

Mr. F. H. Christopher:

July 28, 1977

Subject: TOBACCO INSTITUTE CALIFORNIA CAMPAIGN

The Tobacco Institute campaign to defeat SB.500, the bill passed by the Senate to prohibit smoking in public and private places of employment in California, is producing results.

Commitments to actively oppose passage of the measure have been obtained from the State Chamber of Commerce, State Manufacturers' Association, Teachers and Teamsters Unions, Public Utilities, and a representative cross section of California business and industry trade associations. Individual private businessmen have also been alerted to the impact of the bill. Messrs. Abely, McEvoy, Peterson, and Sunderland were most helpful in this effort.

The Institute has not as yet requested RJR employees residing in California to contact State Legislators and Government officials to express their opposition to the restrictive bills. However, the State-wide "Tobacco Action Network" project that is being formed to develop opposition to the "1978 Clean Air Initiative" would involve Tobacco Company employees in California.

A copy of the Tobacco Action Network Project (given to Dennis Durden by Blucher Ehringhaus) was sent to you as an attachment to Durden's memo of July 22, in which he says "Public Affairs would be happy to facilitate proper involvement of our employees in this effort."

Jim Peterson believes, and I agree, the Company should provide specific guidelines to our employees on the extent of the activities that may be undertaken should they wish to support the Institute's campaign to oppose anti-tobacco legislation and the No-Smoking Initiative. In this regard, Mr. Peterson suggested Lawrence Southard be requested to develop such guidelines.

I tried to contact Dennis to get his O.K. before calling Lawrence but was unable to reach him. I then called Lawrence who told me Dennis had discussed the need for California "guidelines" with him, and had given him a copy of the Tobacco Action Network project. He wanted to know if the Tobacco Company wished its employees to participate in this project, or in any others the Institute was planning to implement in California.

I advised Lawrence we would like to have RJRT employees made aware of the plan to organize local committees in California to respond to the attacks being made on tobacco, and of the need for tobacco industry people to form the nucleus of the committees. Should any of our people wish to participate, we would need to advise them of the necessity of complying with the California laws governing activities to influence legislation, or in support of, or opposition to, State initiatives.

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Lawrence and I then discussed the opinion obtained by Peter Ramm concerning the activities that could be undertaken "to influence legislation" that would not entail registration as a "lobbyist" or the filing of reports. As I interpret the opinion, should any of our employees expend over \$250 or devote more than 10% of their compensated time in any one month to influence legislation, they would be required to register and report such expenditures. Lawrence took the position that the limitations would apply to the collective total of all activities undertaken in a single month by RJRT employees.

This difference needs to be resolved, and it is possible we may need to authorize some of our employees to exceed the limits imposed. This would, of course, require a Company decision to register and report expenditures for "influencing legislation" on a consolidated basis for any month that the limit was exceeded.

In the interest of time, I requested Lawrence to prepare guidelines for RJRT employees to participate in the California Tobacco Action Network on a strictly voluntary basis and on their own time. I asked him to make it specific and very clear that any "political" activities undertaken by RJRT employees could not involve or imply Company support of such actions. Lawrence agreed and said it would be some time before he would have the guidelines ready as he would have to research all of the applicable California laws.

The Company has, in my opinion, an obligation to its employees to keep them informed of legislative or other actions that could harm the industry, and of the efforts being made by the industry to protect its own interests, as well as the interests of its employees. I would hope, therefore, that any State activity guidelines developed will permit the Company to have the materials prepared by The Tobacco Institute and, in the case of California, CATCD, distributed to our own people.

In this regard, the regional meetings that have been conducted to date in California — some 8 or 10 — have been scheduled after regular working hours to make it easier for all who cared to do so to attend. At these meetings, industry representatives were briefed by Institute and CATCD staff members on pending or proposed governmental actions that would adversely affect the industry. In each instance, those attending were advised of the actions they could undertake as individuals to help defend the industry. You will note the legal opinion addressed to Jack Kelly (attached) makes it clear such activities do not need to be reported.

I think we need to discuss the California campaign but I see no need to involve others until we have an opportunity to review the "guidelines" being prepared by Lawrence.

D/bt


J. S. Dowdell

Att.

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