

NATIONAL ASSOCIATION
AUTOMOBILE DEALERS

RICK: (inaudible) Political Action Committee for Tobacco with the tobacco industry and I think one of the first things that I'd like to talk to you about is the organization of a PAC like that because right now we have Tobacco Institute and we could establish a PAC as a part of Tobacco Institute. We could make it connected ...a political action committee or we could do it independently. I would sort of like your experiences and your comments on what are good and bad aspects of doing it as a connected PAC or doing it as an independent PAC.

BILL: Right...well now let me ask a question here. Are you nationwide as far as contacts are concerned?

RICK: As far as contacts are concerned the Tobacco Institute has something called the Tobacco Action Network which is about three or four people at the state capitol level in every state of the United States. The big tobacco states are about five or six. There, of course, we are in on the ground level, but the Tobacco Institute already has in place the Tobacco Action Network. This specifically, Bill, is to fight legislation in any state where there is anti-smoking legislation -- to be warned of it early; if you can't stop it at that, to pull in the national team. We are part of a national team, sort of a strike force, if you will, and to get in there fast, to do the research, to set up media, etc. So the Tobacco Institute already has an infrastructure in every state in the union. That would be one advantage of going with Tobacco Institute.

BILL: Now, what I'm trying to determine is whether you should have a political action committee that is directly connected with the Institute or not directly connected. What kind of businesses in the state of Iowa would be connected with the Institute?

RICK: In the state of Iowa where there is no tobacco grown the only businesses that would be connected would be the warehousemen, distributors and probably vending machine operators.

BILL: Do they have an association that is separate from the entity?

RICK: Yes. Almost every group of people that we would be trying to draw into this PAC already has an association. Of course, vendors sell candy, they sell fruit, they sell other things like this besides tobacco although tobacco is a big chunk. The tobacco distributors also distribute candy, and so on and so forth.

BILL: There are two types of PACs -- one that would be directly connected with the Institute and would be fostered by the Institute and it would be subject to the federal election rules on "thou shall not participate in more than one political action committee". There is another way in which you can become a public PAC and this is the kind of PAC that Jesse Helms has in North Carolina.

RICK: Yes, sure the Congressional...whatever it is.

BILL: NCPAC. And yet with that PAC you don't have to sign a permission form with them. You would have some freedom there and you could bring in all these diverse groups.

RICK: Let's explore that for just a second because that is something that has crossed my mind. The first PAC, the connected PAC -- the corporate connected PAC, essentially was what I first thought of. There we would have the manufacturers, and the warehousemen, and the Tobacco Growers Association, and the tobacco distributors, and the lease buyers and the people that are directly in the tobacco industry.

BILL: What are you talking about as far as potential number of people?

RICK: Well, that's a problem. It depends on where you cut the cake. The tobacco manufacturers themselves have about 15,000 people. The Tobacco Growers Associations, the people who grow tobacco, have another 60,000 to 70,000. Then the big tobacco cigarette companies have another 60,000 to 70,000. The tobacco leaf and warehouse people have about another 400 to 500.

BILL: Then you're talking about allied with the Institute with probably no other trade associations.

RICK: No. No other trade associations.

BILL: Then that is the route you would want to go because you have to have a potential of 15,000 to 20,000.

RICK: Yes.

BILL: Above that is gravy.

RICK: Now let's cut the cake here because the kind of people we're talking about in a corporate PAC being able to contribute are at the executive, C.E.O., and senior level officer levels only.

BILL: Administrative. Any salaried employee.

RICK: Any salaried employee. So in the manufacturing companies they have 60,000 employees but probably only about 15,000 of them are salaried and probably less than 6,000 or 7,000 are considered the specific targets. Across the industry I think perhaps we might be pretty hard pressed to find 20,000 really high -- I think in our (inaudible) are level 10 management and above -- that might be targeted. That is an interesting figure, however, that's a good one for me to remember.

BILL: That one (inaudible) is all right. If you had that kind of PAC, the Institute could assume all costs of administration of the PAC.

RICK: Yes. That is the good thing about connective, right? You don't have to take your donation funds and run it.

BILL: Right. And now that has a terrific impact on the contributors because you can always say -- we can say, for example, that 80% to 85% of what you contribute goes to the candidate directly. And the second thing is that you have to have the machinery. That machinery does not necessarily have to be the people that we've been talking about in Iowa -- just so they are connected with the Institute, but you do have to have the machinery who will present that check to the candidate in person. A candidate from Iowa is not at all interested from getting a check. It doesn't have any impact as far as influencing him later (inaudible) a guy from North Carolina.

RICK: Interesting. OK.

BILL: And it must be presented not by mail. It must be presented in person because you would give at least \$500.00 to \$1,000.00.

RICK: I think \$1,000.00 is the minimum we would want to put in.

BILL: You're talking in terms of contributing perhaps \$7,000.00 to \$900,000.00 per election which means that you're going to have to raise an amount to pay off Congressional indebtedness, and so forth and so on. You would have to raise at least \$600,000.00 to \$700,000.00 a year. Individuals can contribute to a PAC up to \$5,000.00. I'm thinking about the top individuals and the other individuals can go in a level of \$100.00 to \$500.00 and it will multiply very fast.

RICK: I can see that.

BILL: Now the organization of it -- if you decide to do this, what I would like to do is to start in from the ground up. It is very, very important that you do this exactly right at the beginning because I have gone through an audit from the F.E.C. They examined every check, they examined everything and if it is not clear-cut the auditors wonder why a little old Dodge dealer in West Burlap, Virginia contribute \$500.00 to an automobile dealer PAC. First of all, after he (inaudible) to do it, but (inaudible) how did you get him to do it? Then they get into all the details of how you do it.

RICK: (inaudible) solicitation and everything.

BILL: (inaudible) solicitation. You see, it is not illegal for you to accept contributions, but it is very illegal for you to solicit without the permission of the president of the company.

RICK: Yes, in the corporate desk...

BILL: The drawing up of that permission form has got to be a selling document, but it must be legal in requirements. Now the structure would preferably be composed of a committee of five past presidents of the Institute.

RICK: Good point, yes.

BILL: They would have to be people that are known because they are going to have to do a lot of talking, a lot of writing, and you've got to use their names. The other day your man was writing a history of something that I did 30 years ago and he said, "I don't see your name anywhere." I said, "No. You won't," because a good association man, a good Institute man, puts the volunteer...he just puts words in his mouth and you use the volunteers because they have the prestige. They have the responsibility and the obligations. You don't as (inaudible) association man. So you want a group of five people who will set themselves up as a political action committee. That is very easily done. They will be the deciding...they're the trustees ...they will be the deciding group on who gets the contributions upon recommendations from the state in which the candidate is coming.

RICK: Now that is something I want to sort of interrupt you here. I think that from what I've seen with other national PACs, they have a national PAC organization, they oftentimes have...in fact they always seem to have a state organization as well...and then they oftentimes also have individual corporation PACs that are slipped in at levels like this. How in the world do you control contributions when you've got three levels like that since you only give \$5,000.00 to one candidate?

BILL: Ryan, of course General Motors doesn't collect from its professional administrative employees above \$250,000.00 a year, but they have to make explanations all the year long about to whom they are contributing which is a hell of a bother.

RICK: Yes, I know.

BILL: We never make an explanation. We never have to.

RICK: That's right. You do not have people from individual corporations or companies or automobile dealers calling you up and saying, "Hey, why did you do that?"

BILL: No. We never have that. We have people asking us because you must have a set rule that leads to the final decision being made by five trustees and those...I'm really outlining what (inaudible) does... and those five guys enjoy the respect and they go by the recommendations of the people who contributed from that state. General Motors will get a hundred questions as to why they contributed. Now that's always a danger of a corporate PAC.

RICK: It's one of the major headaches of R.J.R.'s Good Government (inaudible) right now is the people that contribute ought to have minute and detailed feedback on the strategy of why we contributed to somebody somewhere.

BILL: Exactly. And the other way they know they are contributing. Our people never question that because they know they are contributing to the betterment of a business climate through...well, we call it responsibility in government. Now, of course writing all of this stuff...you have to write an appeal and having empathy is an extremely important part of developing a PAC. Because you have to know how a guy...I know how dealers think and I wrote things that I know that will appeal to them and that will make them trust you. Otherwise, you have a great deal of arguments back and forth (inaudible). Any D.N.A. has a Board of Directors with six...seven men. They give us a report and they can ask a couple of questions, but they very rarely

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ask any questions. We answer the questions we know that are on their minds. Before...and they're sort of an old-fashioned, evangelical service...building up spirit, and you're making this a great country and all that sort of thing...not in a mundane way, but in a very positive way. Now when you take the success of (inaudible) and compare it to the realtors, the realtors have \$700,000.00 potential. So they are getting an average of 50¢ or less per member. We're getting \$120.00 in a very depressed economy.

RICK: As you say, in a very bad economic market. Yes.

BILL: But we take care of that by...you have to have insurance, you have to have licenses, you have to have the association, you have that dealer PAC. They look on it just in that light. Carefully planned. It seemed to me that the Institute...because all you're doing in a PAC is opening the doors...the lobbying group...which you're already doing...will listen to you. You have the advantage in tobacco that you don't have really...the union's against you, you don't have the unions for you, you don't have business against you, you don't have business for you either.

RICK: All we have is the federal government against us.

BILL: Yes, yes. You do have that and you have that very strongly. I don't think you really have that in the medical profession.

RICK: The medical profession is interesting in that they advise individuals not to smoke but there has not been an organized American Medical Association or anything like that fight against tobacco, so you must be right. That surprises me some.

BILL: Well, it would me too. Of course it shows you that there is not much scientific basis...

RICK: Well, there is actually less scientific basis than most people believe. That is an argumentative thing. That's a problem. Let me ask you -- you seem to be saying that a national PAC, a national political action committee, especially in fund raising might be more useful for the industry than the individual corporate PACs that it has right now. At least in...one of the big headaches of course in many of these places is the feedback to people within their own business. How much centralization-decentralization do you encourage in your political action committee?

BILL: Well now, in our political action committee we contribute only to members or candidates for the Congress, and for the Senate. Now we give 20% back to state political action committees.

RICK: I see.

BILL: They contribute to State Legislatures. They also raise money at a state level.

RICK: Now the state people, however, don't contribute to the national. They recommend to you and you contribute.

BILL: Right.

RICK: Because some PACs, for instance, the bankers...the bank PAC...they do both. In other words, the state people contribute to Senator So-and-so and the national people contribute to Senator So-and-so. And, therefore, they have to coordinate so they don't give them over \$5,000.00, but they duplicate some of their effort. What you do is you...the states assign to you the national...the federal Congress PAC (inaudible).

BILL: It's always (inaudible). We say to Virginia, for example, we want you to contribute in the coming election \$45,000.00 over a period of two years. This of course (inaudible). We have a lot who do it by \$30.00 every quarter from their VISA card or Mastercard. We have a lot that do it by paying annually, some who pay on a reminder form that we send them every quarter. Then we say to Virginia, we will give you 20% back. And, of course, they have a PAC which is modeled after ours. However, it is extremely important that the national PAC guide the local PAC because the political scientists -- professors, particularly -- are beginning to look into state PACs because they are riddled with corruption.

RICK: Well, that's pretty usual though when you get any kind of...I worked in political campaigns for the last ten years and any time large sums of money are raised at a local level you are riddled with corruption.

BILL: The danger in (inaudible).

RICK: Yes. Yes.

BILL: They fucked up.

RICK: Boy, you aren't kidding.

BILL: Nobody will accept a check from them so they're out of business. So you can't make mistakes. I mean, this is a place that you can not make mistakes.

RICK: Tell me some of the mistakes that tend to be made by a new PAC starting out like tobacco. How can we really get ourselves in trouble the first couple of years?

BILL: Inaccurate record keeping is the first. You must always conduct yourself as if...well, first you want to avoid the appearance of evil.

RICK: Yes, Caesar's wife. Exactly.

BILL: And secondly, you want to have a record that shows everything you take and everything you do that's legally ironclad. And I was consulting to a PAC down in Houston, Texas. You probably know a little about Texas politics. It amazes me.

RICK: It's unusual. My home office is in Houston. We're located out of Houston.

BILL: Is that right?

RICK: Let me give you a card. Tarrance & Associates is a Houston-based organization. Of course we have Governor Clements and several of the Texas...in fact, Tower and those people. Texas politics does amaze me. I have been in politics for many years and Texas politics is interesting.

BILL: Well, I went down to Houston and I got all their files. They have a marvelous law (inaudible). Governor Clements is a former (inaudible), but they hadn't kept a single copy of a single check.

RICK: Oh, mercy. You mean the ones that they had distributed?

BILL: The ones that they had received.

RICK: The ones that they had received! Oh, my God!

BILL: So, the young man that they had in there (inaudible) Jim Underwood, he left. I said, "Now, when the F.E.C. comes in any check that you say that you got \$1,000.00 from (inaudible), they are going to construe that as a corporation check and so you (inaudible) to do otherwise."

RICK: Right.

BILL: "And since you have not made a copy of it, it means that you are going to have to go and get copies of every single check." He said, "Well, that's impossible!" I said, "Then you're going to have to take back." The Right-to-Work Committee had to go to members of Congress and get money from them back. And, boy, I'm telling you that if you do that to a Congressman you're finished. The record keeping and the reporting to the F.E.C., all that is a part of setting it up.

RICK: And F.E.C. is very active in the audit and they're careful and they watch it. I suspect that especially with the tobacco industry it would be a target. Maybe I'm being paranoid. You get that way.

BILL: Well, I don't think you're paranoid, but I think you're realistic from the standpoint that if you have a savior in the Senate, it is Jesse Helms. Jesse Helms is (inaudible). If the Senate goes more Democratic than it is now and the House goes more Democratic, you can expect them to look at anything he's connected with because he took \$5,000,000.00...he and Terry Dolan and (inaudible) and all that group are all....

RICK: Paul (inaudible) and the whole crew. I think we'll hold the Senate. We're going to lose a few seats in the House.

BILL: I love the Republican National Committee. They got enough money to last twenty-one more days in the Senate because my candidate was a Republican out in California.

RICK: We're in the Deukmejian race in California. We've got...and I'm (inaudible) we've got a couple of (inaudible) things out there in California.

BILL: California politics like Texas politics amazes me. (inaudible) I can't believe that (inaudible) advises his candidate to fight against. He's not going to fault on it, he's running to keep the other guy from getting it.

RICK: That's right.

BILL: And it's working.

RICK: Good. Good.

BILL: Of course, actually the average American does not vote for anybody. You could never convince me that I voted for Harry Truman. I did not vote for Harry Truman -- I just voted against Tom Dewey.

RICK: That bastard! I don't want him to get (inaudible).

BILL: Do you actually, when you analyze a (inaudible). I'm sure that Reagan really didn't win. Nobody wanted Carter. He didn't have a friend in the world.

RICK: There are several people that felt that the 1980 elections were a watershed and a move to the right, conservation of the country, and etc. We took a look at the data across the nation and my boss who's a pretty good political scientist smelled the bullshit. People didn't like Carter at all. Said don't worry about Moral Majority, don't worry about NCPAC, don't jump on this bandwagon that we're all marching to the right. He said they had an extremely weak campaign.

BILL: Exactly. I mean, they just vote against.

RICK: That's a very...and you're quite correct...in fact, we just wrote a monograph on negative advertising and pointed out how awfully effective it is especially against an incumbent and somebody who has any record anywhere. Let me ask you a couple more questions here as far as the facts are concerned. How does the automobile dealers... how do you people actually go about soliciting? Do you have mail-outs? Do you provide the states with literature and have them do the soliciting? Tell me how that's done.

BILL: It should be that 65% of what we get is from the letters. We write letters and keep hounding this in meetings. There you play it up like the (inaudible).

RICK: Yes. Sure. And you know that is one of the things I've been very impressed with, for example, the National Rifle Association. The little letters they send out to their people. Why you would think that they had saved the world for the right to use guns. One of I think our problems in tobacco is that we've won a few battles and we haven't trumpeted them at all to our constituents.

BILL: That's (inaudible) problem, but we do have the organization. In each state we have a (inaudible) chairman who is a (inaudible) and N.A.D.A. director (inaudible) for that state. He's head of an E.D.A. Then we have the civic association president and a paid civic association manager and they control a (inaudible). They make sure that (inaudible) is mentioned and discussed along with the state PAC in meetings that the dealers have. Sometimes they will write special letters, but usually we compose them. Now we're very careful about what they compose. We must see what they compose.

RICK: Oh, I see. OK. Good. So you do have a control at the state level.

BILL: Yes, because there are certain things you cannot do.

RICK: I supposedly have...my degree is in psychology, communication theory, and social psychology and I agree with you. There are certain things that could really kill you.

BILL: Yes, right. And particular when you stand to be audited. (inaudible) It's like building a church. The best place I know to learn how to be a good political scientist is in a church choir.

RICK: Probably true. So solicitation actually comes directly to you. I mean the monies. They are not channeled through state to you -- they come to you and you give back to the state. So you have... you classically in political science have a more centralized control. Other organizations...again the bankers spring to mind...do have more of a decentralized...where states get a certain amount of their own monies.

BILL: I went to the F.E.C. not long ago and I examined the American Bankers Association (inaudible) from their report and I would not like to be connected with the American Bankers Association because it is impossible to get what they do.

RICK: OK. See that's one of the things I want to...

BILL: Let me say this about the bankers -- the bankers and the pharmaceutical companies are completely controlled by the government. Oh, yes. Oh, yes.

RICK: They are not an unregulated industry.

BILL: They are regulated, yes. And so whatever they do from an association and a political action committee point they do it because of necessity. Not with the spirit. Therefore, they are not as effective. If they had been effective they would have accomplished something on interest rates.

RICK: You're right.

BILL: You know one of the things that amazes me is the lack of knowledge on what these political action committees are all about.

RICK: OK. Work through that for me. If I sound naive, I am. I'm learning about this myself right along with everybody else in the industry.

BILL: Between 1876 and 1923 they had 12 presidents I think. Eight of them were from Ohio. (inaudible) in Cleveland and the Proctor & Gamble people in Cincinnati ran the electorate system. The pivotal state was Ohio. So they put their people in federal office so most American business worked directly with the administrators between that period. Now Warren Harding summed it up because he brought in all of the good and the bad from (inaudible) and all the rest and it blew up in his face. So something had to happen because you no longer could control the federal government as Ohio had done for 50 odd years. Then a new system came in...and the first didn't have it...I don't know why (inaudible)...but...

RICK: That old system (inaudible) interest to history (inaudible). To most people it is the most boring thing in the world.

BILL: To me it is fascinating.

RICK: Oh, to me, too.

BILL: You have to understand political action committees.

RICK: I don't think that you can understand what's going on now unless you know damn well where it came from.

BILL: You take 1923, you had the beginning of a new type of political control. It originated in the South. Until Wilbur Mills jumped into the tidal basin, every single committee in Congress was headed by a southerner. So you see? Arkansas, Louisiana, Georgia, (inaudible) you name them. (inaudible), Goodson, just name them all (inaudible). An awful lot of money came out of Dallas from the Hunt family right into the southern states and they just kept them there. They controlled the whole dang thing up until the (inaudible). It was southern domination of the committee chairmanships. And then you had...the unions came in with the first -- I daresay the first political action committee that you can recall -- AFL-CIO. So when the (inaudible) realized that they could influence enough local elections then

they avoided the South, but they concentrated in the North and the Midwest. They scattered around to the point that they could get much more for themselves than they could around the bargaining table.

RICK: Sure. "Battering tables" are always a risky business anyway.

BILL: That led of course to business waking up finally in the early 1970's. You had to go to a political action committee, but you have to explain all of this to people in your speeches and your audience so that they realize themselves as a part of the political process. We use the word political involvement (inaudible). Do you live in this area?

RICK: No, I live in Houston, Texas.

BILL: You live in Houston, Texas. You know Frank Margie.

RICK: Yes.

BILL: Frank Margie is a terrific political power not only in Texas but all over this country. He's one of our (inaudible). And Sam... I heard him say, "Let me tell you something (inaudible), I have the funniest feeling that you are actually building the future of this country." He meant it.

RICK: That is something also that I want to touch on. One of the things a national PAC will have to do much better than the industry's local PAC is doing right now is get the people interested in politics. I just came out of a study at R.J. Reynolds and talked to 48 of their executives who had been solicited and who had not contributed. The interesting politics of that is just exactly that. The only thing that moved them was my saying, "Do you realize that your industry is in trouble and that by contributing you are defending yourself?" That moved them. That motivated them, but our ability to measure motivation...of course nobody can really measure motivation very well...but whatever motivation I could measure, that was the only thing that seemed to be moving them. Now

R.J. Reynold's PAC is called the Good Government Fund. The first thing I said to the people there is that...I changed the name of that. These people are not interested in good government. They are interested in working. They are interested in tobacco (inaudible) when we buy it, etc., etc. One of the things that I'm really wondering about in our particular industry...and it comes down to...because surely it is part of what you're talking about right now...how we can solicit. I'm really wondering just exactly what will be the strong sticking thing that will bind these particular people together. You'll pardon me for being cynical -- I don't think it can be the concept of ...some theoretic concept of good government...it has to be economic self-interest to these people.

BILL: (inaudible) What more do they need -- 16¢ a pack tax, a label saying this is going to give you cancer?

RICK: I think that that is finally coming across to them. I think it is really difficult to organize the particular elements of this industry. Many of them are isolated in the South in tobacco growing and tobacco smoking and chewing states. They have never seen a sign that says you can't smoke tobacco.

BILL: If I were making a speech on that subject, do you know what I'd start out with? I would start out with the medical influence on birth and sex. They're all interested in that.

RICK: Sure. There's a natural interest point.

BILL: And, say, picture the day that they will examine your genes and then they'll say bad, bad, bad...

RICK: No children for you, no children for you...

BILL: Right. And they are doing the same thing piece by piece by piece with the tobacco industry and they are doing it all in defense of the founding fathers who know my problems. That really sends me up the wall.

RICK: I'm afraid if the people knew the actual philosophies of the founding fathers it would drive some of our people to the left and the liberals would just go screaming out the window -- if they understood why they went into a revolution led by the Virginia planters and these businessmen and things that led this revolution.

BILL: You know in Virginia you still can't be a member of the State Legislature unless you were a landowner, an Episcopalian, and affluently read and write, too. And they got it so that we didn't have a Governor in Virginia until I think 1928, end of 1930. (inaudible) Women to Thomas Jefferson were (inaudible) to negros and dogs.

RICK: Sure.

BILL: Part of the membership. (inaudible) take the dog or take the (inaudible). They belonged to you. Taking it on a trip didn't get any release to (inaudible). But you know what I'm talking about and you can bring it down to the PAC (inaudible). I've been thinking tobacco industry and...I don't know...one of the sad things about the tobacco industry is its parallel to the oil industry. (inaudible)

RICK: Yes. It...you are legally forbidden by our law departments to say anything positive about smoking. Absolutely forbidden. Let me ask you a couple of questions about organization of PACs. I'll get you out of here. We're running low on time. If the tobacco industry decides to set up an industrywide PAC to defend its causes in a more organized way and run it perhaps through the Tobacco Institute or perhaps not -- where do we go for staff? Do we raid other organizations here in Washington? How quickly can you put together a staff? What are your prospectives of penetrating your marketplace for the first two or three or four years?

How long does it take to really...how long can we realistically say it would take to get going and what kind of a budget would we need? Those are the kinds of things I'm going to have to talk to a C.E.O. about.

BILL: Getting established is better when you raid some other associations to set up a political PAC. Usually my philosophy of it is if you've got a man who has creative ability you can teach him the rudiments very quickly. And he's got spirit.

RICK: Yes.

BILL: You don't want to get bogged down with too many lawyers.

RICK: That's a problem. That's a problem in our industry because we have turned much of the (inaudible) over to the lawyers. I can remember a couple of years ago when I was writing (end of tape, side A)...

RICK: You mean 1984?

BILL: I mean 1984...I mean 1984. Very easily could do that. You can have an effective PAC that will begin to bring in money and that sort of thing and begin to be known within one year legally. You can do it easily on \$350,000.00 to start out with. If the Institute starts it out they will have to officially \$200,000.00 to \$250,000.00 (inaudible).

RICK: Sure.

BILL: Of course a PAC must raise money for candidates. The Institute must do the lobbying.

RICK: Yes.

BILL: The only thing the PAC does -- and this is extremely important -- is open the doors that the lobbyists are going to go through.

RICK: That's true. That's true.

BILL: So at the same time you're hierarchy...at the same time they are examining your technique for your development of your PAC, they will, of course, want to examine the techniques of the lobbyists.

RICK: Sure, sure. Because that's the two punch -- the one, two punch. Yes. One of the things that has crossed my mind then is...given that we might have tobacco...we might connect this thing with the Tobacco Institute and set this thing up in record time, what kind of a response...in your opinion as a Washington watcher...what kind of response will we get when this thing hits the national press -- that the (inaudible) tobacco industry is setting up a political action committee? What kind of response will we get? What kind of willingness will we get from Congressmen and Senators to even listen to us or accept our money? That has to be in the back of all of our minds when you decide you can go into this.

BILL: Yes, I know.

RICK: I mean, as evil as cars are -- killing all those people every year -- most people do not think that cars themselves are intrinsically bad.

BILL: (inaudible) We like stories in the newspapers.

RICK: Yes, so do we.

BILL: You're not trying to deal with something that is going to be public...a public sort of a thing (inaudible). What you're trying to do is something that a Congressman will make use of. So you quietly (inaudible) him. And you quickly learn your friends in this business. Assuming you have money enough to cover him up financially, you do it in a personal presentation. (inaudible) as far as your PAC is concerned.

RICK: OK, now I have a problem. In some of the research we have done industrywide, there are numbers of people who want to know how the money is spent and what effect it has had on the candidates. Now I've told my clients that that would be the kiss of death to say we contributed to so-and-so and, indeed, he did vote our way. Is that a...

BILL: (inaudible) We're not buying votes.

RICK: Yes.

BILL: You keep appealing on the basis that you are trying to buy an appreciation out of your...you're trying to buy an ear. You're not demanding anything either and you're not trying to buy a vote.

RICK: No, you really can't buy a vote in that way.

BILL: Hell, if you do then you're dead all the way through because they're not...(inaudible) Congressmen who will not accept funds from PACs. That doesn't become a problem.

RICK: OK.

BILL: The fact is nobody asks that. They realize that there is no possibility of a legislative victory by N.A.D.A. if they didn't have these to open those doors.

RICK: OK, but then you have somehow instilled that in your people because that...you've worked hard at doing that because that is not present right now in the tobacco industry. The people at R.J. Reynolds that we studied said that, "Look, I've been contributing to the Good Government Fund for several years and I don't see any feedback. I don't see any proof that what we are doing makes any difference."

BILL: They are also paying taxes to the local county government...

RICK: They're angry about that too, Bill.

BILL: And a part of that money goes to police, fires, and ambulances. Now, I live in Fairfax County. I really screwed it up when it comes to the money to be spent on the school system. That really bothers me, but my God I hope I never use an ambulance. I want it there.

RICK: Yes, a good ambulance service there.

BILL: All I want are those paramedics and all the equipment there. If it sits there, fine. I use that illustration about why the hell should I buy a guy's support. I use my father as an example of that. My father was a staid, Scotch-bred Virginian. He would (inaudible) pay anything for local...he didn't like national stuff...very little state stuff. But my father...we moved in 1927 to a new neighborhood. It was a brand new suburb out near the country. They had this old building in front of the house. (inaudible) My father was a big yard man... (inaudible...)

RICK: I belong to the Association of American Travelers (inaudible) and we support (inaudible)

BILL: (inaudible) like to buy a tremendous majority (inaudible). At the end of the year we had the asphalt tiles and the best elm trees you ever saw in your life. (inaudible) Now that is influencing elections -- with a personal pocketbook, isn't it? See. That was in 1926. (inaudible) advise that this would be done.

RICK: I...my...I guess my thought is that somehow I have to...convince a large number of these people, but I guess that we have the basic (inaudible) those lovely things. Well, listen, is there anything else you can think to advise me of before we end the interview?

BILL: Not unless you have any additional questions.

RICK: No, I think I asked all the right questions here.