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**Action on Smoking and Health  
Campaign for Justice on Tobacco Fraud  
Coalition québécoise pour le contrôle du tabac  
Ontario Campaign for Action on Tobacco  
Physicians for a Smoke-Free Canada**

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**Press Release**

June 25, 2019

## **Health groups call on provinces to shut down creditor protection for tobacco companies**

Tobacco control organizations from across Canada are calling on provincial ministers of health and justice to oppose the use of the federal Companies' Creditor Arrangement Act (CCAA) by tobacco companies seeking to suspend lawsuits against them. Because the provinces are the main litigants against the companies, their opposition to renewal of CCAA protection will likely trigger the collapse of this process and the restoration of legal rights for injured Quebec smokers and others who wish to use the justice system to address corporate wrongdoing.

"Already the companies have had a four-month grace period in which all liability actions against them have been suspended," explained Neil Collishaw of Physicians for a Smoke-Free Canada. Documents filed in court show that in that time the companies have not even initiated settlement discussions, and have set no time limits to address the claims made against them.

"This should be seen as another abuse of process used by the companies to avoid having to pay compensation to Quebec victims," said Flory Doucas of the Coalition québécoise pour le contrôle du tabac. Protection under the CCAA was sought immediately after the Quebec Court of Appeal upheld a \$13.5 billion judgment against the companies for having misled Quebec smokers. "Just as they used court procedures to delay the Quebec trial, they are now using the CCAA process to delay having to respect the courts' decisions."

"There is no financial reason for the companies to seek creditor protection," explained Michael Perley of the Ontario Campaign for Action on Tobacco. "The Quebec ruling was structured to ensure that victims would be compensated while ensuring that the companies could remain solvent." The much larger claims faced by the companies from provinces seeking health care cost recovery, reported to be \$600 billion, will not become enforceable until the trials have been held, which is not foreseen for a number of years. "The companies say they face an 'existential threat', but there is no urgency to this threat - it will be several years before their profitability is in question as a result of having to compensate the provinces."

"The companies contend that they cannot entertain discussions about a settlement at the same time that they are managing litigation against them. The provinces should not fall for this stunt—the tobacco companies are obviously gaming the Courts once again," said Les Hagen of Alberta-based Action on Smoking & Health. "In the United States, for example, state governments continued their lawsuits against the companies while settlement discussions were under way - the threat of trial was seen as a negotiating strength for the states."

"Fundamentally, the CCAA is the wrong legal instrument for any resolution of the government lawsuits," said Garfield Mahood of the Campaign for Justice on Tobacco Fraud. "It allows the companies to set their survival as an objective of negotiations. The continuation of the tobacco industry conflicts with the provincial government responsibilities to end the tobacco epidemic, and with Canada's treaty obligations to protect public health from commercial and vested interests of this industry."

“It is time for the provinces to work together to collapse the CCAA process, and for them to work together to accelerate their lawsuits against the tobacco companies in anticipation of health outcomes,” concluded Mr. Mahood. “We are again asking the provinces to initiate consultations with the health community on the health outcomes that can result from these historic legal actions.”

[Letter to provincial health and justice ministers](#)

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