

March 11, 1982

Arnold Henson, Esq.
American Brands, Inc.
245 Park Avenue
New York, NY 10017

Dear Arnold:

I refer further to our letters to you dated January 5 and 7, and yours of January 18 regarding Lorillard's questioning of American Brands' ("American") use of certain 'tar' and nicotine values in the body copy of some of its CARLTON advertising, as well as our failure to understand the "lowest" claim made in that advertising. (A recent example of the advertising from The New York Post of February 17, 1982 is enclosed.)

When we spoke by telephone on February 11 you indicated that you did not think American was inclined to change the practice we are challenging. I advised you that under the circumstances it is Lorillard's intention to lodge a complaint with the National Advertising Division of the Council of Better Business Bureaus, Inc., to whom we will suggest that the advertising is confusing to consumers.

We also plan to file a complaint with the Federal Trade Commission, asserting that American's present failure to comply with the provisions of the December 17, 1970 "Voluntary Program for 'Tar' and Nicotine Disclosure" results in advertising for CARLTON which is misleading and confusing. (It is our understanding that American never formally agreed to that Program as a signatory. However, we recall that on September 17, 1970, the FTC announced that American had advised the Commission of its willingness to participate in and be bound by the discussions between the

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FTC and the other cigarette manufacturers which ultimately led to the Voluntary Program, in the event that the dispute between American and the FTC in Docket No. 8791 was resolved. More significantly, excluding the methods we are now challenging, we have observed that since mid-1971, following the execution of American's Consent Order Agreement in that FTC Docket, American has adhered to the provisions of the Voluntary Program applicable to the 'tar' and nicotine disclosures in its advertising and sales promotion materials.)

Copies of our proposed communications to the National Advertising Division and the FTC are enclosed for your information. Unless you advise us in writing of your intention to take immediate steps to revise the practices, we will file our complaints on April 5, 1982.

Either Michael Gastman or I will be happy to discuss this matter further with you as you desire.

Very truly yours,

Arthur J. Stevens

AJS:emc

Enclosures

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