Elizabeth Drye - DPC **Box #10**

Negotiations - Comments
Press on Negotiations
Tobacco - Court Decision
VA/Tobacco
"Negotiations" Statements
Tobacco Tax/Child Health
Policy Options - Tobacco
FTC & Joe Camel
VP Materials
Tobacco/Internet
Federal Medicaid Recovery
Kick Butts Day
Draft Statements
Tobacco Q&A
FLOTUS - Tobacco
Agency Smoking Policies - Before EO
Tobacco EO - Press
EO - Q&A, Fact Sheet
Tobacco EO - Federal Buildings
Second Hand Smoke
EO - Agency Comments
Tobacco - Misc **
Contacts
Attorneys General
Smoking and Schools
Synar Amendment
Waxman Hearings
FDA Tobacco Rule
Rule Implementation
Tobacco Event
Monitoring the Future Data
Tobacco Events
Tobacco Clips
Liggett Settlement
Tobacco and States
Tobacco - Fact Sheets/Q&A '96
Smoking & Marijuana
DOT - Smoking Policy
ONDCP

FACSIMILE TRANSMISSION

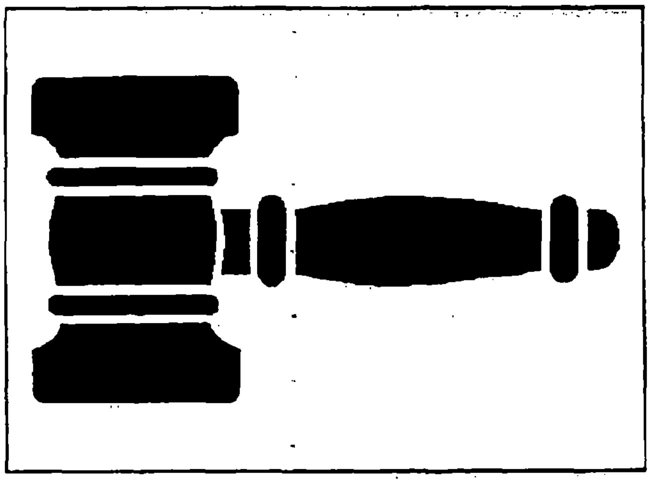
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Room 713-F H.H. Humphrey Building
Washington, DC 20201

TO: ELIZABETH DRYE

FROM: Andrew D. Hyman
Office of the General Counsel
Telephone: 202/690-6318
Facsimile: 202/690-7998

FAX:

456-7028



No. of pages: 2

MESSAGE: As discussed.

CAMPAIGN for TOBACCO-FREE Kids

FOR IMMEDIATE RELEASE
April 16, 1997

Contact: Jennifer Thorp
(202) 296-5469

Statement by

William D. Novelli
President
and
Matthew Myers
Executive Vice President

There have been discussions with the state attorneys general, the tobacco companies, and others over a possible settlement. Matthew Myers, our executive vice president and a longtime tobacco control advocate, participated in these discussions.

Our objective in participating has been to ensure that the views of the public health community are expressed. The principles of the public health community have been critical to these discussions.

Our goal has been to ensure that the opportunity for fundamental change not be lost or compromised away, that nothing be done to weaken the FDA rule to protect children from the marketing and sale of tobacco products or to weaken FDA authority to oversee the tobacco industry.

We have consulted with the leadership of the American Cancer Society, the American Heart Association, the American Academy of Pediatrics and the American Medical Association in formulating viewpoints for these discussions.

Any discussions are at a preliminary stage. There is no agreement. If those who have met can find common ground, that is only the first step. Any proposal must be reviewed by the public health community, the Congress and the American people.

NATIONAL CENTER FOR TOBACCO-FREE KIDS
1707 L STREET, NW • SUITE 800 • WASHINGTON, DC 20036
PHONE (202) 296-5469 • FAX (202) 296-5427

Elena/Eliz -
FYI

THE WHITE HOUSE

WASHINGTON

April 16, 1997

Mr. Kevin E. Bennet
819 Fourth Street, S.W.
Rochester, Minnesota 55902

Dear Mr. Bennet:

Thank you for contacting President Clinton on behalf of Richard D. Hurt. The President has asked me to convey his appreciation for your offer.

At this time, I am unable to make a commitment to your request for President Clinton to meet with Dr. Hurt. However, I will keep your correspondence on file for further consideration.

On behalf of the President, thank you again.

Sincerely,

Stephanie S. Streett

Stephanie S. Streett
Deputy Assistant to the President
Director of Scheduling

SSS/jxc

Bill:
Bruce Reed
(only)
- FYI

ID# 212769

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

Bckaf-open

copies for DPC (Bruce & Reed)

INCOMING

DATE RECEIVED: APRIL 03, 1997

NAME OF CORRESPONDENT: MR. KEVIN E. BENNET

SUBJECT: REQUESTS THAT RICHARD D. HURT, WHO DEVELOPED THE NICOTINE DEPENDENCE CENTER AT MAYO BE GIVEN A 30 MINUTE MEETING WITH THE PRESIDENT

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION ACT CODE	ACTION DATE YY/MM/DD	DISPOSITION TYPE RESP	DISPOSITION C D	DISPOSITION COMPLETED YY/MM/DD
PETER SELFRIDGE	ORG	97/04/03			/ /
REFERRAL NOTE: OPEN					
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COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES:

MI MAIL USER CODES: (A)______ (B)______ (C)______

*ACTION CODES:	*DISPOSITION	*OUTGOING CORRESPONDENCE:
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	CODE = A
*D-DRAFT RESPONSE	*C-COMPLETED	*COMPLETED = DATE OF OUTGOING
*F-FURNISH FACT SHEET	*S-SUSPENDED	
*I-INFO COPY/NO ACT NEC		
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*X-INTERIM REPLY		

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

212769

Kevin E. Bennet
819 Fourth Street, SW
Rochester, MN 55902

507-280-9101
507-286-1077 fax

March 25, 1997

The President
The White House
Washington, D.C. 20500

Dear President Clinton:

It was a pleasure speaking with you during dinner at the last Renaissance Weekend. I was pleased to discover that you share my concern about the widespread use of tobacco products, especially among our children.

I was intrigued by the concept of consolidating the legal actions against the tobacco industry that are occurring in a number of states into one federally negotiated settlement. One of our senior physician leaders, Richard D. Hurt, M.D., who has developed the highly regarded Nicotine Dependence Center at Mayo and has spent many years studying the issues relating to tobacco, is very concerned about this. The recent settlement between the state attorneys general and Liggett Group highlights this concern because the settlement is but a fraction of the medical costs that could be attributed to Liggett Group brands.

While consolidated action might be beneficial to the public in the short term, the substantial concern is that, based upon this settlement, tobacco companies may be able to operate in perpetuity without oversight or control of their highly dangerous and addictive products. Because this is such a major public health and policy concern and since Dr. Hurt has developed substantial understanding of this medical and social issue, I would urge that Dr. Hurt be given 30 minutes with you or your staff to outline in very specific terms the challenges we are facing as a country and resolutions which will assist our children in avoiding the fate of their parents and grandparents regarding tobacco use. We look forward to speaking with you in the very near term and will be available to meet your schedule.

Best regards,

Kevin E. Bennet

cc: Richard D. Hurt, M.D.

Lindsey commons

cc: [illegible]
+ return

Date: 04/24/97 Time: 13:40
TLawyers in tobacco litigation met secretly at White House

WASHINGTON (AP) Lawyers on both sides of landmark tobacco litigation, including the first lady's brother, met secretly at the White House with President Clinton's top aide, officials said today.

The officials, who are intimately involved in the negotiations, spoke on condition of anonymity but said the small gathering Wednesday was designed to bring White House aide Bruce Lindsey up to date on settlement negotiations that begin anew next week.

Philip Morris and R.J. Reynolds are negotiating to end litigation against the tobacco industry by paying $300 billion over 25 years, submitting to some Food and Drug Administration regulation and stopping much cigarette advertising.

In exchange, they want Congress to pass legislation protecting them from future lawsuits.

At a shareholders meeting today, Philip Morris Chief Executive Geoffrey C. Bible said, ''we will listen to and explore all reasonable measures that make sense.''

He refused to discuss the negotiations further, but his statement was the strongest public acknowledgement from the world's top tobacco maker concerning the settlement talks.

Officials said Wednesday that Mississippi Attorney General Michael Moore visited the White House to brief aides. But sources confirmed today that the meeting also included:

Hugh Rodham, brother of Hillary Rodham Clinton, who is on the plaintiffs' team. A former public defender, Rodham has no known experience in tobacco legislation. He could not be reached for comment.

Richard F. Scruggs, a Pascagoula, Miss., lawyer who represents 13 states on the plaintiffs' side. He is the brother-in-law of Senate Majority Leader Trent Lott, R-Miss.

J. Phil Carlton, who represents RJR Nabisco and is considered the lead tobacco industry attorney.

John Coale and Wendall Gauthier, attorneys for plaintiffs.

Officials said the meeting was not designed to negotiate although the major disputes were aired before Lindsey. The deputy White House counsel has acted as a go-between, hopeful that a settlement can be reached that meets Clinton's anti-smoking goals without years of litigation.

''You couldn't call it negotiations as such,'' a participant said. ''But we talked in the same room about the talks. That's something.''

The White House said Lindsey has been monitoring the talks to make sure the parties don't reach an agreement that would be unacceptable to Clinton. Lindsey said he needed an update on negotiations held earlier this week.

In the White House meeting, Lindsey told the parties that giving blanket immunity to the tobacco industry would be ''a nonstarter'' as far as Clinton is concerned.

''I think they should talk to members of Congress and members of the public health community I've spoken to if they have any doubts about that,'' Lindsey said.

The plaintiffs' team was expected to remain in Washington today to talk with government experts on health care, a key aspect of their case.

The meeting was held as interest groups voiced concerns in advance of the next round of negotiations.

State attorneys general are pledging they won't give cigarette makers blanket protection from future lawsuits in ongoing settlement negotiations, even as health activists begin a vigorous campaign against any secret deal-making with the tobacco industry.

''The public has a right to have an understanding of what's actually going on, to the full facts before something is signed, sealed and delivered,'' said Scott Ballin of the Coalition on Smoking or Health. ''We don't think a deal is necessary.''

''Say no to this global settlement,'' say full-page advertisements by the American Lung Association and other tobacco foes, scheduled to appear in national newspapers today.

''There will be no blanket immunity for the tobacco companies, period. We, the attorneys general, will not budge on that issue and I want to make that very clear,'' Louisiana Attorney General Richard Ieyoub said Wednesday, announcing the decision by attorneys participating in the settlement talks.

Ieyoub said the tobacco companies have been told of the decision. Philip Morris and R.J. Reynolds, which joined the settlement negotiations earlier this month, did not return phone calls seeking comment.

Neither Tierney nor Ieyoub would detail what form of limited immunity the companies could be offered.

But health activists are mobilizing against offering the industry any immunity, even against any deal whatsoever.

''The tobacco companies have taken our children hostage'' by offering to stop targeting teen-agers in exchange for immunity, Rep. Henry Waxman, D-Calif., said today.

Flanked by executives from the American Medical Association, American Cancer Society, lung association and American Heart Association, Waxman called on President Clinton to declare that ''the issue of immunity should be off the table.''

''This is not the time for a settlement,'' added AMA trustee Dr. William Mahood.

Ieyoub said Wednesday the attorneys general would not agree to a deal resulting in tobacco companies being protected ''from any suit filed now and forever.''

He said state officials' goals are to stop tobacco companies from marketing their products to children, include more warnings about tobacco's dangers and reimburse states for their costs in treating tobacco-related illness.

Possibilities for limited immunity include providing legal recourse if the industry concealed information about tobacco or was caught marketing to teen-agers.

Pennsylvania on Wednesday became the 24th state to sue the tobacco industry, seeking recovery of Medicaid funds spent treating sick smokers. Missouri announced it planned to file soon, and Nebraska announced it wanted to be part of any settlement even though it has not sued.

APNP-04-24-97 1352EDT

4/17

LEVEL 1 - 18 OF 31 STORIES

The Washington Post

April 17, 1997, Thursday, Final Edition

SECTION: OP-ED; Pg. A22; FOR THE RECORD

LENGTH: 296 words

HEADLINE: For the Record

BODY:

From a news briefing yesterday by White House spokesman Mike McCurry:

Q: What sort of legislative action is envisioned [in the tobacco negotiations] . . . ?

Mr. McCurry: Well, the specific interest we have in legislation goes back to when the president promulgated the proposed rule itself. We have said all along that far preferable to regulation by the Food and Drug Administration would be an act of Congress, which makes these restrictions the law of the land. . . . We are interested in a certain outcome, the certain outcome being the protection of kids from the negative health effects of tobacco use.

Q: . . . Can you be a little bit more specific on that? . . .

A: Well, a law would say exactly those kinds of things that we've said in our proposed rule; the kinds of curbs on access, on vendor sales, on face-to-face encounters, on advertising, on marketing, on targeting to kids. . . .

Q: But Mike, is the **White House** open to any **agreement** between the major **tobacco** makers, cigarette makers and the attorneys general that would limit the liability . . . of tobacco companies?

A: We believe that . . . it will have to be an agreement that takes into account all of those who are affected. And certainly, those who want to litigate . . . have to be protected in any settlement, and the nature of that protection would have to be sufficient in the eyes of the parties themselves in order for there to be an agreement. It states almost the self-evident. But clearly . . . if the plaintiffs themselves are not satisfied . . . then the agreement won't go forward.

Q: . . . [Have] any of the parties expressed any objections to those conditions? . . .

A: Any objections as to our . . . standards? Not that I am aware of.

LANGUAGE: ENGLISH

LOAD-DATE: April 17, 1997

LEVEL 1 - 9 OF 31 STORIES

The Boston Globe

April 17, 1997, Thursday, City Edition

SECTION: NATIONAL/FOREIGN; Pg. A12

LENGTH: 644 words

HEADLINE: Some lawmakers leery of a deal

BYLINE: By Brian McGrory, Globe Staff

DATELINE: WASHINGTON

BODY:

If and when the nation's two largest tobacco companies reach a liability settlement, the agreement will be met with withering scrutiny on Capitol Hill, where antismoking lawmakers said yesterday that they already fear plaintiff negotiators may be bungling a key moment in time.

Many members of the House and Senate, including at least three from Massachusetts, expressed a sentiment widely held here: If tobacco companies are willing to strike a deal, it will be a deal Congress will not want.

"These guys have been habitually slippery," Senator John F. Kerry said of tobacco giants such as Philip Morris Cos. and RJR Nabisco Holdings Corp. "The moment they are talking bailout, it is fundamentally because they know the liability is enormous and the implications serious. They are clearly trying to minimize it. It would be wrong for the government to play into that."

Said Senator Edward M. Kennedy, an outspoken opponent of the industry: "Anything acceptable to the industry at this point is highly unlikely to be acceptable to the Congress."

The sense of Kennedy, Kerry, and others like them could become crucial, because negotiators already have conceded that the wholesale action under discussion would involve an act of Congress and approval of President Clinton. Still, the Republican majority has historically been more sympathetic to tobacco interests than Democrats, and the tobacco lobby has spent more than $ 22 million in congressional races in the last decade.

"We're fully aware . . . that they have a home-field advantage in Congress," Massachusetts Attorney General Scott Harshbarger said yesterday.

Even as some antismoking activists rushed to criticize the negotiations, those views were not matched by President Clinton, whom the activists lauded last year for his unprecedented decision to classify nicotine as a drug and to place cigarettes under the regulatory control of the Food and Drug Administration.

In fact, aides at the White House both publicly and privately seemed upbeat yesterday over the opportunity to help negotiate a deal. The deputy White House counsel, Bruce Lindsey, has been in daily contact with negotiators, and some aides say any deal would allow the administration to skirt what some fear would be years of legal appeals over Clinton's regulatory decision of last August.

"It's not a settlement yet, but we are pleased by what we're hearing," said Rahm Emanuel, Clinton's senior policy adviser.

The White House spokesman, Michael D. McCurry, said that to win Clinton's approval, any settlement must match the restrictions on advertising and other measures put into place by the FDA last year to curb smoking by teen-agers.

From early reports on the negotiations, it appears that the tobacco companies have agreed to go beyond those restrictions, with an outright ban on billboard advertising and on any human images in all cigarette ads.

"Our interest is kids and preventing kids from smoking, and any settlement that would be reached would have to address exactly those parameters that the Food and Drug Administration established when they proposed their rule," McCurry said. "So that has been our consistent message to all sides in these discussions."

Kennedy plans to talk with Clinton about the negotiations during a **White House** visit today. Democratic Representative Martin T. Meehan of Lowell, an opponent of tobacco companies, tried to set up a meeting with Lindsey for as early as today.

There appeared to be some raw feelings among congressional members yesterday that they had not been consulted in the negotiations.

Beyond that, the fear among key lawmakers is that a **settlement** might allow **tobacco** companies to escape the full brunt of their liability, as well as allow the companies to maintain the secrecy of their research into tobacco products and their marketing to children.

LANGUAGE: ENGLISH

LOAD-DATE: April 17, 1997

LEVEL 1 - 15 OF 31 STORIES

Sacramento Bee

April 17, 1997, METRO FINAL

SECTION: MAIN NEWS; Pg. A1

LENGTH: 1534 words

HEADLINE: TOBACCO FIRMS SEEK SETTLEMENT

BYLINE: James Rosen, Bee Washington Bureau

DATELINE: WASHINGTON

BODY:

Tobacco companies and state prosecutors said Wednesday they are actively negotiating a deal for the cigarette makers to pay hundreds of billions of dollars and further limit their advertising in exchange for immunity from lawsuits.

Minnesota Attorney General Hubert Humphrey III confirmed he has been participating this week in the talks in a Virginia suburb of Washington, along with attorneys general from seven other states that have sued cigarette manufacturers to recover Medicare costs of treating tobacco-related illness. Twenty-two states in all have filed suit.

"We need absolute reform of this industry," Humphrey said in Washington. "It cannot operate as it has operated in the past."

In Winston-Salem, N.C., where shareholders of tobacco giant RJR Nabisco Corp. gathered for an annual meeting, Chairman Steven Goldstone confirmed his involvement in the negotiations.

"A resolution of this issue is important to our shareholders, our customers and our country," Goldstone said. "But it has to be fair, and it has to be reasonable."

Goldstone and Geoffrey Bible, chairman of Philip Morris Cos., the country's largest cigarette maker, attended the talks' early sessions two weeks ago, according to participants. Representatives of two other companies, Lorillard and Brown & Williamson, are also included.

Reports of a possible "global settlement" of the states' lawsuits have circulated for months. But the current talks, reported Wednesday in the Wall Street Journal, are the first confirmed face-to-face negotiations among the two sides' legions of lawyers.

Humphrey said the adversaries still have major differences, but he confirmed details of a possible deal as outlined in the Journal:

* The tobacco companies would pay as much as $ 300 billion over 25 years into

a government fund. People suffering from smoking-related diseases could file for benefits from the fund, similar to how injured employees now file for workers' compensation.

* The cigarette makers would accept more advertising limits, including an end to Joe Camel, RJR's popular cartoon character, and the Marlboro Man, the cowboy figure of Philip Morris.

* The tobacco industry would get blanket amnesty from lawsuits by individuals blaming the cigarette companies for illness and by states seeking reimbursement of health-care payments.

Such a settlement would be a milestone in the increasingly fractious relationship between government regulators and the tobacco industry. In Washington, the Food and Drug Administration is regulating nicotine for the first time, following earlier skirmishes over warning labels on cigarette packages, tobacco ads on television and smoking bans on airplanes.

And a growing number of states are challenging the cigarette makers in court, with the first case scheduled to be heard in July.

The cigarette makers are vigorously resisting expansion of the FDA's jurisdiction into the tobacco industry. Participants in the current talks said the agency's role is a major sticking point, with some of the attorneys general insisting that it regulate the nicotine level in cigarettes and change its name to the Food, Drug and Tobacco Administration.

Congress would have to approve a settlement in order to define the role of the FDA, establish a fund for smoking victims and grant the tobacco companies national immunity from lawsuits.

"We're at a critical juncture in decades of a long fight," said Sen. Frank Lautenberg, D-N.J.

Anti-smoking activists said the unprecedented talks were sparked by the Liggett Group's decision four weeks ago to break ranks with the industry and settle lawsuits against it by admitting that smoking is addictive. The Durham, N.C.-based company makes Chesterfield, L&M and Lark cigarettes.

"The tobacco companies are at the table because they have to be at the table," said Sen. Richard Durbin, D-Ill. "They cannot afford these lawsuits. They cannot afford this exposure."

News of the negotiations boosted the big cigarette companies' stocks more than 10 percent Wednesday, reflecting investors' hopes that a major settlement could alleviate political and legal pressure on the industry.

The talks also galvanized the tobacco industry's foes in Congress, who urged President Clinton to set tough conditions for any **settlement** that would eliminate **tobacco** firms' legal liability.

White House spokesman Mike **McCurry** said a deal would have to include new FDA curbs on the marketing and sale of cigarettes to young people, which Clinton made a prominent part of his re-election campaign last year and the tobacco industry is trying to block in court.

Deputy **White House** Counsel Bruce Lindsay was getting regular briefings from the negotiators, **McCurry** said.

Lawmakers who have fought the industry for years warned they will not accept a deal that goes lightly on the tobacco companies, which had $ 45 billion in sales last year.

"I am skeptical about concessions by the tobacco giants, and we have to make sure we hold their feet to the fire," Lautenberg said.

Some lawmakers said they didn't see why the cigarette makers should get any deal at all.

"Why do we have to protect them from liability?" asked Rep. Henry Waxman, D-Los Angeles. "They ought to do all these things because they're the right things to do."

While their anti-smoking colleagues welcomed news of the settlement negotiations, tobacco-state lawmakers were silent. Republican Sens. Jesse Helms and Lauch Faircloth of North Carolina declined to comment.

LANGUAGE: ENGLISH

LOAD-DATE: April 20, 1997

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LEVEL 1 - 21 OF 31 STORIES

The Boston Globe

April 16, 1997, Wednesday, City Edition

SECTION: NATIONAL/FOREIGN; Pg. A3

LENGTH: 677 words

HEADLINE: Some see smoke, little fire in Clinton antitobacco effort

BYLINE: By Anthony Flint, Globe Staff

BODY:

Although President Clinton has been hailed as the first president to take on the tobacco companies, public health advocates say that in recent months the administration has adopted a much more cautious approach on the issue.

The conservative strategy is especially striking, they say, because state prosecutors, plaintiffs' attorneys, and members of Congress are charging ahead against cigarette makers, as new disclosures and a major out-of-court settlement have created the perception the industry is on the defensive.

Among the signs that the White House has adopted a less aggressive approach:

- A signal last week from a top White House aide that the administration would be willing to broker a deal to help the biggest tobacco companies to avoid future liability.

- A lack of progress in Justice Department investigations into possible criminal conduct in the tobacco industry.

- Inaction on proposals for a law requiring all workplaces to be smoke-free, a new rating system for measuring tar and nicotine in cigarettes, and studies on links between second-hand smoke and heart disease.

- The absence of vocal support for a bill that would raise federal taxes on cigarettes to pay for children's health care. The bill is co-sponsored by Senator Edward M. Kennedy, Democrat of Massachusetts, and Senator Orrin G. Hatch Republican of Utah.

Sources say the administration's decision not to go full speed ahead on the tobacco issue seems to be fueled by the departures of the most aggressive antitobacco officials from the administration; a generally cautious second-term approach to controversial issues; and a genuine desire to work with Republicans, many of whom side with the tobacco industry.

Some tobacco opponents suggest that the president's ties to plaintiffs' attorneys, who would benefit financially from a so-called "global" **settlement** with the major **tobacco** companies, is also significant. One channel of dialogue for the tobacco companies, according to sources, has been Clinton's brother-in-law, Hugh Rodham, who is close to the group of lawyers suing the tobacco industry who would benefit from such a deal.

In an interview in last week's National Journal, Bruce R. Lindsey, deputy **White House** counsel, seemed to signal that a global settlement was desirable. Under the deal, Congress would extract massive payments from tobacco companies in exchange for protections against further liability and federal regulations.

In an interview, Lindsey said he had been responding to a reporter's question and did not intend to send any kind of signal. He also said the president maintains a leadership role on tobacco, but within the more limited scope of teen-age smoking.

Nevertheless, Lindsey's comments drew an immediate response from Representative Martin T. Meehan, Democrat of Massachusetts, who wrote in a letter sent to the president yesterday that this is precisely the wrong time to be making conciliatory gestures toward the tobacco industry.

A **White House** spokeswoman, Mary Ellen Glynn, said the administration has always been ready to assist in putting together a global **settlement** between **tobacco** companies and those suing them. Asked if the administration had scaled back its efforts fighting tobacco, Glynn said, "Absolutely not." The president was in New York yesterday attending a "Kick Butts" event, aimed at dicouraging teenagers from smoking, she said.

"It's anything but backing down. You have the president and vice president out there talking about this," said a former FDA chief, David Kessler. "They are fully engaged."

But tobacco opponents are puzzled by a president who, after championing their cause in the 1992 and 1996 campaigns, appears to be adopting an approach that seems narrowly focused and cautious.

"They're sliding back to what the industry prefers, which is that the government does nothing," said Stan Glantz, a cardiologist at the University of California at San Francisco. "They rode this issue effectively during the election, but a lot of people are pretty disappointed now."

LANGUAGE: ENGLISH

LOAD-DATE: April 16, 1997

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LEVEL 1 - 14 OF 31 STORIES

Newsday

April 17, 1997, Thursday, NASSAU AND SUFFOLK EDITION

SECTION: NEWS; Page A04

LENGTH: 1101 words

HEADLINE: TALKS ON TOBACCO / 2 CIGARETTE GIANTS DISCUSSING DEAL WITH ATTORNEYS GENERAL

BYLINE: By Harry Berkowitz. STAFF WRITER; William Douglas contributed to this story.

BODY:

The nation's tobacco giants have blinked.

The two biggest cigarette companies have entered into talks with state attorneys general for a deal that would protect the industry from a flood of lawsuits and require it to pay hundreds of billions of dollars while severely restricting its marketing.

Several attorneys general yesterday confirmed the talks with Philip Morris and RJR Nabisco Holdings. The talks are more than two weeks old and have been held on six different days in cities, including Falls Church, Va., and Chicago. Philip Morris chairman Geoffrey Bible and RJR chairman Steven Goldstone attended at least one session.

"The talks are historic because the industry has vowed never to discuss settlement of any lawsuit," Connecticut Attorney General Richard Blumenthal said in an interview. "But we are very far from a deal. None of the issues has been brought to closure."

Officials said that several dollar amounts have been suggested - up to $300 billion, the Wall Street Journal reported - possibly over a period of 25 years, and that the deal would seek to cover not just smoking-related Medicaid costs to the states but also lawsuits by individual smokers and class-action suits. Twenty-two state attorneys general, including New York's, have filed suits.

"The plaintiffs would require hundreds of billions of dollars before even considering a settlement," said Trey Bobinger, assistant attorney general in Mississippi.

The attorneys general are insisting that the tobacco industry accept new rules from the Food and Drug Administration, which are due to take effect in August but which the tobacco and advertising industries are challenging in a court in North Carolina. The FDA rules would keep cigarette billboards farther away from schools and playgrounds and out of magazines popular with youths. The rules would also restrict use of illustrations such as Joe Camel and the

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Marlboro Man in ads and use of T-shirts and other promotional giveaways as well as sponsorships of sporting events.

Tobacco company stocks soared as much as 11 percent on news of the talks, which were first reported in The Wall Street Journal. Wall Street analysts said that even at a cost of several hundred billion dollars over 25 years, the $45-billion industry could raise prices enough to pay for a settlement, which would remove a cloud that has long depressed stock prices. An increase of 50 cents a pack would cover a $12-billion-a-year settlement, they said.

"If there is a settlement it will be extraordinarily beneficial for the tobacco industry because the price will be absorbed by the smoker," said Marvin Roffman, a tobacco industry analyst at Roffman Miller in Philadelphia.

Philip Morris stock yesterday jumped $4.25 per share to $43.25, while RJR gained $3.25 a share to $33.50.

"I believe they are making a serious effort to see if there might be a settlement," said William Novelli, president of the National Center for Tobacco-Free Kids, whose general counsel, Matthew Myers, has taken part in the talks. "Our goal is to make sure that nothing gets done that would weaken the FDA rule or weaken FDA authority."

Attorney General Mike Moore of Mississippi has led the talks along with Grant Woods of Arizona, Robert Butterworth of Florida and Christine Gregoire of Washington. Blumenthal of Connecticut and Hubert Humphrey III of Minnesota joined in this week.

"This is a desperate industry that is on the ropes in court, and it hopes throwing smokers' money at the problem will make it go away," Humphrey said in a statement. "I'm particularly concerned about any proposal that would leave loopholes for the industry to continue to market to kids and would force smokers to pay the entire cost of bailing out this industry."

Humphrey's skepticism is not the only barrier.

Any agreement would have to be blessed by Congress, as well as President Bill Clinton, whose spokesman said deputy White House counsel Bruce Lindsey has been monitoring the talks.

"Our first and most important criteria will be, does it address exactly those public health concerns that the president raised when he proposed restrictions on access and advertising for tobacco products as they are aimed at minors," spokesman Mike **McCurry** said.

Several Democratic members of Congress, led by Sen. Frank Lautenberg of New Jersey, sent Clinton a letter saying he should "maintain a healthy skepticism" and set a "high barrier," and that any deal should include stiffer warnings on cigarette packs, a listing of cigarette ingredients and a campaign against teen smoking.

"We are on the cusp of victory and should not allow the **tobacco** industry to use a global **settlement** to turn the tide against necessary protections to the public health, plaintiffs, our taxpayers and our children," the letter said.

A settlement "makes great sense to the tobacco companies, but I don't think it makes sense from a public health point of view," said Richard Daynard, head of the Tobacco Products Liability Project in Massachusetts, adding that the companies should not be let off easy.

At RJR's annual meeting yesterday in Winston-Salem, N.C., Goldstone told shareholders, "A resolution of this issue is important to our shareholders, our customers and our country." He added, "But it has to be fair and it has to be reasonable" and stressed that "behind all the allegations and the half-truths is the simple truth that we sell a legal product."

"The tobacco companies spend north of $600 million a year defending themselves, it occupies a vast amount of time and the stock prices remain depressed," Smith Barney analyst Martin Feldman said, explaining the attraction of a settlement. He said the cost of a settlement could be seen as the equivalent of a higher tax on cigarettes, which are taxed at two to three times the rate in many other countries compared with the United States.

In Florida, attorney Stanley Rosenblatt is preparing to go to trial in June in a class-action suit representing 60,000 flight attendants on the issue of second-hand smoke, and in September representing 500,000 smokers.

Rosenblatt assailed the attorneys general for excluding lawyers like him from the talks and predicted they would not succeed. "When the tobacco industry negotiates in smoke filled rooms, the public gets shafted," he said. newsday.com The tobacco wars are raging on the Internet as well as in courtrooms. You can visit tobacco-related Web sites, e-mail RJ Reynolds or read Philip Morris statements on the Liggett settlement. On the World Wide Web, see http://www.newsday.com.

GRAPHIC: AP Photo-ATTENTION STOCKHOLDERS. RJR Nabisco shareholders gather for annual meeting in Winston-Salem, N.C., yesterday amid news that the cigarette giant is discussing the possible settlement of litigation against it.

LANGUAGE: English

LOAD-DATE: April 17, 1997

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DIALOG(R)File 633:Phil.Inquirer

09107010
TWO TOBACCO FIRMS SEEK DEAL WITH STATES RJR NABISCO AND PHILIP MORRIS WANT PROTECTION FROM SUITS. A SETTLEMENT WOULD BE WORTH HUNDREDS OF BILLIONS OF DOLLARS.
Philadelphia Inquirer (PI) - Thursday, April 17, 1997
By: Charles Pope and Aaron Epstein, INQUIRER WASHINGTON BUREAU Bob Moran of the Inquirer Harrisburg Bureau and Bob Geiger of the Inquirer Washington Bureau contributed to this article. It also contains information from the Associated Press.
Edition: SF Section: NATIONAL Page: A01
Word Count: 1,082

TEXT:
WASHINGTON - The nation's two biggest tobacco companies are trying to negotiate a historic deal worth hundreds of billions of dollars to shield themselves from lawsuits and to protect their future.

RJR Nabisco and Philip Morris have begun talks with eight state attorneys general in hopes of winning blanket protection from lawsuits over smoking-related health problems and to cut their losses, it was disclosed yesterday.

However, even if they succeed in reaching agreement, any settlement would face political, legal and financial obstacles.

Most daunting is persuading a skeptical Congress to approve the settlement, and to set a dollar figure for compensating smoking victims and repaying states for tobacco-related medical care.

But for those who have been involved in the tobacco litigation for years, the fact that major tobacco companies are willing to talk about a deal represents a big step forward.

''This is the first time in three years of litigation that I have seen someone across the table, literally across the table,'' said Minnesota Attorney General Hubert H. Humphrey 3d, one of the negotiators in talks that recessed yesterday outside Washington.

''They are on the ropes, they know the pressure is on, they know the heat is on from Congress, and the administration,'' he said at a news conference. ''They know the heat is on definitely in the courtroom all across this country.''

Neither Pennsylvania nor New Jersey is party to the talks. New Jersey is one of 22 states that recently settled a lawsuit against the Liggett Group.

Pennsylvania Attorney General D. Michael Fisher ''is closely monitoring the progress of those (new) talks,'' Fisher spokesman Sean Duffy said yesterday.

Fisher intends to file a suit similar to those filed by other states against tobacco firms, basing a claim on costs incurred in providing for medical care over tobacco-related illness, Duffy said.

Humphrey and other participants in the new talks that have been under way in recent weeks declined to discuss details, and said that many points remained unresolved. Minnesota and the seven other states - Florida, Connecticut, Mississippi, Washington, Massachusetts, Wisconsin and Arizona - are among the most aggressive to file suits against the industry and several have cases that are about to begin.

But published reports said the tobacco companies and attorneys general were discussing a sweeping deal that included up to a $300 billion fund to pay for compensating victims of smoking-related disease, and curtailing advertising aimed at children.

In return, the tobacco companies would be granted immunity from future liability for smoking-related ailments. Although the settlement would be extremely costly for the industry, such a deal could go a long way toward lifting the uncertainty resulting from lawsuits around the country that threaten the financial survival of the companies.

A spokesman representing the two tobacco companies declined to comment yesterday.

Because of its complexity and enormous scope, and because tobacco companies are seeking immunity from lawsuits, any settlement would have to be approved by Congress before it could go into force.

Although the current Congress has been generally sympathetic to the industry, even tobacco-state supporters were cautious about a possible deal.

Rep. Scotty Baesler, a Kentucky Democrat and tobacco farmer, said it was ''ridiculous'' that neither farm leaders nor tobacco-state politicians had been included in the talks. ''We're back to the bottom of the food chain,'' he said.

Meanwhile, congressional foes of smoking had plenty to say. Most warned the state negotiators to drive a tough deal and asked President Clinton to do the same.

''Some might compare a deal with the tobacco companies as a deal with the devil,'' said Sen. Frank R. Lautenberg (D., N.J.), a leading opponent of tobacco in Congress. ''But in this case, the devil is in the detail and it's particularly true here. We want to make sure that the conditions that we're concerned about will be included.''

Sen. Richard J. Durbin (D., Ill.), another smoking foe, warned that Congress won't ''rubber-stamp'' any agreement, but added that a settlement would be preferable to endless litigation among tobacco companies, individuals and government.

White House press secretary Michael McCurry said Clinton was watching the negotiations.

''Our interest is kids and preventing kids from smoking, and any settlement that would be reached would have to address exactly those parameters that the Food and Drug Administration established when they proposed their rule,'' McCurry said.

Antismoking activists believe the tobacco companies are finally vulnerable, partly due to the flurry of lawsuits filed by more than 20 states and countless individuals. The battle took an important turn last month when the Liggett Group reached a settlement with 22 states and admitted that nicotine is addictive.

The industry also faces regulation by the Food and Drug Administration, which last fall ruled that nicotine is a drug and has begun implementing measures to restrict the advertising and marketing of cigarettes.

There appears to be little question that Congress has the power to convert such a broad settlement into a law that would, among other things, set up a claims fund while barring present and future lawsuits.

Laurence Tribe, a Harvard University law professor and a leading constitutional scholar, said such a law would be subject only to a court determination of whether it was reasonable.

Congress has approved such trade-offs in the past.

For example, workers' compensation systems provide benefits for work-related injuries while protecting employers from lawsuits. Federal law requires coal companies to pay money into a fund to compensate miners afflicted with black-lung disease.

Congress, seeking to promote the development of nuclear energy, also passed a law in 1957 that curbed the right to sue for accidents at nuclear power plants and, in exchange, set up an insurance fund to pay claims of personal injury and property damage.

In 1978 the Supreme Court upheld the limited liability provisions, finding them to be a rational way of encouraging private construction of nuclear plants.

Lautenberg, Durbin and three other senators sent a letter to Clinton yesterday demanding that any settlement contain four points:

* That it contain enough money to fairly compensate victims.

* That it force companies to reimburse states for the health-care costs spent on treating tobacco-related illness.

* That tobacco companies be subject to regulation by the FDA.
* And that the industry be required to conduct a public campaign to discourage children from smoking.

CAPTION:
PHOTO

PHOTO
Sen. Frank R. Lautenberg (center), flanked by Sen. Paul Wellstone (left) and Sen. Richard J. Durbin, discusses the negotiations. (Associated Press / GREG GIBSON)

DIALOG(R)File 642:The Charlotte Observer

09107128
CIGARETTE FIRMS SEEK SETTLEMENT $300 BILLION DEAL OVER HEALTH COSTS WOULD REQUIRE CONGRESSIONAL OK
Charlotte Observer (CO) - Thursday, April 17, 1997
By: ALIX M. FREEDMAN and SUEIN L. HWANG, Wall Street Journal * The Associated Press contributed to this article.
Edition: ONE\-3
Section: MAIN NEWS
Page: 1A

Word Count: 1,095

TEXT:
The nation's two largest cigarette makers are negotiating with tobacco plaintiffs about a sweeping settlement that would cover virtually all the industry's liability for smoking, in return for strict advertising curbs and an enormous payment that could total $300 billion over the next 25 years, people familiar with the negotiations say.

The talks by Philip Morris Cos. and RJR Nabisco Holdings Corp. represent an extraordinary turning point in the four-decade-long controversy over cigarettes' toll on the nation's health. While both companies have voiced interest in a possible settlement before, they are now for the first time negotiating the details of some long-unthinkable concessions, including accepting regulation by the Food and Drug Administration, banning cigarette billboards and ceasing to use pictures of people - such as the Marlboro Man - in ads.

In return, the cigarette makers are seeking shelter from the mounting threat of liability lawsuits, through a novel mechanism that would require an act of Congress. The plan under discussion would set up a regime somewhat akin to workers' compensation whereby smokers could seek payments from a big industry fund, but generally would be forbidden to sue the cigarette companies.

Reaction to the possibility of a settlement was generally guarded on Capitol Hill and elsewhere. Sen. Dick Durbin, D-Ill., a longtime tobacco opponent, said he is skeptical of the industry's proposals and would review them carefully.

''Tobacco companies are in a hurry to get out of court, off the front pages of newspapers and back to the business of making billions of dollars,'' Durbin said.

Philip Morris and RJR both declined to comment, although RJR Chairman Steve Goldstone alluded to the situation at RJR's annual meeting in Winston-Salem on Wednesday. ''A resolution of this issue is important to our shareholders, our customers and our country,'' he told shareholders.

A welter of unresolved details could well sink the talks, which began about two weeks ago, and the terms still could change substantially. Moreover, the parties face a formidable challenge in obtaining the complex legislation they would need from Congress.

Still, the talks are significant because they are bringing to the table an unprecedented lineup of central players in the tobacco debate, including Philip Morris Chairman Geoffrey Bible and Goldstone, who attended the first day of negotiations. The two companies also are negotiating on behalf of the other major U.S. tobacco companies, Lorillard and Brown & Williamson, the people familiar with the talks say. Brooke Group Ltd.'s Liggett Group last month reached its own settlement of the litigation.

The tobacco industry has close ties to the Republican Party, so any agreement that is accepted by the industry would be likely to get a good reception from GOP members of Congress. President Clinton's approval, however, would be critical to getting any changes enacted into law. White House spokesman Mike McCurry said Wednesday any resolution ''has to result in the public-health outcome that we want here, which is the decline in use of tobacco products by young people.''

The White House has made clear to negotiators that it will insist on its plan for FDA regulation of the tobacco industry. And it has expressed some concerns about the nature of the legal immunity - it shouldn't be too sweeping - and the size of the compensation fund, which it wants to be larger than $300 billion.

The newest round of talks comes as the tobacco industry faces the most intense legal and regulatory pressure in its history. It suffered a severe blow when Liggett and its maverick chief, Bennett LeBow, broke ranks and agreed to cooperate with plaintiffs, handing over a cache of confidential documents from trade-group meetings.

A settlement that ensures the tobacco industry's future would likely ease many minds in North Carolina, the nation's top tobacco-producing state. South Carolina ranks third.

There are 13,000 N.C. tobacco farmers with few other options to earn a comparable living. Tobacco also provides some of the state's highest-paying factory jobs, including 2,300 at Philip Morris' Cabarrus County cigarette plant. RJR's R.J. Reynolds unit in Winston-Salem has 7,000 N.C. workers.

The proposal on the table calls for the tobacco industry to pay $250 billion to $300 billion over the next 25 years. Last year, industry revenues were about $45 billion. Wall Street analysts have been saying that the industry could raise prices to pay for a settlement.

Creating such an ambitious claims bureaucracy would present a host of questions, any one of which could derail a settlement. Can Congress constitutionally outlaw the right to bring a cigarette liability suit? Would lawmakers passively accept a prepackaged plan from tobacco companies and plaintiffs' attorneys and turn it into law? Could the powerful tobacco lobby - or the powerful plaintiffs' lawyer lobby - water down the plan once it goes to Congress? Who would administer a claims fund? Would smokers face a cap on claims?

For now, the discussions have progressed far enough that a briefing was held on the proposal's provisions over the weekend for the state attorneys general who have also sued the industry over the past three years to recoup the costs of treating sick smokers. Monday, the two attorneys general who previously have been the most resistant to settlement, Hubert Humphrey III of Minnesota and Richard Blumenthal of Connecticut, were brought into the negotiations, which are being held in the Washington area.

On Wednesday, Humphrey was still rattling his saber. ''I think the tobacco industry is in big trouble and they know it, so they are finally beginning to come to the table,'' he said. ''I think their proposals still fall short of what we'd be interested in.''

In the latest talks, Philip Morris and RJR have said they would be prepared to embrace the FDA's landmark anti-smoking rules issued last August, the people familiar with the talks say. That is a major about-face for an industry currently fighting the agency in a Greensboro court to block the package. A ruling on that case is expected as early as Monday.

The FDA's restrictions, aimed at curbing smoking by youths, include bans on vending-machine sales and on brand-name sponsorship of sports events.

Moreover, the two companies are said to be talking about marketing concessions in the new proposal that go far beyond the restrictions issued by the FDA. The FDA's current rules would ban billboard ads within 1,000 feet of schools or playgrounds and bar the use of cartoon characters such as Joe Camel in ads. The new settlement plan would eliminate all outdoor advertising and prohibit the use of any human figure.

LEVEL 1 - 8 OF 31 STORIES

The Baltimore Sun

April 17, 1997, Thursday, FINAL EDITION

SECTION: TELEGRAPH (NEWS), Pg. 1A

LENGTH: 1346 words

HEADLINE: Tobacco firms seeking a deal; $ 300 billion settlement could close all lawsuits; Skepticism in Congress; Talks among states, activists, executives are first of their kind

BYLINE: Lyle Denniston, SUN NATIONAL STAFF

BODY:

WASHINGTON -- The tobacco industry and its opponents are trying to negotiate a $ 300 billion settlement that could close courthouses across the nation to lawsuits from smokers and place severe restrictions on cigarette advertising.

Reports of the deal, a major element of which would require the consent of Congress, drew skeptical reactions yesterday from Capitol Hill and anti-smoking activists.

Face-to-face talks between anti-smoking forces and several states on one side and top-level cigarette company executives on the other -- the first bargaining the industry has ever been willing to do on its legal risks -- have reached an "intense" level in the past three weeks, said Mississippi Attorney General Mike Moore, a leader in the negotiations.

The core of the deal, sources confirmed, would be a broad grant by Congress of legal immunity for the industry. In return, the industry would promise to pay off injured smokers or survivors of those who died, and to live under close federal supervision and tight curbs on advertising -- especially promotions aimed at children.

The images of Joe Camel and the Marlboro Man would vanish from billboards and ad displays. No real people could be depicted.

Unless the terms of the deal are made considerably more onerous on the industry than those being discussed, however, any settlement could face trouble.

"If you think this is a tough deal from the point of view of the tobacco industry, look at the stocks," suggested John Banzhaf, a law professor in Washington and longtime adversary of the industry, who heads the Action on Smoking and Health organization.

Tobacco company shares shot up on Wall Street after the negotiations were disclosed in yesterday's Wall Street Journal. Investor interest in a deal appeared to be sending tobacco executives to the bargaining table, sources said.

The payoff figure that seems to be a target -- $ 300 billion or more, paid out over 25 years -- represents "five cents on the dollar, nowhere near where we want it to be," Banzhaf said. "Smoking costs the American economy $ 100 billion a year," he added. "We're thinking about something in that ballpark."

There appears to be skepticism in Congress about granting the industry immunity to smokers' lawsuits.

"You would definitely need to pass legislation" to do that, said Senate Judiciary Committee Chairman Orrin G. Hatch, a Utah Republican. "But I think it would be a very difficult thing to do. We're talking about product liability. I don't think we can exempt one industry from product liability laws."

He said he would "look at anything they come up with, but I think it's going to be very tough."

A group of Democratic senators urged President Clinton in a letter to "resist efforts to bail out the **tobacco** industry." Referring to a recent **settlement** between 22 states and the smallest cigarette company, Liggett Group, that will help challengers build their legal cases against the other manufacturers, the Democrats said: "We are on the cusp of a victory and should not allow the **tobacco** industry to use a global **settlement** to turn the tide."

At the **White House**, officials confirmed that lawyer **Bruce Lindsey**, the aide personally closest to Clinton, was monitoring the talks.

He has made clear that Clinton endorses the concept of a settlement, but that any deal had to include the president's anti-teen-age smoking initiatives, which seek to put tobacco out of reach of minors and to discourage promotions that appeal to the young.

White House press secretary Mike **McCurry**, asked whether the industry had indicated a willingness to accept the youth-protection measures, replied: "I don't think they would be proceeding with the conversations they're having unless they understood at the end of the day they would have to meet our requirements."

Last year, after announcing those requirements, the president invited the industry to negotiate a legislative solution as an alternative -- a suggestion the industry rebuffed, choosing instead to challenge the president in court.

McCurry said that all sides would have to agree to immunize the industry from smokers' lawsuits -- including the smokers with cases pending.

The bargainers, who have been keeping congressional leaders informed, are drafting a bill to shut off tens of thousands of lawsuits making large claims for damages from the tobacco companies.

Among the lawsuits that would be wiped out are those by 22 state governments, including Maryland, seeking billions of dollars in reimbursement for state Medicaid costs in treating smokers, and a variety of smokers' high-dollar "class action" cases, including one pending in Maryland courts.

Maryland Attorney General J. Joseph Curran Jr. suggested that the industry's new interest in negotiating reflects a fear of what may come out in lawsuits. "I suspect the tobacco companies are reluctant to have a jury hear the evidence we have on them."

A money-only settlement, he added, would not be enough. He said the industry must also take steps to "reduce dramatically the number of new smokers."

In return for a congressional grant of legal immunity, the proposed settlement would require the industry to:

Create a compensation fund, totaling in the hundreds of billions of dollars, to make up for health damage to smokers and lost lives. Those injured by smoking or the survivors of those who died could make claims to that fund instead of being able to sue.

Agree to live under many of the Food and Drug Administration's new rules curbing ads and promotions that are aimed at children. But the FDA would not have the power to treat nicotine as a drug, nor to control how much nicotine is put into cigarettes.

As of now, industry sources and others said, the negotiators are not trying to deal with any issues involving second-hand smoke as it affects nonsmokers, or prosecution of industry executives on possible criminal charges growing out of a grand jury investigation.

Although some industry critics argued that a new law immunizing the industry to lawsuits might be unconstitutional, Harvard law Professor Laurence H. Tribe, a leading constitutional scholar, disagreed.

"It would be constitutional, assuming there was a reasonable quid pro quo," said Tribe, who has handled lawsuits against the industry. "Congress has very broad power to extinguish [legal] claims in exchange for a reasonably just substitute."

Such an immunity, he said, could extend to lawsuits not yet filed as well as to those that already are in court but not yet decided, and it could extend to cases in state as well as federal courts.

Mississippi Attorney General Moore, whose state's lawsuit seeking Medicaid reimbursement from the industry will be the first of 22 such lawsuits to go to trial in July, said in Jackson yesterday that talks of settlement have continued over the past year.

With those talks now more intense, Moore added, "the main concern is the children of this country and their health. All other issues come after that."

Other states' lawsuits -- not Maryland's -- are due to go to trial in August and September, and two new lawsuits -- one by a large group of smokers, one by many individuals who claim to have been harmed by second-hand smoke -- are set for trial in June.

A tobacco industry source said that the building legal challenge, plus the pressure from investors, had succeeded in convincing industry executives that the time to talk had at last arrived.

He also said that there is a wide perception, after the Liggett settlement in March, that the internal industry documents Liggett is handing over are "so

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damaging" to the industry that concern has intensified. That source suggested that the documents are not as negative as many thought, but the perception that they were counted the most.

He said that it is conceivable that the talks could produce an agreement, but he cautioned: "Even if everybody involved could agree, we may still not get it" because of the complexity of the entire package.

Pub Date: 4/17/97

GRAPHIC: COLOR PHOTO, SUN STAFF: 1994, J. Joseph Curran Jr., Maryland's attorney general, is handling the state's lawsuit.; PHOTO 1, ASSOCIATED PRESS, Goodbye, Joe? Images such as those of Joe Camel would vanish from billboards and ad displays under the proposed settlement.; PHOTO 2, ASSOCIATED PRESS, RJR Nabisco employee Lynn Hutchens takes a break from registering shareholders at their annual meeting in Winston-Salem, N.C.

LOAD-DATE: April 18, 1997

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LEVEL 1 - 25 OF 31 STORIES

Los Angeles Times

April 12, 1997, Saturday, Home Edition

SECTION: Business; Part D; Page 2; Financial Desk

LENGTH: 214 words

HEADLINE: BRIEFLY;
TOBACCO;
White House Open to Guiding **Settlement**

BYLINE: Myron Levin

BODY:

White House Deputy Counsel Bruce R. Lindsey said the Clinton administration is willing to facilitate a global **settlement** of the mushrooming **tobacco** litigation if the industry and its foes want its help. But neither side seems "ready to put their cards on the table," Lindsey said in an interview in today's issue of National Journal. "There may come a time when we can weigh in and help move the discussions along, but we aren't there yet," Lindsey said. Twenty-three states have sued tobacco companies in an effort to recover billions of dollars in Medicaid costs for treating sick smokers. The industry also faces about 20 private class-action lawsuits, more than 250 suits by individual smokers and marketing curbs imposed by the Food and Drug Administration. An out-of-court settlement would restrict future lawsuits against the industry and, therefore, would need congressional and White House approval. Lindsey acknowledged he has had "regular and frequent contact" with many of the state attorneys general and with industry representatives. He said that with the first of the state Medicaid trials set for July 7 in Mississippi, the best chance for a settlement might come in a few weeks. But industry foes are urging that the battle be allowed to run its course.

LANGUAGE: English

LOAD-DATE: April 12, 1997