

INVESTORS BUSINESS DAILY THURSDAY MAY 16, 1996

## Philip Morris, UST Would Back Ban On Machines, Other Curbs

NEW YORK (Reuters) — Philip Morris Cos. said yesterday it would support a federal ban on cigarette vending machines and a reduction in advertising, including a ban on advertising at sporting events and within 1,000 feet of schools.

In exchange, the world's largest cigarette maker said it wanted assurances that the Food and Drug Administration will not regulate tobacco products unless they make specific health claims.

New York-based Philip Morris said its proposal was an attempt to find a middle ground with industry critics and avoid years of costly litigation.

"A federal law makes sense because it can be implemented quickly, avoiding protracted litigation over the Food and Drug Administration's illegal attempt to regulate tobacco products," the company said in a statement.

It said its proposal calls for a \$250 million contribution from tobacco companies over five years to help the government and others in implementing and enforcing the new ban.

"We continue to believe that restricting access is the best way to address the problem of underage tobacco use and our proposal includes every sensible federal restriction possible to prevent kids from obtaining tobacco products," the company said.

The tobacco industry has come under fire in recent months. It is currently being investigated by the Justice Department, the Food and Drug Administration has proposed that cigarettes be regulated as drug delivery devices, and seven states have sued the industry to recoup the costs of treating smokers.

<sup>A5</sup> In addition, at least four former cigarette company employees have surfaced as whistle-blowers, providing information to government investigators and regulators.

The U.S. Tobacco Co. said it supported Philip Morris' effort and has asked that Congress and President Clinton quickly pass the proposal into law.

The proposal, if passed into law, would be binding on all tobacco manufacturers, distributors and retailers, UST said.

R.J. Reynolds Tobacco Co. said it has supported programs to deter youths from smoking, adding that it has proposed some similar initiatives. It declined further comment until it has reviewed the new proposal.

The proposal provides for penalties of up to \$50,000 per violation by cigarette and smokeless tobacco companies.

Under the proposal, the FDA would not exercise authority over tobacco products unless a manufacturer makes an express health claim to consumers.

The law would be implemented by the Federal Trade Commission, the Justice Department and the Department of Health and Human Services, the companies said.

The plan also would ban tobacco product brand names, logos, characters and selling messages on non-tobacco items such as hats or T-shirts; ban tobacco product sponsorship of events attended by many young people; ban tobacco product advertising in or on trains, buses, subways and taxis, and guarantee that there would be no tobacco product advertising in youth-oriented publications.

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