

2009 CONVENTION A SUCCESS

The 2009 FAWD Convention and Annual Meeting took place from July 30 - August 2 at the Naples Grande Resort.

50 members, representing 15 Distributors and 14 Manufacturers, returned to Naples to attend the convention. While in Naples, the attendees had the opportunity to golf at the Naples Grande Golf Course, catch plenty of fish in the Gulf of Mexico, relax at the Golden Door Spa, meet with State officials, and enjoy each other's camaraderie at various events at the Resort.

The following pages will recap the convention, as well as provide more updates on the legislation moving through Congress that could affect all of our members that work with tobacco products.

Next FAWD Board Meeting:

- **Date:** October 14
- **Location:** Orlando
- **Time:** 11:00 - 2:00

"THANK YOU" TO THE 2009 CONVENTION SPONSORS

FAWD would like to thank the 2009 Convention Sponsors. Without their support, the Convention would not have been a success.

Altadis USA	BIC Corporation	Conwood Sales
Dosal Tobacco	Hershey Foods	Kellogg's
Lorillard Tobacco	Meyercord Revenue	Philip Morris USA
Republic Tobacco	Reynolds American	Swedish Match
Swisher	Tantus Tobacco	Tobacco Holdings

Thank you all for your very generous support!!!

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WELCOME NEW FAWD MEMBERS

We would like to officially introduce several new members to the Association. The following Wholesale Distributors, Brokers and Manufacturers have joined FAWD this year:

- **A.G. Farias & Associates** - South Miami, **Tony Farias**. Broker of tobacco and general merchandise based in Miami, servicing south Florida.
- **Commonwealth Brands, Inc.** - Tampa, **Chuck Welz**. Tobacco Manufacturer based in Bowling Green, KY. Commonwealth is the 4th largest tobacco manufacturer in the United States. Their brands include: Davidoff, Fortuna, USA Gold, West, Montclair, Sonoma, Bali Shag, McClintock & Premier.
- **I.T.L. U.S.A.** - Boca Raton, **Talya Kelly**. Tobacco Manufacturer based in Canada. I.T.L. U.S.A. is a division of Imperial Tobacco Canada, which is Canada's leading tobacco company. Imperial Tobacco manufactures du Maurier brand cigarettes.
- **U.S. Total Sales & Marketing** - Mt. Dora, FL, **John Hazard**. Broker of tobacco and general merchandise based in central Florida, servicing 14 States in the southeast.
- **Wilson's Distributing** - Live Oak, **David Wilson**. Wholesaler distributing tobacco products. Covers portions of the Florida panhandle east of Tallahassee, south to Gainesville.

Welcome to the Association! We look forward to working with each of you in the future!

2009 FAWD AWARD RECIPIENTS



John Hazard presenting Brenda Mock with the Manufacturer of the Year Award for Kellogg's.

2009 MANUFACTURER OF THE YEAR

Kellogg's received the 2009 Manufacturer of the Year Award at the Convention. Each year, the Manufacturer of the Year Award is presented to the company that has devoted materially of its time, energy and fiscal resources to the success of the FAWD.

W.K. Kellogg had a strong commitment to nutrition, health and quality. His vision continues to drive improvement in products with the goal of providing great-tasting, nutritious products that meet the most rigorous quality standards. With 2008 sales of \$13 billion, Kellogg's is one of the world's leading manufacturers of convenience foods.

For decades, Kellogg's has worked hand-in-hand with Florida wholesalers to help our members provide the highest quality food to consumers. FAWD is proud to have Kellogg's as an active and committed member.

Congratulations to Brenda and Kellogg's!

2009 SALES PERSON & SALES MANAGER AWARDS

The Board of Directors recognized the efforts of the following recipients of the annual Sales Awards:

- **Kent Osborne**, McLane Suneast - 2009 Sales Person of the Year
- **Jim Fitzgerald**, Dosal Tobacco - 2009 Sales Manager of the Year

Both Kent and Jim were recognized for the outstanding work that they perform in the field on a daily basis. Their efforts, and those of their teams, are what help their companies to remain successful.

Congratulations to both of this year's recipients!

2009 FAWD AWARD RECIPIENTS

2009 "BEAR" AWARD



Carl Courson (left) accepting the "Bear" Award from past recipient John Watson.

Carl Courson received the 2009 "Bear" Award at the Convention. The Award, named after Bear Griswold, is presented to the member who has made significant and lasting overall contributions to the FAWD.

Carl joined the FAWD Board of Directors in 1998. Carl was elected President by the Board in 2005. Due to changes on the Board, Carl agreed to serve an additional 3rd year as President, and stepped down in 2008. He currently serves as Chairman of the Board.

As President, Carl oversaw a restructuring, and expansion, of the Board in order for the Board to have a better representation of the membership. His drive, determination, commitment to detail and dedication to the Association exemplify all of the traits that the Bear Award stands for.

Congratulations Carl!

2009 HALL OF FAME AWARD

In 2009, the FAWD was privileged to recognize a true giant of the cigar industry. For his many contributions to the industry, and the work that he has done to shape the Association and make it a success, the FAWD presented the 2009 Hall of Fame Award to Tony Barone of Altadis USA.

Tony has been a part of the industry for 33 years and began his career with BIC. He joined Havatampa Cigar Co. in 1988, was named Vice President Sales & Marketing in 1998 and kept that position when the merger formed Altadis in 2000.

Tony joined the FAWD Board in 2008 and serves as Chairman of the Education Committee and serves on the Convention & Membership committees. In 2007, Tony won the IATCD Milton Rothenberg Giant of the Industry Award, presented by the Illinois Association.

Congratulations and "Thank You" Tony!



Tony Barone (left) accepting the Hall of Fame Award from John Watson.

2009 LORILLARD LOU GORDON HUMANITARIAN AWARD



Larry Peters (left) presenting the Humanitarian Award to Francis Alsop.

In 2009, the Board of Directors resurrected the Lorillard Lou Gordon Humanitarian Award. The award honors the memory of Lou Gordon and is presented to the distributor that has made outstanding contributions to their industry, their community, and their fellow man.

Francis Alsop is a Sales Manager for H.T. Hackney, Gainesville. He has been married for 24 years and they have 4 children. In 1985, Francis became an ordained minister, and is currently an Associate Pastor in Ocala. He enjoys working alongside his wife in directing the children's ministry. Francis also shares a passion in establishing outreaches in other nations.

In every area of Francis' life, be it family, church or work, he strives to live a life of integrity and service to those around him. These qualities are what convinced the Board to recognize Francis as the 2009 recipient of the Lorillard Lou Gordon Humanitarian Award. Congratulations Francis!

ANNUAL RAP SESSION & BUSINESS MEETING



During the Convention, attendees had the opportunity to meet with **Representative Mike Horner** (R, Kissimmee) as well as **Marie Carpenter Fraher**, Chief of Auditing for the Division of Alcoholic Beverages & Tobacco during the annual Rap Session. Rep. Horner, a freshman member of the House, was elected in 2008. Despite being new to the process, he took the lead in working with the House and Senate Finance & Tax negotiators to address and mitigate the inventory tax portion of the bill. Ultimately, Rep. Horner was able to secure some relief for distributors (5% administration allowance) and voted against the tax increase.

Rep. Horner discussed the budget situation in Tallahassee, as well as legislation that he is looking to introduce during the 2010 Session. In response to questions about the Legislature trying to stop people from smoking due to higher taxes, he responded, *"It is not our job to do social engineering through tax policy."* He also offered to assist with FAWD's legislative efforts in 2010.

Marie Carpenter Fraher, newly married, gave a brief presentation on the Division's implementation of the new tax, as well as the emergency rules that were put into place to assist distributors with their bond concerns. In addition, Marie discussed the Division's efforts to implement a new web-based electronic reporting program for distributors. The program is in the development stage right now and would be done on a voluntary basis, not mandatory. The Division is currently looking for distributors that would volunteer to test the program.

John Watson presented the Legislator of the Year Award to Rep. Horner for his efforts on our behalf. Rep. Horner then presented the 2009 TAN Awards to those FAWD members who became engaged in the political process during the past Session. This year's recipients were:

- **Ingolf Askevold**, A&E Wholesale
- **Danny Austin**, McLane Suneast
- **Martin Murdock**, MTM Distribution
- **Joe Naro**, Hersheys Company
- **Trevor Sim**, Swedish Match

The Annual Business Meeting took place on Saturday morning.

The primary discussion focused on the recently passed FDA authority legislation. In a free-flowing conversation, the members talked about the constraints placed on manufacturers in the areas of advertising and new product development, while also placing new liability on distributors for out-of-date stock. In addition, the legislation allows States to go further than the Federal regulations. The FDA can not outright ban tobacco, however, the government can certainly impair the industry's ability to conduct business in the future. Lawsuits will be filed.

There will be a public comment period that AWMA will take part in, on behalf of the industry. As **Tony Barone** stated *"There will have to be a new way of doing business. We have to be smarter in the future."*

John Watson introduced two candidates put forth by the Nominating Committee to become new Board Members. They were **Rich Haselwood** from Reynolds American and **Chuck Welz** with Commonwealth Brands. A motion was made to accept the new Board Members and the vote was unanimous.

SCHOLARSHIP RECIPIENTS & 50/50 WINNER

Thanks to the generosity of the members that attended the annual convention and purchased items in the Silent Auction and 50/50 Raffle, the FAWD was able to award \$2,000.00 scholarships to three very deserving recipients.

The 2009 Scholarship recipients are:

- **Regina Collopy**, University of Central Florida, sponsored by McLane Suneast,
- **Blake Cline**, University of North Florida, sponsored by Swedish Match, and

- **Meagan Jones**, University of Arkansas, sponsored by Altadis USA.

In addition, the 50/50 Raffle pot reached \$2,520.00 this year. **Dan Teel**, from H.T. Hackney, purchased the winning raffle ticket and won \$1,260.00

Congratulations to this year's recipients. We wish you the very best in your future endeavors. Thank you also to everyone who helped to make this year's Auction and Raffle a true success!

HEADLINES...

Major Cigarette Makers Sue Over New Tobacco Law

New York Times, 8/31/2009

RICHMOND, VA - Two of the three largest U.S. tobacco companies filed suit Monday to block marketing restrictions in a law that gives the U.S. Food & Drug Administration authority over tobacco, claiming the provisions violate their right to free speech.

R.J. Reynolds Tobacco Co., maker of Camel cigarettes, and Lorillard Inc., which sells the Newport menthol brand, filed the federal lawsuit with several other tobacco companies.

It is the first major challenge of the legislation passed and enacted in June, and a lawyer for tobacco consumers doubted the lawsuit will be successful.

The tobacco makers claim provisions of the law "severely restrict the few remaining channels we have to communicate with adult tobacco consumers," Martin L. Holton III, senior vice president and general counsel for Reynolds, said in a statement.

The Family Smoking Prevention and Tobacco Control Act gives the FDA authority over tobacco for the first time and lets the agency reduce nicotine in tobacco products, ban candy flavorings and block labels such as "low tar" and "light." Tobacco companies also must put large graphic warnings over any carton images.

The companies say in their lawsuit that the law, which takes full effect in three years, prohibits them from using "color lettering, trademarks, logos or any other imagery in most advertisements, including virtually all point-of-sale and direct-mail advertisements." The complaint also says the law prohibits tobacco companies from "making truthful statements about their products in scientific, public policy and political debates."

Joining in the suit filed in U.S. District Court in Bowling Green, KY, are: National Tobacco Co., Discount Tobacco City & Lottery Inc., and Kentucky-based Commonwealth Brands, which is owned by Britain's Imperial Tobacco Group PLC.

"We believe that many of the provisions within the Act violate our constitutional rights and are not reasonably related to the goal of reducing youth access to tobacco products," Jonathon Cox, president and chief executive of Commonwealth Brands said in a statement.

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Upcoming Events:

Sept. 14 - 17 - AWMA Summit & Biz Exchange
Ritz Carlton Buckhead, Atlanta, GA

March 10 - 12 - AWMA Real Deal Expo
Las Vegas, NV

March 16 - 17 - FAWD Day on the Hill
Tallahassee, FL

HEADLINES

This is what we are up against in the future. Think tanks and media will promote this issue as one of "We must protect the people from themselves..." Unfortunately, with the current health care reform debate in Washington, Senators and Congressmen could see this as a logical step to secure a dedicated source of revenue to pay for their ambitions.

Calls to Tax Junk Food Gain Ground

Los Angeles Times, 8/23/2009

Los Angeles, CA - "Sin taxes" on cigarettes have turned out to be the most effective weapon in the campaign to reduce smoking. Why not try it on Flamin' Hot Cheetos, vanilla Coke and Twinkies?

With increasing vigor, public health experts and think tanks are calling for extra taxes on foods and drinks that are heavy in calories and light on nutrition. New York Governor David Paterson proposed an 18% soda tax last year as a budget-balancing measure, only to abandon it three months later in the face of stiff public opposition. Lawmakers in at least five other states have gone on the record in support of the idea.

Junk-food taxes are often mentioned as a way to help fund a restructuring of the healthcare system, though no one in Congress has endorsed them.

A Kaiser Family Foundation poll last month found that 55% of respondents favored a tax on unhealthful snack foods, up from 52% in April. Support for a soda tax rose to 53% from 46%. And 63% of those who opposed the idea said that they would change their minds if the revenue were used to fund healthcare reform and combat health problems related to obesity.

Many citizens object to such "nanny state" attempts at social engineering.

"This is the most ridiculous idea I've heard," said Kellie Glass, a registered dietitian in Ashland, KY., who doesn't care to be penalized for indulging in ice cream now and then. "Folks are just not going to give up all the foods they love, even if they are more expensive."

Still, the logic of a junk-food tax seems clear. Fattening foods tend to be cheap, and fresh produce and lean cuts of meat are often the priciest. A tax could help offset that imbalance, nudging people to eat more of what they should and less of what they shouldn't.

"This seems an absolute no-brainer to me," said Kelly Brownell, director of the Rudd Center for Food Policy and Obesity at Yale University who has long promoted such taxes.