CONFIDENTIAL

April 2, 1973

file

Mr. Mulligan
Mr. Haas

Re: Special Meeting of the Membership of The Tobacco Institute, Inc; 30th Meeting of the Board of Directors of The Tobacco Institute, Inc. - March 29, 1973

A special meeting of the membership of The Tobacco Institue, Inc. ("Institute") was held at the Institute on March 29, 1973. Those attending the meeting were as follows:

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| J. F. Cullman, 3rd | (PM) | H. Kornegay | (TI) |
| R. R. Millhiser | " | E. Clements | " |
| J. Bowling | " | F. B. Dryden | " |
| A. Holtzman | " | K. R. Golden | " |
| T. F. Ahrensfeld | " | J. F. Mills | " |
| E. P. Finch | (B&W) | M. Kastenbaum | " |
| DeB. Bryant | " | G. Hubner | " |
| A. H. Galloway | (RJR) | W. Kloepfer | " |
| B. Smith | " | B. Ehringhaus | " |
| H. C. Roemer | " | S. Sunstrum | " |
| C. B. Wade, Jr. | " | F. Panzer | " |
| A. Stevens | (L) | F. Welch | " |
| J. H. Greer | (L&M) | D. Hardy | (SHM&B) |
| F. M. Block | (BB) | W. Shinn | " |
| L. Bantle | (UST) | S. Temko | (C&B) |

In view of the fact that under the By-Laws of the Institute there was not a quorum present, a special meeting of the membership was held. In order to have such a meeting only one-third of those present was required for a quorum.

The membership then amended the By-Laws of the Institute (a copy of the proposed amendments to the By-Laws is attached and marked as Exhibit "A"). The amendment provided as follows:

> "Section 5. The members who as of the date of any election of directors would be subject to assessment for Additional Dues, as provided in Section 1 of Article III of these By-Laws (whether or not any such assessment is actually made), shall as a group constitute a separate membership class (the 'Class A members') for the purpose of electing directors. The Class A members shall be entitled to elect twice the number of directors as there are Class A members. The members not subject to such assessment shall as a group constitute a separate membership class (the 'Class B members') for the purpose of electing directors. The Class B members shall be entitled to elect the same number of directors as there are Class B members."

[redacted]

In addition, Section 2 of Article V which dealt with the number of directors was amended to the extent that the number of Class A directors was doubled and the number of Class B directors remained the same leaving a total of thirteen directors, seven being required for a quorum. The text of the amendment is set forth in full on page 2 of Exhibit "A".

Also, Article VI of the By-Laws was amended relative to the Executive Committee. The amendment proposed provided for a quorum of five. However, this was changed to require a quorum of seven. The minutes of the meeting also contain a statement that the membership understands that with regard to the Executive Committee the chief executive of each membership company will be designated to serve on the Executive Committee. The By-Laws themselves were not amended to show this understanding. A copy of the resolution relative to the Executive Committee is set forth in full on page 3 of Exhibit "A".

The next order of business was the election of five additional directors being Messrs. Joseph E. Edens (B&W), Curtis H. Judge (L), Ross R. Millhiser (PM), Raymond Mulligan (L&M) and William S. Smith (RJR). With the election of the additional directors there was established a quorum, and the special meeting of the membership was adjourned and the 30th meeting of the Board of Directors of the Institute was held. The agenda for such meeting is attached and marked as Exhibit "B".

The first order of business was the election of additional members of the Executive Committee and officers of the Executive Committee. The same persons above who were elected as additional directors were also elected to the Executive Committee. Mr. A. H. Galloway (RJR) resigned and in his place Mr. W. S. Smith (RJR) was elected Chairman of the Executive Committee. Mr. C. H. Judge (L) was elected Vice Chairman of the Executive Committee.

Mr. Horace Kornegay then reported on various consumer bills relating to consumer product warranties and the establishment of a consumer protection agency. Neither the House nor the Senate has passed either bill. However, it is anticipated that the Hollefield Bill entitled "Consumer Protection Agency Act" would be passed and that the Allen Bill which bears Bill No. S.1160 would also pass in the House relative to the establishment of a consumer protection agency. This bill appears to be supported by the National Association of Manufacturers and the Chamber of Commerce. The bill is also much weaker than Senate Bill S. 707, known as the Ribicoff Bill. Copies of the Senate Congressional Record dated February 1 and March 14, 1973 relative to Senate Bill No. 707 are attached and marked as Exhibits "C" and "D". Also attached is the Institute's analysis of Senate Bill No. 707 which is marked as Exhibit "E".

Mr. Kornegay further reported on the bills which are generally entitled "Toxic Substance Control Act". One bill excludes tobacco and the other bill does not exclude tobacco. Jack Mills reported that Senate Bill No. 426 will probably be passed by the House this year and that this bill does exclude tobacco.

that most of these bills will not be reported out of Committee.

Mr. Kloepfer stated that the National Observer will carry an article concerned with smoking and health. He further reported that the film "The Need to Know", concerned with the cigarette controversy, now has some 300 bookings and will appear before approximately 12,000 people.

Mr. Kornegay further reported that plans for the May meeting at Hot Springs have been finalized and Senators Cook, Helms, Huddleston, Nunn and Talmadge will appear and speak at the meeting.

The Operating Committee concerned with the proposed combination of the Institute and the Tobacco Tax Council ("Council") reported that it was continuing its study and thought was being given to a possible meeting with a consultant. In addition, Mr. Galloway reported that he had received various letters from grower and warehouse organizations which showed strenuous opposition to any form of combination or merger between the Institute and Council. He further stated that he had solicited these letters and he felt that the Executive Committee should give full consideration to the opinions of the growers and warehousemen.

Mr. Cullman stated that he felt there really was not any serious opposition by the growers and warehousemen, and as far as he knew, none of the member companies was really concerned with grower and warehouseman opposition. For Liggett, I advised Mr. Cullman that our company did have deep reservations as to any form of combination or merger. Mr. Galloway expressed the same reservation, and he further recommended that the Operating Committee discuss the proposed combination with the various growers and warehousemen.

Mr. Kornegay further reported that in accordance with the directions of the Executive Committee he had met with Mr. Henry Ramm in New York relative to discussing closer cooperation between the Institute and the Council for Tobacco Research (CTR). He reported that CTR did desire closer cooperation with the Institute and that the scientific personnel of the Institute would be invited to attend the May 15, 1973 CTR meeting in New York. He further reported that CTR was also working very closely with Channing Laboratories in an effort to avoid any duplication of research work. In the case of our Washington University Project there has thus far been no communication between CTR and Drs. Lacey and Ackerman. However, members of CTR have been invited to the forthcoming meeting in St. Louis.

Mr. Panzer then reported on meetings of the Ad Hoc Committee and the National Cancer Advisory Board. The first meeting was held on February 14, 1973 and a copy of Miss Anne Duffin's memorandum of the same date is attached and marked as Exhibit "F". In brief, her report concerning such meeting centered around the belief that the members of the Ad Hoc Committee did not agree on a legislative recommendation relative to cigarette "Tar" and Nicotine restrictions and levels.

Mr. Panzer further reported on the Shubik Committee Meeting of March 25, 1973. A copy of his memorandum relative to such is attached and marked as Exhibit "G". He further reported that there had been a split at this meeting between Shubik and Dr. Gori relative to going the legislative route. Dr. Gori felt there should be more research before going such route. However, after the March 25th meeting Shubik presented to the National Cancer Advisory Board certain proposals on March 28, 1973 and the Board accepted such proposals. Shubik's proposals were concerned with the following:

1. Seek modification of cigarettes in order to decrease the "Tar" and Nicotine content.

2. If safe levels of "Tar" and Nicotine cannot be established, then all cigarettes should conform in content to the lower levels.

3. Arrangements should be made for continued surveillance relative to reductions of the content of "Tar" and Nicotine in cigarettes.

4. There should be continued research concerning the relationship of cigarette smoking and heart and lung disease.

5. The "Tar" and Nicotine content of cigarettes should appear on the package.

6. There should be an evaluation program on cigarette smoking clinics.

The next order of business was brought up by Dave Hardy who recommended that the Institute or CTR Special Projects participate in two proposed scientific projects. The first project was concerned with a proposal to review clinical, surgical and autopsy diagnosis of lung cancer. A brief description of this proposal is attached and marked as Exhibit "H". Basically, this proposed study is concerned with an alleged fifty percent error with regard to diagnosis of lung cancer. The study would last approximately two years at a cost of approximately $100,000 per year. The study is to be performed under the auspices of the Western Reserve Medical School in Cleveland, Ohio and would be under the direction of Dr. John R. Carter. I believe that the attached proposal is self-explanatory. Dave Hardy, Dr. Huebner and Don Hohe all spoke with Dr. Carter relative to the proposed scientific project.

The second project reported on by Dave Hardy concerned Dr. Albert Szent-Gyorgyi, who is presently working at the Institute for Muscle Research at the Marine Biological Laboratory, Woods Hole, Massachusetts. Dr. Gyorgyi discovered vitamin C (see article attached, marked as Exhibit "I", entitled "Albert Szent-Gyorgyi" which was written by Judith Randal and which appeared in the magazine Science Year, the 1972 edition). Attached and marked as Exhibit "J" is letter dated March 1, 1973 in which Dr. Gyorgyi asserts that he has discovered a tumor inhibitor which he calls "retine". He had been previously supported under a N.I.H. grant. However, this year his appropriations were cut off, allegedly because he has worked in conflict with the virus theorists of the N.I.H. He has, however, been invited by the

cancer Panel to resubmit his application to the N.I.H. Dr. Gyorgyi is seventy-nine years old and received the Nobel Prize for discovering vitamin C. Even though he is advanced in age, Dave Hardy, Dr. Huebner and others in the Institute generally felt that in supporting Dr. Gyorgyi we would have nothing to lose but everything to gain public relations-wise. The cost of supporting Dr. Gyorgyi over a two-year period would be approximately $220,000. My notes and various documents describing Dr. Gyorgyi's "retine" and his background are too lengthy to set forth in this memorandum, and I would appreciate discussing this proposed scientific project with you personally.

Mr. Galloway then made a brief report on his visit to American Brands Inc. and stated that he had attempted to discuss at length the possibility of American joining the Institute but that Mr. Hetsko was also at the meeting with Mr. Robert K. Heimann and thus, Mr. Galloway explained, he was continually interrupted and made very little headway. However, as Mr. Heimann and Mr. Galloway were leaving the conference room Mr. Heimann said to Mr. Galloway, "Let's noodle this matter a little bit more." With this closing comment Mr. Galloway felt it was no time to make any demands at all upon Mr. Heimann.

Finally, Mr. Temko of C&B reported that the Institute's new medical and pension plans had been consummated with the Prudential Life Insurance Company.

There being no further business to come before the meeting, it was adjourned.

Joseph H. Greer

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att.