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Civil Money Laundering Action Against Rj Reynolds

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Press Release: European Union

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EUROPEAN COMMISSION FILES CIVIL MONEY LAUNDERING ACTION AGAINST RJ REYNOLDS

The European Commission has filed a civil action on behalf of the European Community (EC) and ten Member States against the US cigarette manufacturer R. J. Reynolds, following the dismissal of its cigarette smuggling action last February. The following Member States participate in the civil action: Italy, Germany, France, Spain, Portugal, Greece, Belgium, The Netherlands, Finland and Luxembourg. The purpose of this new claim is to obtain injunctive relief to stop the laundering of the proceeds of illegal activities and to seek compensation for losses sustained.

EU Budget Commissioner Michaele Schreyer commented:

"Protecting the financial interests of the European Community and fighting against money laundering and fraud remains a top priority for the European Commission. The Commission is determined to win its fight against money laundering, cigarette smuggling and connected serious cross-border crimes."

The main purpose of this complaint is to obtain injunctive relief, to stop the laundering by R.J. Reynolds of the proceeds of illegal activities. In addition, the complaint will provide the opportunity to seek compensation for economic and other losses the EC or the ten Member States have sustained in the past resulting from the defendants' money-laundering activities.

Background

In August 2001 the EC launched a tobacco smuggling complaint with the US District Court for the Eastern District of New York against three US cigarette manufacturers - Philip Morris, R. J. Reynolds and Japan Tobacco, together with the following Member States: Italy, Germany, France, Spain, Portugal, Greece, Belgium, The Netherlands, Finland and Luxembourg.

In February 2002, the US District Court in New York handed down a ruling which dealt separately with the smuggling and money laundering parts of the complaint.

First, the District Court dismissed the EC and Member States' smuggling claims on the basis of the "revenue rule," a technical rule according to which a US court need not enforce a foreign tax claim. The EC and the Member States have appealed this part of the ruling before the 2nd Circuit Court of Appeals on the basis that the "revenue rule" does not apply to the EC case.

Second, the District Court held that the "revenue rule" does not apply to the money laundering aspects of the EC and Member States' claims and dismissed this part of the case "without prejudice" to the submission of an action based on money laundering. The EC and the Member States have therefore filed a money laundering claim today against the US cigarette manufacturer R.J. Reynolds.

No further comment will be made on the content of the claim by any official, agent or counsel of the EC outside the Court proceedings. However under the rules of US civil procedure, the Complaint as filed with the US District Court for the Eastern District of New York is a document of public record and may be consulted at the Clerk's Office of the Court.

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