



## IS RJ REYNOLDS TOBACCO COMPANY A GOOD CORPORATE CITIZEN? RECENT HISTORY SAYS NO

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***“Lying is as natural to tobacco executives as breathing once was to their customers.”***

Editorial, “Drug Pushers: Tobacco Products Should Be Regulated,”  
*Newsday*, September 1, 2006

In 2004, the Brown & Williamson (B&W) and R.J. Reynolds (RJR) cigarette companies merged to form the Reynolds American tobacco company. British American Tobacco (BAT), the former owner of B&W, is its controlling stockholder, owning 42 percent of all outstanding shares. RJR is the division of Reynolds American that now oversees all of the brands of both RJR and B&W. For years, B&W, RJR, and the other major cigarette companies have claimed they have turned over a new leaf, are now responsible corporate citizens and would never intentionally market their deadly products to kids. But it is hard to believe that these predatory companies have actually changed their stripes. In the past, their desire for profits has repeatedly overwhelmed any sense of corporate responsibility – and there is simply no way that the tobacco companies can remain profitable in the United States without continuing to lure millions of kids to become addicted to their products. While the newly combined cigarette company, RJR, does not yet have much of its own track record, its actions to date – along with the recent words and actions of its component parts (B&W, BAT, and RJR) – show that it is still a long way from being a good corporate citizen.

### **Recent Bad Acts by R.J. Reynolds Tobacco**

In the U.S. Department of Justice’s lawsuit against the major cigarette companies, the findings of fact stated, “The courts have found that RJR is a serial violator of the MSA” (the Master Settlement Agreement between the states and the cigarette companies that resolved the states’ lawsuits against RJR and the other major cigarette companies).<sup>1</sup> In August 2006, U.S. District Court Judge Gladys Kessler issued her final ruling in the lawsuit, finding that RJR and other tobacco companies intentionally researched, manipulated information, lied, and conspired “to bring new, young, and hopefully long-lived smokers into the market in order to replace those who die (largely from tobacco-caused illnesses) or quit.”<sup>2</sup> She further stated, “As Defendants’ senior executives took the witness stand at trial, one after another, it became exceedingly clear that these Defendants have not, as they claim, ceased their wrongdoing or, as they argued throughout the trial, undertaken fundamental or permanent institutional change.”<sup>3</sup> Recent activities by RJR only underscore that statement:

- In spring 2008, RJR released its newest Camel extension, Camel Crush, a cigarette that allowed smokers to crush a small pellet tucked in the filter to adjust the menthol content in the cigarette. After first being test-marketed in Pennsylvania, the product is now available nationally. It is clear that RJR also put a lot of thought into the packaging of the product. The Camel Crush website says, “The product influences the look of the packaging. A product this unique needs a sleek, modern-looking pack design.... The Camel Crush pack even glows under UV light.” Not surprisingly, nightclubs, which are frequented mostly by younger people, often use black light, also known as UV light.

In July 2008, Harvard School of Public Health researchers released a study, which found that cigarette companies strategically manipulated menthol levels in cigarettes to attract and addict young adults. Industry documents showed that cigarette companies, including RJR for its Salem brand, lowered menthol levels in some cigarettes to entice youth and grow sales and market share. Research indicates that as young, inexperienced menthol smokers continue to smoke and become more accustomed to menthol, however, they desire stronger menthol products.<sup>4</sup> Camel Crush clearly addresses this need by providing the smoker with the ability to adjust the menthol level to one’s own liking.

- From September to October 2007, RJR pumped \$4.9 million into defeating Oregon’s Measure 50, a proposal to increase the state’s cigarette tax to fund healthcare for uninsured children. Philip Morris also contributed \$7 million, bringing the total tobacco company contribution to a record \$12 million – or more than three dollars per person in Oregon – to fight against the ballot initiative. Hiding behind front groups such as Oregonians Against the Blank Check, RJR bombarded the state with television and

radio advertisements. Through a concerted effort to inject confusion into the ballot campaign, the tobacco industry defeated the measure to increase the tobacco tax and subsequently denied healthcare to 92,000 uninsured children.<sup>5</sup>

- Despite a prohibition in the 1998 state tobacco settlement on the use of cartoons to market cigarettes, RJR ran a multi-page ad for its new “collaboration between Camel and independent artists and record labels,” called The Farm, in the November 15, 2007 issue of *Rolling Stone* magazine, whose readers include more than 1.5 million youth (12-17 years old). Four pages of the fold-out ad featured numerous cartoon drawings of animals, monsters and images from outer space. The cartoon foldout is not the only aspect of the spread that clearly appeals to kids. Another page features an image of a spiral-bound notebook similar to those often carried by high school students with the title “Indie Rock Universe,” doodles of a guitar, spaceships and other images a bored student might draw; and the phrase, “an alternate dimension where everyone wears Black Converse.” Only after public health groups protested and eight state attorneys general sued the company did RJR remove the ad and suspend The Farm campaign. Shortly thereafter, RJR announced that it would stop advertising RJR-brand cigarettes in magazines. However, that leaves the door open to advertise other cigarette and tobacco product brands – including RJR-brand smokeless product Camel Snus – under the other Reynolds American subsidiaries, including American Spirit cigarettes and Copenhagen smokeless tobacco. In fact, the September 1, 2008 issue of *Sports Illustrated* – with 2.8 million youth readership – contained a heavy cardstock advertisement for Camel Snus that included a coupon.
- In May 2007, RJR circumvented the settlement signed in October 2006 (see below) with state attorneys general to stop marketing candy, fruit and alcohol-flavored cigarettes by launching its new flavored product line: Camel Signature Blends. The new flavors come in Robust, Mellow, Frost and Infused flavors. RJR’s web site describes Robust as “similar to notes found on cocoa and espresso”; Mellow as “accented with toasted honey”; Frost as “Fine Asian Mint... while the creamy finish delivers a smooth, buttery aftertaste”; and Infused as offering “notes of Citrus” and “a sweet apple-like flavor.” While RJR’s website may be age-restricted, its ads in magazine and stores promoting a “distinctive flavor” are not. Studies have shown that flavored cigarettes have the greatest appeal to new, young smokers. A national survey released in 2005 by the Roswell Park Cancer Institute found that 20 percent of smokers aged 17 to 19 said they had used flavored cigarettes in the past 30 days, while just six percent of smokers over the age of 25 had.<sup>6</sup> A November 2005 study by the Harvard School of Public Health concluded, “Flavored cigarettes can promote youth initiation and help young occasional smokers to become daily smokers by masking the natural harshness and taste of tobacco smoke and increasing the acceptability of a toxic product.”<sup>7</sup> RJR’s continued marketing of flavored cigarettes is further evidence that the tobacco company has not changed and will not change until forced to do so.
- In March 2007, the police department in Dover, New Hampshire, uninvited Miss New Hampshire from presenting in Dover schools after it was discovered she received money from RJR to help educate youth. Dana Mitchell, the police department’s prevention coordinator, explained to Miss New Hampshire in an email that was distributed to the media, “I find it a little ironic that you are speaking to kids on making good decisions in tough situations, while you have made this choice to work for the tobacco industry.” Miss New Hampshire is one of many Miss America state pageant titleholders who take funding from RJR to speak in schools through a partnership between RJR and the National Association of Miss America State Pageants.
- In January 2007, RJR launched Camel No. 9 cigarettes aimed directly at women. The company claimed that women smokers “didn’t feel that Camel had a brand for them.” Eager to fill that void, RJR created Camel No. 9, complete with sleek packaging, flowery ads, a pink camel on every cigarette, and the slogan, “light and luscious.” According to Cressida Lozano, vice president for marketing of the Camel brand, the introduction of Camel No. 9 is part of plans to “focus on products that are ‘wow,’” and “that add fun and excitement to the category.” Camel No. 9 was launched in spring 2007 with a huge campaign that cost an estimated \$25 to \$50 million. Full-page ads ran in women’s magazines with high youth readership such as *Glamour*, *Cosmopolitan*, *Elle*, *Lucky*, *Marie Claire*, *InStyle*, and *Vogue*. Forty-one members of Congress were so concerned about the magazine advertising that in June 2007, they sent a letter to each of the 11 magazines carrying Camel No. 9 advertisements urging them to voluntarily stop. Point-of-sale marketing for Camel No. 9 has been

heavy, and continues to saturate stores and bodegas in New York City and other cities around the country. Direct mail marketing is extravagant and includes a free cigarette case offer and dollar-off coupons that are rolled into an empty pack to look like cigarettes. And Camel No. 9 parties – “ladies only” nights – have been held in bars across the country, offering women facials, manicures, makeup and hair styling, and of course, a free pack of Camel No. 9’s. Party organizers even came up with a new drink to honor the new brand, the Divine Nine martini, and provided party-goers with goody bags full of treats like chocolates, coupons for drinks, and spa treatments. RJR’s Camel No. 9 campaign directly markets cigarettes towards women at a time when lung cancer kills more women than any other type of cancer.<sup>8</sup>

In August 2007, RJR began marketing a new Camel No. 9 extension – Camel No. 9 Stiletto – to continue the fashion theme. Introduced in the “Fashion Rocks” supplement to magazines including *Glamour*, *Vanity Fair*, and *Lucky*, the two-sided ad showed the flowery pattern of the original Camel No. 9 on one side and featured a “Dressed to the 9’s” segment on the backside, showing a dress, fashion accessories, and tips on how to “style your vintage look with your own personal touch.” Once again, RJR has directly targeted young women and girls by advertising in magazines with high youth readership.

- In 2004, RJR kicked off the holiday season by introducing candy-flavored cigarettes, including “Warm Winter Toffee” and “Winter Mocha Mint.” Ads for these cigarettes appeared in magazines with significant youth readership such as *Rolling Stone*, *Glamour*, *Cosmopolitan* and *Elle*. RJR’s winter edition of candy-flavored cigarettes followed marketing the previous summer of other candy-flavored Camels, including the coconut and pineapple-flavored Kauai Kolada and the citrus-flavored Twista Lime. The marketing of candy-flavored cigarettes has been condemned by public health experts as being aimed at trying to get kids to experiment with smoking. In October 2006, RJR entered into a settlement with several state attorneys general in which the company agreed to stop marketing candy and alcohol flavored cigarettes. This settlement ended several years of irresponsible marketing by the company. However, this settlement affects only the marketing of flavored cigarettes and not the actual manufacture of them.
- In its second-quarter earnings results announcement on July 26, 2006, RJR revealed that it would be spending \$40 million to defeat state ballot initiatives to increase cigarette taxes and require smoke-free workplaces. RJR had been leading the fight to defeat ballot initiatives in Arizona and Ohio that would require smoke-free workplaces and public places, showing the company’s willingness to fund political dirty tricks and deceive voters. In both states, RJR sought to defeat the smoke-free ballot initiatives by sponsoring alternative initiatives that claimed to restrict smoking when in fact they would allow smoking in many restaurants and other workplaces, roll back existing local smoke-free laws and prevent local governments from passing smoke-free laws in the future. These alternative initiatives were pitched to voters with blatantly deceptive names such as Arizona Non-Smoker Protection Act and Smoke Less Ohio. The tobacco companies have openly acknowledged that smoke-free laws reduce smoking and cigarette sales. RJR has also joined other tobacco companies in fighting initiatives in California and Missouri to increase cigarette taxes and utilize some of the revenue to fund tobacco prevention and cessation programs. In its earnings report, the company stated that one of the “risks and uncertainties” threatening its future performance and financial results was “the substantial and increasing regulation and taxation of tobacco products.” In discussing the company’s earnings, RJR executives noted that California represented six percent of the U.S. cigarette market and that the California cigarette tax increase could wipe out 2007 profits on a nationwide basis.
- In early 2006, RJR announced that it would launch new smokeless tobacco products, Camel Snus, in test market cities Austin, TX and Portland, OR. In June 2007, RJR announced five further cities as test markets for Camel Snus beginning July 1, 2007 – Raleigh, NC; Columbus, OH; Indianapolis, IN; Kansas City, MO; and Orlando, FL. And beginning in January 2009, the product will be available nationwide. Camel Snus is available in three flavors: “frost,” “spice,” and “original.” Now that RJR has a new smokeless product, there’s nothing to prevent the company from adding candy flavors as it has in the past or altering the product in ways that could make it more dangerous, attractive and accessible to youth. In fact, a high school student admitted using Camel Snus during class, saying, “It’s easy, it’s super-discreet...and none of the teachers will ever know what I’m doing.”<sup>9</sup> There is concern that RJR will market its smokeless products as an alternative to quitting for those concerned about their health

or living in a location with strong clean indoor air laws; or will target smokers who would otherwise have quit, encouraging them to switch to smokeless products as an alternative to quitting.

In the absence of government regulation, there is nothing preventing RJR from secretly changing the formula, the flavorings or ingredients in Camel Snus. Likewise, there is currently no law regulating the process by which Camel Snus is made or the toxic substances it contains. The Camel Snus that RJR sells to consumers, including our kids, could very well be different from the product that it touted and no one outside of the company would know.

### **Prior Bad Acts by Brown & Williamson, BAT, and R.J. Reynolds**

Because so many damaging internal cigarette company documents have been revealed through the tobacco lawsuits, all the companies have become much more careful about what they say publicly and, especially, about what they put into documents that might become public. But no matter how hard they tried to appear to the public as reformed, bad acts by B&W, BAT, and RJR continued to occur. Even while in the middle of merger discussions in 2004, B&W and RJR continued their practices of blatantly marketing to kids and putting their own profits ahead of the public's health.

- In 2004, B&W launched the Kool Mixx cigarette marketing campaign clearly aimed at youth, and African-American youth, in particular. The Kool Mixx campaign featured images of young rappers, disc jockeys and dancers on cigarette packs and in advertising. The campaign also includes radio giveaways with cigarette purchases and sponsored a Hip-Hop disc jockey competition in major cities around the country. Attorneys General from around the country, outraged by the Kool Mixx campaign, took action. In a May 7, 2004, letter to B&W, Attorneys General from 29 states, the District of Columbia and Puerto Rico asserted that B&W's marketing campaign violated the tobacco settlement's prohibition on "any action, directly or indirectly, to target youth within any settling state in the advertising, promotion or marketing of tobacco products." In June of that year, the New York Supreme Court issued a preliminary order taking down B&W's Kool Mixx website and recalling the special cigarette packs and brand merchandise.
- On December 30, 2004, the Ohio Supreme Court unanimously ruled that RJR violated the 1998 tobacco settlement agreement by advertising on matchbook covers. The settlement expressly forbids tobacco brand advertising on any kind of merchandise. This is another example of RJR trying to push the limits of the MSA restrictions, curbing its behavior only after it is legally required to stop.
- After two years of denying responsibility for its actions, on December 23, 2004, RJRT Company finally agreed to settle a lawsuit filed by the state of California. Originally found guilty in 2002 of violating the 1998 Tobacco Settlement by marketing to kids in California, RJR agreed to limit its tobacco advertising in magazines with large youth readership and avoid publications with at least 15 percent teen readership. In addition, RJR paid \$11.4 million in civil penalties and \$5.9 million in legal costs for its reprehensible behavior.<sup>10</sup>
- In April 2003, RJR and Lorillard Tobacco attacked the State of California's highly successful tobacco prevention program by filing a lawsuit alleging that California's anti-smoking advertisements, which tell the truth about the tobacco industry's harmful practices and products, "vilified" RJR and Lorillard and violated their constitutional rights. The lawsuit was dismissed by a federal judge who found no merit to the charges.<sup>11</sup>
- On October 13, 2000, B&W announced that it would become the first major U.S. cigarette company to sell cigarettes by mail, including Internet sales; and on October 16, B&W filed a lawsuit attacking New York State's law prohibiting direct-mail and Internet sales of cigarettes in the state (the first law of its kind in the country).<sup>12</sup> After a district court ruled that the law violated the commerce clause of the constitution, a federal appeals court reversed the judgment and upheld New York's law in 2003.<sup>13</sup>

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<sup>10</sup> In 2002, RJR was fined \$20 million by a California judge for targeting kids with magazine advertising in violation of the 1998 state tobacco settlement agreement. The appellate court agreed that RJR violated the 1998 settlement, but rejected the damage award to California because it represented nationwide rather than CA-specific damages. Before the lower court could recalculate damages, the parties settled.

- In May 2000, separate reports from the *Wall Street Journal* and the Massachusetts Department of Public Health revealed that B&W and RJR cigarette advertising in magazines with large youth readerships had increased by more than 70 percent since November 1998, when the companies signed the settlement agreements between the cigarette companies and the states, which explicitly prohibits cigarette company marketing to youth.<sup>14</sup>
- Government lawsuits and investigative journalism reports have implicated both B&W and RJR in large-scale international cigarette smuggling. On January 31, 2000, the Center for Public Integrity issued a report that detailed the involvement of BAT and its subsidiaries, including B&W, in international cigarette smuggling and related tax evasion in South America and Asia.<sup>15</sup> The report found, for example, that in the early 1990's, B&W and other BAT subsidiaries shipped cigarettes to the free-trade zone in Aruba, a Caribbean island off the coast of Colombia, to facilitate smuggling into Colombia and Venezuela. It also concluded that Nick Brookes – a BAT executive who was, at the time, the head of B&W – had been well aware since at least 1993 of BAT's use of legal sales to provide an “umbrella” or cover for its smuggled sales. In the 1990s, an RJR Canadian subsidiary paid a \$15 million fine and one of its executives served a U.S. prison term on smuggling-related charges.
- In June 1998, a BAT executive was sentenced to jail in Hong Kong for accepting bribes from a smuggling syndicate, and the judge lambasted the company for its involvement in cigarette smuggling into China.<sup>16</sup> Earlier, in 1997, two B&W sales managers pleaded guilty to the charge of aiding smugglers illegally bringing cigarettes into Canada by supplying them with untaxed cigarettes from a bonded B&W warehouse in Alabama.<sup>17</sup>
- In 1998, B&W and BAT did extensive public relations work to mischaracterize a World Health Organization (WHO) study as supporting the companies' claim that secondhand smoke is not carcinogenic. In fact, the companies have long known that secondhand smoke is carcinogenic and the WHO report found that persons whose spouses smoked or who were exposed to secondhand smoke in their workplaces had a 16 to 17 percent higher risk of lung cancer than those who were not exposed.<sup>18</sup>
- A 2007 article in the *American Journal of Public Health* documented how RJR and its PR firm, Mongoven, Biscoe, and Duchin developed a front group, Get Government Off Our Back (GGOOB), to successfully oppose FDA regulation of tobacco and potential OSHA regulation of indoor air quality in workplaces that allowed smoking in 1994. By implying that it opposed all government control, RJR's group was able to garner support from a wide range of groups and public leaders, including state legislators. In fact, GGOOB took most action on tobacco-related issues and disbanded soon after the threat of FDA and OSHA regulation subsided.<sup>19</sup>

These items suggest that the companies' public statements about being responsible corporate citizens that care about protecting children were simply efforts to follow the advice from a tobacco industry public relations firm that “*company spokespeople assume greater visibility in order to demonstrate the ‘new day’ approach of the tobacco companies.*”<sup>20</sup>

### **Brown and Williamson's Long History of Marketing to Kids**

Internal company documents show that B&W had a longstanding interest in capturing a larger share of the youth market for cigarettes.

- “*At the last meeting, we were asked to come up with ideas for a ‘youth’ cigarette . . . product or packaging.*”<sup>21</sup>
- “*The younger smoker is of pre-eminent importance: significance in numbers, ‘lead in’ to prime market, starts brand preference patterning, . . . but frustrating to reach: values and behavior at variance with rest of the population, skeptical, intense peer pressure, public policy difficulties. . . Study the Market and Customer, maintain a continuing dialogue with the ‘New’ Smoker . . . behavior patterns – what they do; Attitudes – what they think; Directions -- where they’re headed; . . . Explore and Implement; Create a ‘Living Laboratory.’*”<sup>22</sup>

- In a strategy for attracting young “starters,” a B&W marketing and research firm recommended that the company “*present the cigarette as one of a few initiations into the adult world*” and “*as part of the illicit pleasure category of products and activities.*”<sup>23</sup>
- A B&W outline (with handwritten notes saying “Big legal problem” and “Pull this page”) stated that “*Since Kool is heavily oriented toward the young and the brand’s starter index is 10, it will benefit us long-term to develop promotion events that involve the young and especially to convince the starter group to smoke Kool . . . Target audience for the sampling effort on KOOL King Size includes both Men and Women in the 15-24 age group.*”<sup>24</sup>
- Some B&W consultants even recommended cigarettes flavored with Coca-Cola or other sweeteners to attract the youth market, noting, “*It’s a well-known fact that teenagers like sweet products. Honey might be considered.*”<sup>25</sup>
- Internal documents also show that BAT, B&W, and other BAT affiliates have done extensive research into when and why kids start smoking, apparently to inform their efforts to lure kids into smoking their brands. As another BAT subsidiary put it: “*If the last ten years have taught us anything, it is that the industry is dominated by the companies who respond most to the needs of younger smokers*” (and the document later describes its “target groups” for various brands as “*men 12-17*” and “*men and women 12-34*”).<sup>26</sup>

## R.J. Reynolds’ Long History of Marketing to Kids

Some similar examples from RJR internal documents:

- “*In view of the need to reverse the preference for Marlboros among younger smokers, I wonder whether comic strip type copy might get a much higher readership among younger people than any other type of copy.*”<sup>27</sup>
- “*At the outset it should be said that we are presently, and I believe unfairly, constrained from directly promoting cigarettes to the youth market; that is, to those in the approximately twenty-one year old and under group. Statistics show, however, that large, perhaps even increasing, numbers in that group are becoming smokers each year, despite bans on promotion of cigarettes to them. If this be so, there is certainly nothing immoral or unethical about our Company attempting to attract those smokers to our products. . . . Realistically, if our Company is to survive and prosper, over the long term we must get our share of the youth market.*”<sup>28</sup>
- “*They represent tomorrow’s cigarette business. . . . As this 14-24 age group matures, they will account for a key share of the total cigarette volume – for at least the next 25 years.*”<sup>29</sup>

## Brown & Williamson and R.J. Reynolds on Secondhand Smoke

B&W and RJR have vigorously opposed smoke-free workplace policies that have been proven to reduce death and disease. Among other things, both companies doubted the scientific evidence regarding the harms of secondhand smoke. According to B&W, “In our opinion and in the opinion of others, however, there are legitimate scientific questions concerning the extent of the chronic health risks of ETS” ([http://www.bw.com/Index\\_sub2.cfm?ID=10](http://www.bw.com/Index_sub2.cfm?ID=10)). B&W publicly questioned the science around secondhand smoke for years, despite internal documentation showing that that secondhand smoke is indeed, carcinogenic.

- On August 17, 2001, Mark Smith, a B&W spokesman stated that the claims about the dangers of second-hand smoke have been exaggerated – noting that while smoking is allowed throughout the B&W building downtown Louisville, the employees “don’t seem to have a problem with that.”<sup>30</sup> Similarly, on June 12, 2000, Dr. Sharon Boyse, Director of Scientific Issues for B&W, stated in an Internet e-chat that, “*I don’t believe that the evidence has established that [secondhand smoke] is a danger to non-smokers.*”<sup>31</sup> In fact, internal documents show that B&W had known for decades that secondhand smoke is carcinogenic. Over 25 years ago, B&W’s corporate council reported that scientists paid by the tobacco industry had reviewed a 1980 study in the journal *Science* finding that

secondhand smoke increased the risk of cancer among non-smoking wives, and concluded that the author was a “good scientist” with “correct” findings.<sup>32</sup>

Although RJR had access to the same research findings about the harms caused by secondhand smoke, its website immediately prior to the merger with B&W stated that its positions regarding secondhand smoke “are based on our belief that there are still legitimate scientific questions concerning the reported risks of secondhand smoke.”<sup>33</sup> This skewed perspective was further outlined on the company website, which contained the following quotes:

- *“It seems unlikely that secondhand smoke presents any significant harm to otherwise healthy nonsmoking adults.”*
- *“In addition, being in the room with a smoker is not the same as smoking a cigarette. Secondhand smoke is hundreds to thousands of times more diluted than the smoke that a smoker inhales.”*
- *“Considering all of the evidence, in our opinion, it seems unlikely that secondhand smoke presents any significant harm to otherwise healthy nonsmoking adults at the very low concentrations commonly encountered in homes, offices and other places where smoking is allowed.”*

### **Brown & Williamson and RJ Reynolds on Nicotine and Addiction**

On November 30, 1999, B&W Chairman and CEO Nick Brookes stated before the U.S. Senate Commerce Committee that, *“I wouldn’t personally, in a serious debate about smoking, label tobacco as addictive.”* This statement is one in a long line of continuing denials by B&W and BAT officials. For example, in 1996 the CEO of BAT, Martin Broughton, stated, *“We have not concealed, we do not conceal, and we will never conceal . . . we have no internal research which proves that smoking is addictive.”*<sup>34</sup> On April 14, 1994, B&W CEO Thomas Sandefur said in sworn testimony before the U.S. House Commerce Committee that *“I do not believe that nicotine is addictive.”* But as early as 1963, B&W officials stated, behind closed doors, that *“Nicotine is addictive. We are, then, in the business of selling nicotine, an addictive drug.”*<sup>35</sup> And in 1973 a B&W internal research review stated that *“Monkeys can be trained to inject themselves with nicotine for its own sake, just as they will inject other dependence-producing drugs e.g., opiates, caffeine, amphetamine, cocaine. . . The absorption of nicotine through the lungs is as quick as the junkie’s ‘fix.’”*<sup>36</sup> The company has also been well aware for decades that their customers did not know about the addiction risk (but did nothing to warn them). As one internal document stated, *“Very few consumers are aware of the effects of nicotine, i.e., its addictive nature and that nicotine is poison.”*<sup>37</sup>

Similarly, RJR’s website, right before its merger with B&W, still stated: *“Many people believe that smoking is addictive, and as that term is commonly used today, it is. Many smokers find it difficult to quit and some find it extremely difficult. However, we disagree with characterizing smoking as being addictive in the same sense as heroin, cocaine or similar substances.”*<sup>38</sup>

B&W and RJR’s statements on the addictive nature of nicotine directly conflicted with the findings of several public health authorities, including the Surgeon General and the National Institute on Drug Abuse. The 1988 Surgeon General’s report on the health consequences of smoking concluded that:

- “Cigarettes and other forms of tobacco are addicting.
- Nicotine is the drug in tobacco that causes addiction.
- The pharmacologic and behavioral processes that determine tobacco addiction are similar to those that determine addiction to drugs such as heroin and cocaine.”<sup>39</sup>

According to the National Institute on Drug Abuse:

- “[N]icotine is addictive. Most smokers use tobacco regularly because they are addicted to nicotine. Addiction is characterized by compulsive drug-seeking and use, even in the face of negative health consequences, and tobacco use certainly fits the description.”<sup>40</sup>

## **Related RJ Reynolds legal rulings and settlement activities**

RJR settlement with California regarding the distribution of free cigarettes:

<http://caag.state.ca.us/tobacco/pdf/StipOrder.pdf>

Court ruling confirming lower court ruling against RJR for distribution of free cigarettes in violation of state law:

[http://www.ag.ca.gov/tobacco/pdf/lockyer\\_reynolds.pdf](http://www.ag.ca.gov/tobacco/pdf/lockyer_reynolds.pdf)

<http://ag.ca.gov/newsalerts/release.php?id=821&year=2002&month=5>

RJR's attempt to weaken the outdoor advertising restrictions of the MSA in California:

<http://www.ag.ca.gov/tobacco/pdf/decision.pdf>

RJR settlement with California regarding RJR activities at brand name sponsorship events

<http://www.ag.ca.gov/tobacco/pdf/1bns.pdf>

[http://www.ag.ca.gov/tobacco/pdf/bns\\_aq3.pdf](http://www.ag.ca.gov/tobacco/pdf/bns_aq3.pdf)

RJR settlement with California regarding RJR mailings of free samples:

<http://www.ag.ca.gov/newsalerts/release.php?id=935&year=2001>

<http://www.ag.ca.gov/tobacco/pdf/free.pdf>

<http://www.ag.ca.gov/tobacco/pdf/approval.pdf>

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<sup>1</sup> USDOJ-Findings of Fact Volume V pg.2251, V.A.(3)(a) Para. 59.

<sup>2</sup> *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, pg.1207 Para. 3298,

<http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf>.

<sup>3</sup> *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, pg.1605,

<http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf>.

<sup>4</sup> Kreslake, JM, et al., "Tobacco Industry Control of Menthol in Cigarettes and Targeting of Adolescents and Young Adults," *American Journal of Public Health* 98(9):1685-1692, September 2008.

<sup>5</sup> Bureau of Labor Statistics and the Census Bureau, "Current Population Survey," *2008 Annual Social and Economic (ASEC) Supplement*,

2008, [http://pubdb3.census.gov/macro/032008/health/h05\\_000.htm](http://pubdb3.census.gov/macro/032008/health/h05_000.htm)

<sup>6</sup> National Youth Smoking Cessation Survey, Roswell Park Cancer Institute.

<sup>7</sup> Carpenter, CM, et al, "New Cigarette Brands With Flavors That Appeal To Youth: Tobacco Marketing Strategies," *Health Affairs*, 24(6):1601-1610 (2005).

<sup>8</sup> US Mortality Public Use Data Tapes 1960-2003, US Mortality Volumes 1930-1959, National Center for Health Statistics, Centers for Disease Control and Prevention, 2006. See also, TFK Special Report, *Warning: Big Tobacco Targets Women and Girls*,

<http://www.tobaccofreekids.org/reports/women/>.

<sup>9</sup> Nelson, L, "If you think Snus is a safe alternative to smoking, think again," *Kansas City Star*, October 31, 2007.

<sup>10</sup> *People v. RJ Reynolds Print Ads Case No. GIC 764118*, August 23, 2002, <http://caag.state.ca.us/tobacco/pdf/judgment.pdf>. For other rulings against RJR in CA regarding marketing in magazines, see the following: Appeals court ruling,

[http://www.ag.ca.gov/tobacco/pdf/printads\\_dca.pdf](http://www.ag.ca.gov/tobacco/pdf/printads_dca.pdf); Settlement agreement is at

<http://ag.ca.gov/newsalerts/release.php?id=852&year=2004&month=12>; Original lower court ruling against RJ Reynolds,

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