollar cases before the judges subsequently repaid the loans, investigators believe.

Paul Minor of Ocean Springs and Richard "Dickie" Scruggs of Pascagoula are being investigated by the FBI and U.S. Attorney's Office in Jackson, according to a source close to the investigation. Attorney General Mike Moore, a longtime associate of Scruggs, and Coast District Attorney Cono Caranna are

assisting
with the investigation, as are federal banking regulators.

At least one Harrison County official has been subpoenaed to produce court records for a federal grand jury that is expected to convene around the end of this month.

It should be emphasized that these matters are the subject of an investigation, meaning authorities are gathering information that may be presented to a federal grand jury, which would then determine the merits of the case. No charges have been made against any person at this point.

Repeated attempts to obtain comments from Minor, Scruggs and Diaz were unsuccessful. The timing of the investigation could influence the logjam over tort reform when the Legislature reconvenes today in Jackson. Wrangling over the contentious topic has occupied lawmakers for more than a month.

The implications of this investigation, because it involves a potential financial connection between judges and trial lawyers, could reverberate through legislative chambers and draw attention to some of the issues that have been at the heart of the argument made by those seeking to reform the state's civil justice system.

Mississippi has been identified by the U.S. Chamber of Commerce as the nation's worst offender for delivering multimillion-dollar judgments against business interests, including doctors. "Jackpot justice" has become a code for the special opportunities that are said to exist in Mississippi, where a combination of low-income jurors and sympathetic judges has delivered some of the nation's largest cash verdicts.

Scruggs first earned large fees and a national reputation successfully suing asbestos companies in the 1980s, but he is best known as the lead lawyer in the 1990s legal battle against the nation's tobacco companies. He has said that he expects to earn about \$844 million from tobacco settlements.

Over the years, Minor has won numerous multimillion-dollar settlements and is expected to receive about \$70 million from tobacco settlements.

The state of Mississippi is projected to receive \$4.2 billion over 20 years,

with money from the settlement deposited into an account that the state attorney general administers to pay health costs associated with tobacco use and for smoking prevention programs. Previously, Moore had hired Scruggs to represent the state in a lawsuit to recover the cost of removing asbestos from state buildings.

Minor and Scruggs have been significant contributors to political races in Mississippi, both judicial and statewide. Minor was a key supporter of Gov. Ronnie Musgrove and is said by many to be the governor's prime contact on the Coast. He is said to have a critical role in the appointment of judges on the Coast and is sometimes referred to as "the judge maker."

This nexus of judicial politics and tobacco litigation fees has helped make plaintiffs' lawyers major players in state politics. Political observers say that, currently in Mississippi, most of the money in important races is given by business interests on one side and trial lawyers on the other, making their support equal to or greater than the Republican or Democratic parties.

<http://www.sunherald.com/mld/sunherald/4228370.htm?template=contentModules/emailstory.jsp>
<http://www.sunherald.com/mld/sunherald/4228370.htm?template=contentModules/printstory.jsp>

<http://www.sunherald.com/mld/sunherald/4228370.htm?template=contentModules/emailstory.jsp> email this |
<http://www.sunherald.com/mld/sunherald/4228370.htm?template=contentModules/printstory.jsp> print this

Bob
Work 202-828-1228
Cell P6/b(6)
robert.mcconnell@hyi-usa.com

<http://images.dailyinbox.com/images/flag.gif>

```
<!DOCTYPE HTML PUBLIC "-//W3C//DTD HTML 4.0 Transitional//EN">
<HTML><HEAD>
<META HTTP-EQUIV="Content-Type" CONTENT="text/html; charset=iso-8859-1">
```

```
<META content="MSHTML 6.00.2719.2200" name=GENERATOR></HEAD>
<BODY>
<DIV><FONT face=Arial size=2>
```

```
<TABLE cellSpacing=0 cellPadding=0 width="100%" border=0>
<TBODY>
<TR>
<TD colspan=4>
<HR width="97%" color=#cccccc SIZE=1>
</TD></TR>
<TR>
<TD width=15 rowspan=7><IMG height=1
src="http://www.sunherald.com/images/common/spacer.gif"
width=15></TD>
<TD>Posted on Mon, Oct. 07, 2002</TD>
<TD vAlign=top align=right><IMG height=13
src="http://www.sunherald.com/images/component/topstory_fromthe_txt.gif"
width=46 border=0><IMG alt=story:PUB_DESC
src="http://www.sunherald.com/images/logos/site/sunherald/thesunherald/arc
hives_title.gif"
border=0></TD>
<TD width=15 rowspan=7><IMG height=1
src="http://www.sunherald.com/images/common/spacer.gif"
width=15></TD></TR>
<TR>
<TD colspan=2><IMG height=10
src="http://www.sunherald.com/images/common/spacer.gif"
width=1></TD></TR>
<TR>
<TD colspan=2>
<DIV class=body-head><STRONG><FONT size=4><SPAN class=headline>LOANS
TO
JUDGES PROBED</SPAN><BR></FONT><SPAN class=deck><FONT
color=#666666>U.S.
attorney, FBI investigate trial-lawyer link to judicial
loans</FONT></SPAN></STRONG><BR><FONT size=1><FONT
color=#666666><B><SPAN
class=byline>By ANITA LEE,TOM WILEMON and BETH
MUSGRAVE</SPAN></B><BR><B><SPAN class=creditline>THE SUN
HERALD</SPAN></B><BR></FONT></FONT></DIV>
<TABLE cellSpacing=5 cellPadding=0 width=100 align=right border=0>
<TBODY><FONT color=#666666 size=1></FONT></TBODY></TABLE><SPAN
class=body-content><!-- begin body-content --><SPAN
class=body-content>
<P>Federal authorities are investigating whether state court judges
took
out loans that were repaid by nationally prominent trial lawyers from
South Mississippi whose cases the judges handle.</P>
<P>Investigators believe the judges, including state Supreme Court
Justice
Oliver Diaz Jr. of Biloxi, borrowed thousands of dollars from The
Peoples
Bank, which has headquarters in Biloxi, and Merchants & Marine
Bank in
Jackson County. Plaintiffs' attorneys who try multimillion-dollar
cases
```

before the judges subsequently repaid the loans, investigators believe.</P>

<P>Paul Minor of Ocean Springs and Richard "Dickie" Scruggs of Pascagoula

are being investigated by the FBI and U.S. Attorney's Office in Jackson,

according to a source close to the investigation. Attorney General Mike

Moore, a longtime associate of Scruggs, and Coast District Attorney Cono

Caranna are assisting with the investigation, as are federal banking regulators.</P>

<P>At least one Harrison County official has been subpoenaed to produce

court records for a federal grand jury that is expected to convene around

the end of this month.</P>

<P>It should be emphasized that these matters are the subject of an investigation, meaning authorities are gathering information that may be

presented to a federal grand jury, which would then determine the merits

of the case. No charges have been made against any person at this point.</P>

<P>Repeated attempts to obtain comments from Minor, Scruggs and Diaz were

unsuccessful. The timing of the investigation could influence the logjam

over tort reform when the Legislature reconvenes today in Jackson.

Wrangling over the contentious topic has occupied lawmakers for more than

a month.</P>

<P>The implications of this investigation, because it involves a potential

financial connection between judges and trial lawyers, could reverberate

through legislative chambers and draw attention to some of the issues that

have been at the heart of the argument made by those seeking to reform the

state's civil justice system.</P>

<P>Mississippi has been identified by the U.S. Chamber of Commerce as the

nation's worst offender for delivering multimillion-dollar judgments against business interests, including doctors. "Jackpot justice" has become a code for the special opportunities that are said to exist in Mississippi, where a combination of low-income jurors and sympathetic judges has delivered some of the nation's largest cash verdicts.</P>

<P>Scruggs first earned large fees and a national reputation successfully

suuing asbestos companies in the 1980s, but he is best known as the lead

lawyer in the 1990s legal battle against the nation's tobacco

companies.

He has said that he expects to earn about \$844 million from tobacco settlements.</P>

<P>Over the years, Minor has won numerous multimillion-dollar settlements

and is expected to receive about \$70 million from tobacco settlements.</P>

<P>The state of Mississippi is projected to receive \$4.2 billion over 20

years, with money from the settlement deposited into an account that the

state attorney general administers to pay health costs associated with

tobacco use and for smoking prevention programs. Previously, Moore had

hired Scruggs to represent the state in a lawsuit to recover the cost of

removing asbestos from state buildings.</P>

<P>Minor and Scruggs have been significant contributors to political races

in Mississippi, both judicial and statewide. Minor was a key supporter of

Gov. Ronnie Musgrove and is said by many to be the governor's prime contact on the Coast. He is said to have a critical role in the appointment of judges on the Coast and is sometimes referred to as

"the judge maker."</P>

<P>This nexus of judicial politics and tobacco litigation fees has helped

make plaintiffs' lawyers major players in state politics. Political observers say that, currently in Mississippi, most of the money in important races is given by business interests on one side and trial lawyers on the other, making their support equal to or greater than

the Republican or Democratic

parties.</P><!-- end body-content

--></TD></TR></TBODY></TABLE>

<TABLE cellSpacing=0 cellPadding=10 width="100%" border=0>

<TBODY>

<TR>

<TD align=right>

<TABLE cellSpacing=0 cellPadding=1 border=0>

<TBODY>

<TR align=middle>

<TD></TD>

<TD><IMG

height=15

src="http://www.sunherald.com/images/common/button_email_this.gif"

width=22 border=0></TD>

<TD><A

