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TO: BOB McADAM
FROM: FRANK HAYS, III
DATE: NOVEMBER 25, 1991
RE: 1992 TOBACCO TAX INITIATIVE\INITIATIVES

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

As you know, we are operating in an environment in which we really don't know what we will be facing in 1992. At present, the 1990 initiative is still before the Colorado Supreme Court and we have yet to hear from that body concerning the appeal of the proponents. Assuming for the moment that the Court upholds the District Court, we will undoubtedly be faced with a new initiative filed by a slightly different group of proponents, and as has been previously communicated to you and to the companies, that group includes some professionals who appear to have some financing behind them to do the job in a correct and more threatening manner. On the other hand, there is still the possibility the Court might reverse the District Court, in which case we anticipate that the matter will be remanded to the District Court. If that happens, there is a time lag problem that could still produce a new initiative in that the proponents would be in the untenable position of not knowing what they are facing in terms of judicial review.

Given this situation, the companies have authorized us to begin to gear up for a 1992 election. The areas that we are working on during November, and will be working on through the balance of the year are as follows:

1. We intend to schedule a meeting with Jan Van Lohuizen as soon as practical in December to begin to get him to review the initiative which is before the Supreme Court. Undoubtedly that work will need to be revised if in fact the Court rules against us and we are faced with a new initiative. However, we think it is important for Jan to get a grasp for the Colorado situation and to map out a time table for public opinion research.

2. It is our hope that between now and the end of the year we can rejuvenate a lot of the work that was done a year and a half ago, namely, to make sure that those people who have committed to speak out against this initiative are still with us. In addition,

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where we think it can be done on a social basis, we will touch base with key members of editorial boards who have previously been on our side and again attempt to focus them on our issues. Further, we still have a few individuals who we thought we were close in gaining an endorsement from last time, but because the issue "died on the vine", have delayed any decision.

3. As has been communicated to you and the companies previously, we have retained Katy Atkinson, a former aide to both U. S. Senator Armstrong and Congressman Schaefer, who has had extensive experience dealing with the press in campaigns. One of Katy's primary functions is going to be in press relations and specifically nurturing contacts with reporters. In addition, she has begun to draft some canned press statements which we will use depending upon how the Supreme Court rules.

4. As you know, in the last campaign, we had used the services of Evans Kraft to do our media work, which included all creative print, radio and television. The individual who was the principal in that operation has left Evans Kraft and the office which we were dealing with in Anchorage has shut down. Although I was not unhappy with the work that they did, I think it is time for us to examine what other firms might be available nationally to pick up where Evans Kraft left off. In that regard, I would appreciate your input in assembling firms one of which might ultimately be chosen as our media consultant. We intend to begin this process fairly shortly, and although I can't be certain that we will have interviews in December, we certainly would like to obtain a representative list of people who would be able to do that before the end of the year and begin immediately thereafter to interview those people.

5. Two years ago, we built a mailing list from the Douglas Bruce Anti-Tax Initiative that was filed at that time. The list consisted of over 50,000 registered voters who had expressed an interest in restricting increases in taxes. At the time Mr. Bruce agreed to write a letter to those individuals expressing his opposition to the cigarette tax initiative. Mr. Bruce has since filed another anti-tax initiative containing in excess of 70,000 signatures. It is our intention to begin the process of analyzing those petitions for the purpose of updating our mailing list. When

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concluded, we will have cross-referenced the present list with the 1990 list and hope to have somewhere in the neighborhood of 70,000 to 80,000 registered voters who again we intend to have Mr. Bruce correspond.

6. Miscellaneous. Additionally, we are conferring with various clipping services and video monitoring services to develop a first class system to monitor issues relative to cigarette taxation as well as health care and other issues relating to our initiative.

Bob, I hope that this brief summary is adequate for your upcoming meeting. If you need anything else, please let me know.

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