Court rejects $280bn tobacco case

A US government claim accusing the country's biggest tobacco companies of covering up the effects of smoking has been thrown out by an appeal court.

The demand for $280bn (£155bn) - filed by the Clinton administration in 1999 - was rejected in a 2-1 decision. The court in Washington found that the case could not be brought under federal anti-racketeering laws. Among the accused were Altria Group, RJ Reynolds Tobacco, Lorillard Tobacco, Liggett Group and Brown and Williamson. In its case, the government claimed tobacco firms manipulated nicotine levels to increase addiction, targeted teenagers with multi-billion dollar advertising campaigns, lied about the dangers of smoking and ignored research to the contrary.

Prosecutors wanted the cigarette firms to surrender $280bn in profits accumulated over the past 50 years and impose tougher rules on marketing their products. But the Court of Appeals for the District of Columbia ruled that the US government could not sue the firms under legislation drawn up to counteract Mafia infiltration of business. The tobacco companies deny that they illegally conspired to promote smoking and defraud the public. They also say they have already met many of the government's demands in a landmark $206bn settlement reached with 46 states in 1998. Shares of tobacco companies closed higher after the ruling, with Altria rising 5% and Reynolds showing gains of 4.5%.